

The time has come for you to step aside from the role.

I have to advise you that I have lost confidence in your ability to undertake the role of Governor in a way that is supported by the Tasmanian community generally.

I am not prepared to risk long-term damage to the office of Governor.

I am not alone in feeling this loss of confidence.

It is recognised by other members of Cabinet. The Leader of the Opposition has indicated publicly he shares (is likely to support) this view.

I am also not prepared to risk damaging business confidence and investment in Tasmania.

There are a number of factors contributing to how I feel. It's not about fault or blame. I am not prepared to discuss detail because it will not resolve this matter.

Given that I have lost confidence in your ability to undertake the vice-regal role, I have no alternative but to ask you to resign with dignity and for us to discuss this arrangement so that you can present your resignation publicly in a dignified and statesmanlike manner that shows respect for the office.

Should you not agree to this proposal, I must inform you that I will need to provide appropriate advice to the Queen about my concerns and your future as Governor.

I am sure you would understand the consequences of this advice.

I would strongly urge you now to tender your resignation.

If I am forced to take the other course of action, I will take it this week.

If you want time to consider this proposal then I am prepared to meet with you first thing in the morning, but only on the basis that our conversation is not discussed with the media. A breach of this requirement would leave me with no alternative but to dismiss you.

ADVICE ON CURRENT ENVIRONMENT SURROUNDING HIS EXCELLENCY RICHARD BUTLER AC

Having sought formal legal advice, the following options are available to the Premier in relation to the Governor:-

1. Succession -- Government needs time to consider replacement. On resignation or termination Lieutenant-Governor automatically assumes administration of the State.

No action required.

2. Resignation -- His Excellency writes to Her Majesty tendering resignation.

Preferred option (terms discussed later).

3. Termination -- Premier formally writes to to Her Majesty but discussions would need to be held with the Prime Minister and Governor-General. Also may need to have someone in London (eg High Commissioner) brief Queen's Private Secretary before written advice is sent. Process takes at least a week.

Not Preferred but acknowledged risk.

A "do nothing option" has not been canvassed, although there is an expectation that the role of Governor can be redefined and reinvented following the loss of senior staff at Government House.

The following steps are recommended.

- Cabinet discussion.
- ~~Information~~ ^{Informal} contact between Secretary, Prime Minister and Cabinet and Secretary, Department of Premier and Cabinet.
- Informal discussion with Prime Minister; Leader of the State Opposition; Leader of the Federal Opposition.
- Secretary, Department of Premier and Cabinet to arrange meeting with the Acting Official Secretary between His Excellency and Premier.

- Premier to meet with His Excellency to discuss loss of confidence (see "Reasons" briefing note) in His Excellency Richard Butler in context of resignation with dignity and compensation or termination at the Queen's Pleasure (see Solicitor-General's note "The Termination of a Prerogative Appointment).

Summary

RESIGNATION	DISMISSAL
<ul style="list-style-type: none"> • Agreement on resignation payment and conditions; confidentiality clause; public statement by His Excellency. • Lieutenant-Governor assumes administration of State. • Government considers and appoints new Governor with specific terms and role definition. 	<ul style="list-style-type: none"> • Formal discussion between Secretary, Department of Premier and Cabinet and Secretary, Prime Minister and Cabinet with a view to: <ul style="list-style-type: none"> ➤ informing Prime Minister (to be followed by discussion between Premier and Prime Minister); ➤ informing Yarralumla; ➤ having Australia's High Commissioner in London acting on behalf of Tasmania in discussions with Buckingham Palace. • Queen de-commissions Richard Butler

Michael
L'Estrange

The procedure will have to be underpinned by strategic communications and media management.

REASONS

LOSS OF CONFIDENCE

The time has come for you to step aside from the role.

The primary reasons are a significant loss of confidence in your ability to undertake the role of Governor in a way that is supported by the Tasmanian community generally and the potential for long-term damage to the office of Governor.

The loss of confidence is recognised by

- I and other members of Cabinet.
- The Opposition has indicated publicly they support this view.
- Some Tasmanian businesses.
- A large proportion of Tasmanians.

Reasons why there is such a damaging loss of confidence:

Public perception of how you discharge the role

Whatever functions I or other members of Cabinet attend - people want to complain about you or your partner.

- Stories about arrogant behaviour.
- Stories about your criticism of Tasmania and things Tasmanian.
- Stories about your lack of interest in discharging the role.

Whether all these stories are accurate is irrelevant given their number and wide spread currency the perception is that you are not discharging the role appropriately.

Damage to the reputation of Tasmania

- Reporting in all media here, interstate and overseas of your performance in the role is damaging the reputation of Tasmania that Jim Bacon and others have strived to build up over the last six years.
- This is potentially damaging to the business confidence and investment in Tasmania - already business groups are expressing concern.

Staff Relationships

- Don't appear to be able to manage the necessary change in the role of Governor without being able to maintain appropriate staff relationships.

- General poor relationships with staff– wanting to manage staff where this is not your role (ie Official Secretary) and certainly not your partner's responsibility.
- Reported inappropriate behaviour in front of staff.
- Despite your desire to change the role, the fact that all the senior administrative staff have left at the same time the lack of corporate memory at Government House concerning constitutional and administrative procedures will cause lasting damage or at very least be costly to rebuild.
- Changing policy about role/structure of the Office without reference to the Government.

Damage to the reputation of the Office of Governor

- The reputation and dignity of the office of Governor is being damaged. People and organisations are looking for alternative representation where previously they would have used the Governor.
- Inconsistent treatment of visiting ambassadors based on personal whim with no reference to the Government's interests.

Use of contacts and networks

- There is little evidence that your overseas contacts are being used or able to be used to support Tasmania.
- What came from the Danish trip? – at most little (and some of it damaging)publicity only!

Role of Partner

- Your partner is seen to be overstepping the mark and trying to operate with an official/constitutional role which she does not have.
- There has been no reference to the Government about this policy stance.

CONSEQUENCE

As I said it doesn't matter how much is true, half truth or inaccurate or indeed how much the situation is your fault or the fault of others. The fact is that your notoriety in the office and the continual media reporting and public outcry surrounding your appointment means you cannot continue in the role.

I have no alternative but to ask you to resign or should you not agree to this proposal, inform you that I will need to provide appropriate advice to the Queen about my concerns and your future as Governor. I am sure you would understand the consequences of this advice.

Package (available only for immediate resignation)

1. 6 months salary – gross (with superannuation @ 9%)
2. Full relocation expenses to Sydney or equivalent, to a maximum of the cost which was incurred in relocating to Tasmania.
3. On basis of departure from Government House within 48 hours, reasonable costs of suitable accommodation for yourself and your immediate family presently in Hobart for up to two weeks whilst you arrange alternative accommodation.
4. In addition, honour Dr Butler's contract until its expiry in November or payout contract in full

Possible Additional Claims

Option

Car

for up to 2 weeks in Tas – car pool

Telephone

for up to 2 weeks – mobile –
calls within Australia only

Meal Allowance

for up to 2 weeks to match
accommodation – standard
Government rate

Office

No

More money

extra 6 months

Meeting

Government House

9 August 2004

Present

The Premier the Honourable Paul Lennon
The Governor Richard Butler AC
Mr Rod Scott – Chief of Staff
Mr Michael Stevens – Acting Official Secretary

✓ The meeting was held in the Morning Room in Government House commencing at 7.05 pm Monday 9 August

✓ These notes are prepared by Michael Stevens and are to be considered as Mr Stevens notes of the meeting and are not a verbatim account of every conversation that occurred during a meeting that lasted approximately three and a quarter hours

✓ 7.05 Premier and Rod Scott arrived at Government House and walked with Governor and Mr Stevens to the Morning room where discussions commenced

The Premier informed the Governor that his advice to the Governor was that the office of the Governor was damaged to such an extent that the only option was for the Governor to resign.

✓ The Premier said he would work through the detail of the resignation and the appropriate statements once the discussions had concluded on the Governors resignation.

✓ The Premier said that the issues raised in the print media were not the basis on which he had decided to formulate his advice but that the continuing media campaign was evidence that the controversy would likely continue and that there would be damage to the good name of Tasmania and potentially to Tasmanian business.

✓ The Premier said it was his role to ensure that damage to the good name of Tasmania was stopped and that meant he had to provide the advice to the Governor now

The Governor responded by saying that prior to commenting directly on the advice that the Premier had given him he wished to make some preliminary points.

The issue of the personal campaign against him that had culminated in the devastating and personal attack on him by sections of the media needed to be addressed.

The events of the departure of the senior staff of Government House had been handled badly and raised issues of whether there had been a deliberate attempt to use their departure to engineer a situation that creates a crisis.

There has been a national campaign, which was both personal and vindictive and aimed both at him and Dr Butler.

The advice to resign would lead to great damage both personally and financially to him and his family

✓ The Governor also advised the Premier that regardless of the outcome they would be staying in the State in order for their son to complete his year 12 schooling.

The Governor returned to the advice that had been provided by the Premier and said that their discussions needed to take into account the departure plans and to allow the situation to be resolved with dignity and in a way that ensured no damage to the reputation of the State.

✓ The Premier restated his advice and that the resignation of the Governor would enable both parties to resolve the issue with dignity and appropriate recognition of the good name of Tasmania.

The Governor then informed the Premier that he would accept the Premier's advice and he would resign because of the effect the ongoing media interest and performance was having on the Office of the Governor. He also stated that he would take the Premier up on his offer that once the resignation was dealt with then the details could and should be sorted out.

It was then agreed to discuss the details of the resignation

The discussion took place on two subjects the first being the terms of the statements that both parties would make and the second being the financial arrangements that would apply

It was agreed that the statement would be by both parties and would be prepared by Michael Stevens and Rod Scott for approval by the Governor and the Premier

In relation to the financial arrangements the Governor advised the Premier that he had an expectation he would have remained in the office for at least another four years.

The Governor left the room to discuss matters with Dr Butler and rejoined the Premier approximately 10 minutes later. The Governor advised that he would consider a reasonable severance arrangement would be a payment equivalent to the amount of remuneration he would receive over two years.

After a period of discussion the Premier outlined a proposal consisting of

- An ex gratia payment of \$650,000
- Relocation expenses to a residence in Hobart for the remainder of 2004
- Relocation expenses to Sydney from Hobart (until Dec 31 2004)
- Remain in residence until no later than Sept 3 2004

The governor agreed with the proposed terms and it was agreed that the Solicitor General be called and asked to reflect this in a Deed of Agreement.

Michael Stevens and Rod Scott then departed to prepare the statement.

At 9.10 the meeting reconvened and signed off on the statement.

The SG arrived with the deed and met with the Governor to go through the detail contained within the Deed.

The Premier, The Governor, Rod Scott, Michael Stevens and Bill Bale met in the Governors study and the Premier and the Governor discussed the Deed.

The Premier indicated that the confidentiality clause from the Deed be removed and the Governor concurred.

Both the Governor and the Premier signed the amended Deed and agreed to the releasing of the public statement.

The Premier and Rod Scott departed at approximately 10.15



Parliament of Tasmania, Hobart, Australia.

7000

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9 August 2004

The Premier
The Hon. Paul Lennon MHA
The Executive Building
15 Murray St, HOBART, 7000.

Dear Premier

Re: Concerns Over Controversy Surrounding Office of Governor

We write on behalf of all four Tasmanian Greens MHAs, including Greens Leader Peg Putt MHA who is currently on leave interstate, but is aware of the contents of this letter.

As you should be aware, we have made numerous unsuccessful attempts to contact you today by phone. It was made clear to your office many times that we wished to organise a personal meeting with you prior to your first meeting with the Governor, which we understand will take place this evening.

It had been our intention to seek a brief personal meeting with you to pass on the Greens' concerns regarding the current controversy surrounding the Office of the Governor of Tasmania. We believe that it would have been appropriate that this occur prior to any meeting between the Governor and yourself.

We believe that as a recognised Party in the House of Assembly the Greens have obligations and responsibilities in maintaining the impartiality of the Office of the Governor.

It is most unfortunate that the meeting we have sought with you today has not taken place, as we believe that it would have provided the most appropriate forum to raise these issues for further investigation. We also believe that natural justice would have been served by allowing you the opportunity to put these matters to the Governor, should you have so desired, in order that he could have responded had he seen fit.

Given your assumed refusal to meet personally with us, or to speak with us, prior to your meeting with the Governor, we now write to inform you of the issues that have been raised with us regarding the Governor and Office of the Governor. These issues, which are based on information which we believe to be credible and worthy of further inquiry, include:

- Possible failure to observe some protocols and conventions of the Office of the Governor
- Possible misuse of public property

- Possible breaches of the *Governor of Tasmania Act 1982*
- The untimely cancellation and/or alteration of public appointments.
- Other possible personal matters, including circumstances surrounding the resignation of some of the Governor's staff, which may prevent the Governor from adequately fulfilling his duties as Governor of Tasmania, and about which we would prefer to speak to you personally.

We believe that it would be appropriate that you, as Minister responsible for the Office of the Governor, ought to put these matters to the Governor at the first opportunity so that he has the opportunity to respond to them.

We also request, in the spirit of desirable tripartite support for the Office of the Governor, that you provide a briefing on the situation as soon as possible, including the intentions of both yourself and the Governor to bring the matter to a resolution. We make this request as a matter of urgency in order to assist us with our assessment of our confidence in the Office of the Governor, and to inform any public comment we may make in regard to the matter.

If you would like to discuss any of these matters further, please do not hesitate to contact any of us at any time. We can be contacted by contacting the Greens' Senior Advisor Ms Cath Hughes on 1419 886 304, or by calling our office on 6233 6477.

Thank you for your consideration of these very serious matters.

Yours Sincerely,



Kim Booth MHA
Member for Bass



Nick McKim MHA
Member for Franklin



Tim Morris MHA
Member for Lyons

Cc: Peg Parr MHA, Greens Opposition Leader



GOVERNMENT HOUSE
TASMANIA

11 August 2004

The Honourable P.A. Lennon MHA
Premier
Executive Building
15 Murray Street
HOBART 7000

Dear Premier,

Attached to this letter is a copy of the letter I sent to Her Majesty The Queen on 9 August, submitting my resignation as Governor of Tasmania. Also attached is the covering letter by Acting Official Secretary, Michael Stevens, with which the letter to Her Majesty was forwarded. These transmissions took place by facsimile with hard copies to follow in the mail.

As indicated in my media release of 9 August, I have taken this action with great sadness but felt bound to make my decision out of consideration for the best interests of the State.

In accepting your advice to me, I shared your view that the malicious campaign which had been conducted against me in the media was likely to continue and that this would damage the good name of Tasmania.

I am grateful to you for the felicitous words you said about me, both on 9 August and subsequently on 10 August.

I wish you well in all of your endeavours and take this opportunity to reiterate to you that it has been an honour to serve as Governor of Tasmania and a pleasure to live in this State.

Yours sincerely,

Richard Butler AC

QUESTION TIME BRIEF

SUBJECT: RICHARD BUTLER – OUTSTANDING ACCOUNTS

DATE: 23 AUGUST 2004

SUGGESTED GOVERNMENT RESPONSE:

- **Richard Butler is paying for his and Jennifer's wedding at Government House.**
- **On appointment it was agreed with Mr Butler that he would make regular contributions from his salary to a total of \$13,000 for this year, to cover personal costs including the wedding.**
- **Mr Butler had been contributing \$684.20 from his salary each fortnight, and so far has contributed \$8,894.60.**
- **Any monies that the Government determines are still owed by Mr Butler will be resolved before the final payment is made to him.**



Tasmania

7
PREMIER

Mr Michael Stevens
Acting Official Secretary
Government House
HOBART TAS 7000

25 AUG 2004

Dear Mr Stevens

I write to formally ask if you would provide a statutory declaration that confirms your understanding of the sequence of events and decisions that took place at Government House when I met with Mr Butler on the evening of August 9, 2004.

If you are prepared to provide such a declaration, it would be my intention to release it publicly.

You may wish to advise the Lieutenant-Governor that I have made this request.

Yours sincerely

Paul Lennon
Premier

TELEPHONE : (03) 6234 2611
FACSIMILE : (03) 6234 2556



OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE
TASMANIA 7001

25 August 2004

The Honourable P.A. Lennon MHA
Premier of Tasmania
Executive Building
15 Murray Street
HOBART 7000

Dear Mr Premier,

In response to your letter of 25 August 2004 please find attached a duly signed statutory declaration statutory declaration.

I note your intention to release it publicly.

I would also advise that I have informed the Lieutenant-Governor of this course of action.

Yours sincerely

A handwritten signature in dark ink, appearing to be 'Michael Stevens'.

Michael Stevens
Acting Official Secretary

Phil

Have typed as
is. I haven't
changed/corrected
anything.

Laurene

I Michael Stevens 22 Parliament St Acting Official Secretary Government
House

do solemnly and sincerely declare that

A meeting was held in the Morning Room in Government House commencing at 7.05 pm Monday 9 August. Present were His Excellency The Governor of Tasmania Richard Butler A.C., the Premier of Tasmania the Honourable Paul Lennon, Mr Rod Scott and myself.

The Premier informed the Governor that his advice to the Governor was that the Office of the Governor was being damaged because the controversy would likely continue and that there would be damage to the good name of Tasmania and potentially to Tasmanian business so that the only option was for the Governor to resign.

The Premier said that he would not talk about the details of the resignation until after the matter of his advice was dealt with.

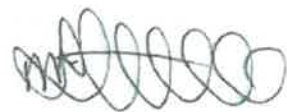
The Governor informed the Premier that he would accept the advice and he would resign because the campaign, which had been conducted against him in the media, was likely to continue and this was likely to damage the good name of Tasmania.

It was then agreed to discuss the details of the resignation.

Agreement was reached on the terms to be outlined in a Deed of Agreement. The Solicitor General was called and asked to prepare the Deed.


The SG arrived some time later with the deed and following discussions the Governor and the Premier signed an amended Deed and agreed to the releasing of a public statement.

.....
.....
.....
I make this solemn declaration under the *Oaths Act 2001*.



Declared at ..~~at~~.....Hobart

.....
on ..Wednesday 25/8/04..... before me

 (JP 4405)
.....
(Justice, commissioner for declarations
or authorised person)

DEPARTMENT OF PREMIER
AND CABINET

MINUTE TO THE PREMIER

CRITICAL DATE:

File No:
Ref:

Minute No:

SUBJECT: PAYMENT FOR RICHARD BUTLER

PREMIER'S DECISION/NOTATION:

Approved
R. Keenon
26/8/04

RECOMMENDATION:


That you approve the release of the payment to Richard Butler of \$650,000 less \$5,368.20, which is the outstanding amount of his personal expenditure.

BACKGROUND:

- As you know, the Deed of Release between the Crown and Richard Butler provided for Mr Butler to receive an *ex-gratia* payment of \$650,000.
- On his appointment as Governor, there was agreement with Mr Butler that the wedding costs would be met from his regular contribution. Mr Butler had been contributing \$684.20 from his salary each fortnight, and so far has contributed \$8,894.60.
- The total cost of the wedding, on figures provided to us by John Chilcott, was \$11,953.55, ie there is still an amount of \$3,058.95 outstanding.
- Other private activities, in addition to the wedding, involving Mr Butler, his family and other private guests incurred a cellar bill of \$2,309.25. Under the current guidelines this amount would also have been met from Mr Butler's contribution, and so this amount is also outstanding.

2.

- The Solicitor-General wrote to Mr Butler's legal representative seeking Mr Butler's agreement to have these amounts deducted from his ex-gratia payment. As Mr Butler has agreed – see attached – I now recommend that the ex-gratia payment be made.



Linda Hornsey
SECRETARY

26 August 2004

Prepared by: Philip Foulston
Ext: 6790
Email: Philip.foulston@dpac.tas.gov.au

BACKGROUND:

- When the Butlers moved into Government House the first function held was their wedding. It was agreed at the time that Mr Butler would meet the costs of the wedding.
- The normal arrangements applying to the Governor's private and personal expenditure are that
 - the cost of private functions for up to four guests may be provided for out of the operational budget except for alcohol consumed, which will be at the Governor's personal cost;
 - The Governor will be personally responsible for the total cost of larger private functions;
 - In lieu of meeting the costs of each individual personal and private function, and personal beverage requirements, the Governor may choose to contribute a sum, currently set at \$13,000 per year, from the Governor's salary to cover these costs; and
 - This sum is reviewed each year by the Official Secretary based on the actual expenditure of the previous year.
- There was agreement with Mr Butler that the wedding costs would be met from his regular contribution. Mr Butler had been contributing \$684.20 from his salary each fortnight, and so far has contributed \$8,894.60. \$2,052.60 is unpaid for July and part August.
- The total cost of the wedding, on figures provided to us by John Chilcott, was \$11,953.55, ie there is still an amount of \$3,058.95 outstanding.
- There have been other personal expenses involving Mr Butler, his family and other private guests incurred over and above the wedding including costs of alcohol provided for private functions totalling \$2,309.25.
- When he was appointed Mr Butler it was agreed he would have to contribute up to \$13,000 pa, with this amount to be reviewed after the first year.
- It is proposed that Mr Butler meets all costs of the wedding plus costs of alcohol provided for private functions, ie an additional \$5,368.20 will need to be paid - \$3,058.95 plus \$2,309.25 .
- Mr Butler's total contribution would then be \$14,262.80.

Prepared by: Phil Foulston

Cleared by:

Linda Hornsey

