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Questions raised on Henry's exclusivity

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Federal government officials dismissed claims that former Treasury Secretary Ken Henry had a conflict of interest as a special adviser to Prime Minister Julia Gillard, insisting he was always expected to take on other jobs, too.

Letters released yesterday show that Dr Henry had sought in April to limit his government role to part time months before he accepted a position on the board of National Australia Bank.

But the letters also suggest that the initial government appointment envisaged a role much broader than Dr Henry's task as head of the government's inquiry into Australia's relationship with Asia, raising questions over the divide between his public and private roles.

The head of Ms Gillard's department told Dr Henry on May 4 that he was expected to be involved in sensitive federal cabinet discussions.

"I would anticipate that much of the work you will undertake will form the basis of cabinet deliberations and should therefore be accorded appropriate confidentiality," wrote Terry Moran in the letter confirming the appointment.

The specific work program, however, was left to be negotiated after Dr Henry took long-service leave over several months before joining the Department of Prime Minister and Cabinet.

The department's deputy secretary for governance, Renée Leon, told a Senate estimates hearing yesterday that Dr Henry had not commenced the job and that the April appointment was made to secure his services.

Ms Leon said Dr Henry was expected to work for one or two days each week on average in the new role with a salary paid at the same rate as the current Treasury Secretary on a pro rata basis.

That would result in a payment of about $125,000 for one day of work each week over a full year.

Coalition assistant treasury spokesman Mathias Cormann asked why Dr Henry, with many years of economic expertise, had been named to lead an inquiry into Asia, but the officials would not say.

Liberal Senators Eric Abetz, Mitch Fifield and Scott Ryan questioned why Dr Henry was not subject to the same rules about conflicts of interest that were applied to his successor at Treasury, Martin Parkinson.

Ms Leon said Dr Henry was not employed under the Public Service Act and that he had different duties of employment compared to Dr Parkinson, which meant they were subject to different judgments on conflicts of interest.

"What would be a conflict for one would not be a conflict for the other," she said.

The May 4 letter shows that Dr Henry had earlier raised the prospect that he would be taking on other jobs as well as working for the Prime Minister.

The specific work program was left to be negotiated over several months before Dr Henry joined the department.

"I note that you are interested in undertaking your new duties on a part-time basis so that you have the flexibility to undertake outside employment," Mr Moran wrote.

"I request, however, that you consult me prior to undertaking outside employment from now on and that you be mindful of any real or perceived conflict of interest."

Dr Henry was asked to provide a statement of his private interests so the government could evaluate any possible conflicts.