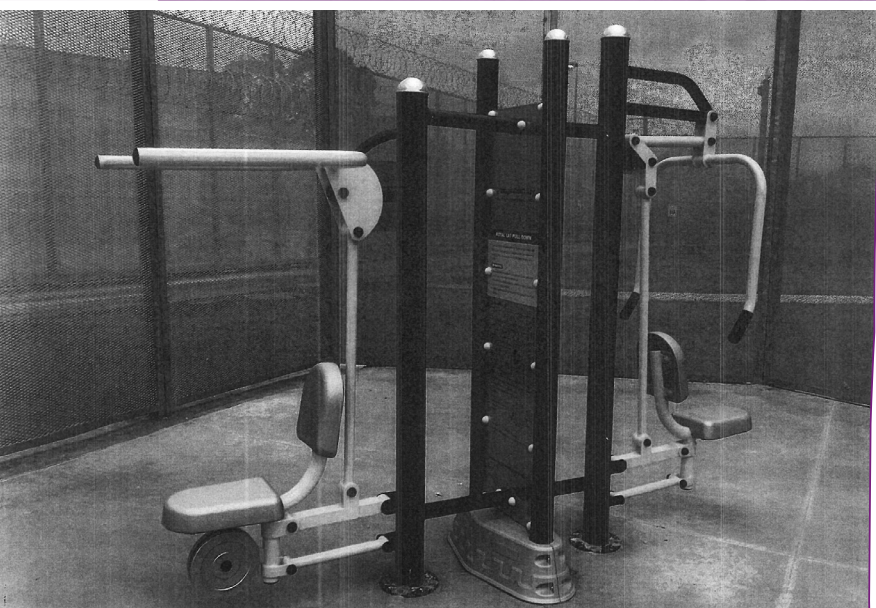


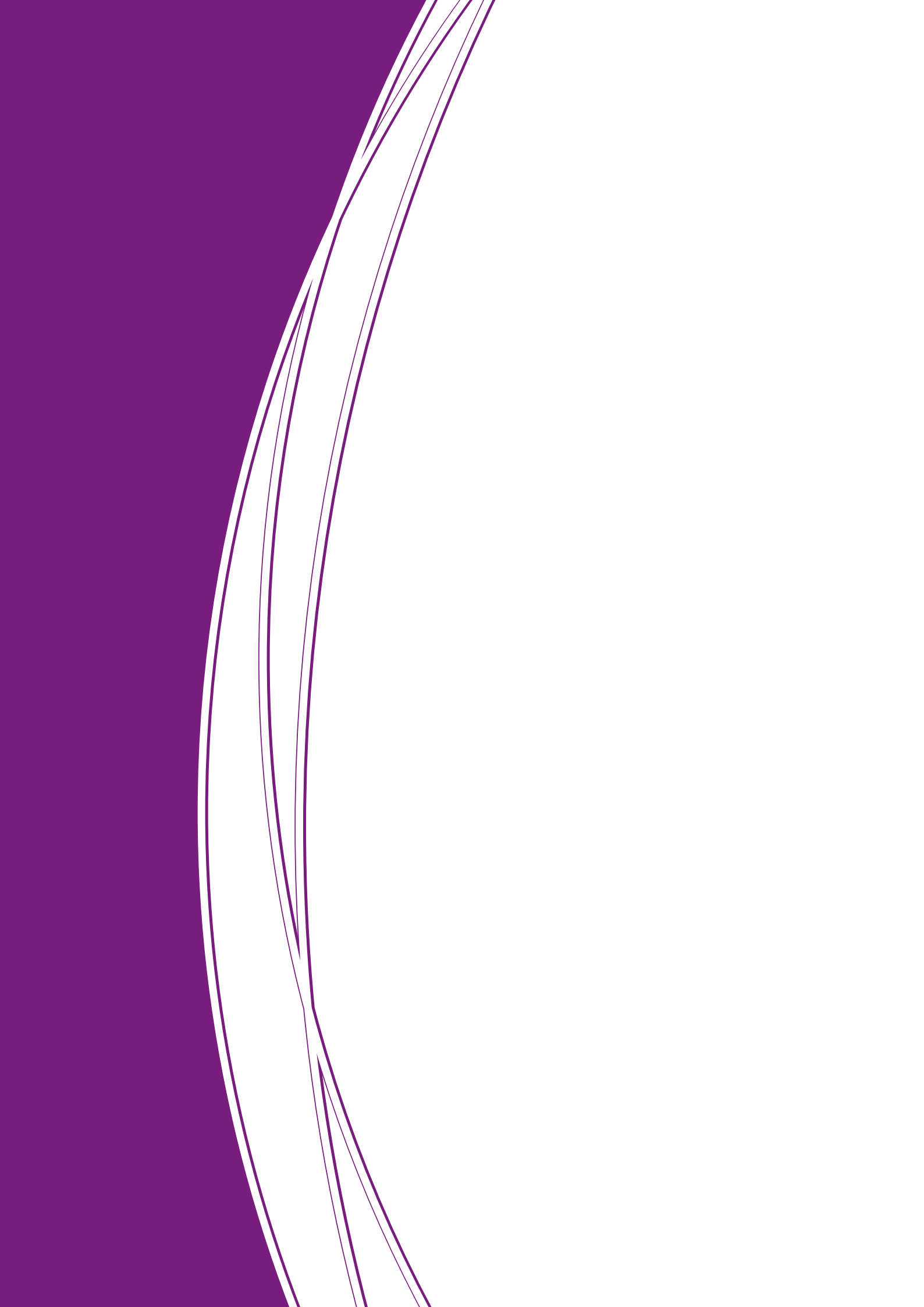
I·C·A·C

INDEPENDENT COMMISSION
AGAINST CORRUPTION
NEW SOUTH WALES



**INVESTIGATION INTO THE
CONDUCT OF A FORMER
NSW DEPARTMENT OF
JUSTICE OFFICER AND
OTHERS**

**ICAC REPORT
AUGUST 2017**



ICAC

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Mr President
Madam Speaker

In accordance with s 74 of the *Independent Commission Against Corruption Act 1988* I am pleased to present the Commission's report on its investigation into the conduct of a former officer of the Department of Justice and others.

No public inquiry was held in this matter. The reasons for the decision not to hold a public inquiry are set out in chapter 1 of the report.

The Commission's findings and recommendations are contained in the report.

I draw your attention to the recommendation that the report be made public forthwith pursuant to s 78(2) of the *Independent Commission Against Corruption Act 1988*.

Yours sincerely



The Hon Reginald Blanch AM QC
Acting Commissioner

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Summary of investigation and results

This investigation by the NSW Independent Commission Against Corruption (“the Commission”) primarily concerned the conduct of Leslie Reynolds, when he was a project manager at Corrective Services NSW (CSNSW) and Asset Management Services (AMS) at the NSW Department of Justice (“the Department”). The investigation considered whether, during the period from around October 2013 to February 2017, Mr Reynolds received corrupt payments and benefits from Khader George Ghamrawi and his wife, Samantha Boyle, the principals of G&S Building Group Pty Ltd (“G&S”) and Global Metal Works Pty Ltd, and Adam Morgan, the principal of CSNSW contractor, ASM Building Group Pty Ltd.

The investigation also examined whether other CSNSW employees exercised their public official functions to award CSNSW contracts to G&S in return for a financial benefit.

Results

The Commission found that:

- Mr Reynolds engaged in serious corrupt conduct by:
 - entering into an agreement with Mr Ghamrawi, sometime in late 2014 to early 2015, where he accepted cash payments from Mr Ghamrawi of \$24,000, and agreed to receive a payment of \$95,000 at a future date, in return for exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies (chapter 2)
 - accepting a benefit by way of a saving of from around \$40,000 to \$50,000 when using G&S to assist him with the installation of a swimming pool at his residence in around mid-2015 to mid-2016 in return for exercising his functions as a public official by recommending

that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies (chapter 3).

- Mr Ghamrawi engaged in serious corrupt conduct by:
 - providing \$24,000 to Mr Reynolds (chapter 2)
 - agreeing with Mr Reynolds to give him \$95,000 at a future date (chapter 2), and
 - providing a benefit by way of a saving of from around \$40,000 to \$50,000 when installing a swimming pool at Mr Reynolds’ residence (chapter 3)

in return for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies.

Statements are made pursuant to s 74A(2) of the *Independent Commission Against Corruption Act 1988* (“the ICAC Act”) that the Commission is of the opinion that consideration should be given to obtaining the advice of the Director of Public Prosecutions (DPP) with respect to the prosecution of the following persons:

- Mr Reynolds for offences under s 249B(1) of the *Crimes Act 1900* (“the Crimes Act”) and the common law offence of misconduct in public office (chapters 2 and 3)
- Mr Ghamrawi for offences under s 249B(2) of the Crimes Act and an offence of aiding and abetting a common law offence of misconduct in public office (chapters 2 and 3)
- Ms Boyle for an offence of being an accessory after the fact to an offence under s 249B(2) of the Crimes Act (chapter 2).

The Commission is also of the opinion that consideration should be given to obtaining the advice of the DPP with respect to the prosecution of Mr Reynolds, Mr Ghamrawi and Ms Boyle for offences under s 87 of the ICAC Act.

Chapter 6 of this report sets out the Commission's review of the corruption risks identified during the course of the investigation. The Commission has made the following corruption prevention recommendations to address those risks.

Recommendation 1

That the NSW Department of Justice undertakes a review of its systems to identify ways to ensure that Corrective Services NSW (CSNSW)'s minor works program commences at the start of each financial year and that delays are minimised.

Recommendation 2

That the Department reviews its existing minor works scoping practices. This review should identify inefficient project scoping practices that delay the commencement of minor capital works programs. In particular, the practice of scoping minor works projects twice, once by CSNSW and once by Asset Management Services (AMS), should be examined.

Recommendation 3

That the Department continues to prioritise its development of accurate and comprehensive asset registers to facilitate detailed project scoping and timely completion of works.

Recommendation 4

That the Department revises its method for awarding minor works projects to include criteria other than cost.

Recommendation 5

That the Department analyses minor works expenditure at different levels of aggregation to highlight expenditure patterns, including the volume of work awarded to particular contractors.

Recommendation 6

That the Department takes steps to ensure competition between members of capital works panels. This could include increasing the number of approved and vetted suppliers that are prepared to compete for work.

Recommendation 7

That the Department clarifies its criteria for classifying maintenance, minor works and major capital works, and communicates these criteria to all stakeholders.

Recommendation 8

That the Department develops a service level agreement between AMS and CSNSW in relation to the provision of minor works and maintenance services that details the roles and responsibilities of each. This could include ensuring that both AMS and CSNSW have visibility over expenditure on CSNSW assets.

Recommendation 9

That the Department ensures that minor capital works are allocated separate, discrete project codes.

Recommendation 10

That the Department develops a performance management system that is used to inform the awarding of minor capital works projects. This should be based on a range of objective measures based on the time, cost and quality of the work performed.

Recommendation 11

That the Department ensures that the performance of minor works and maintenance contractors in NSW correctional centres is appropriately verified. Where relevant, this should include input from the asset owner within CSNSW.

Recommendation 12

That the Department reviews its subcontracting arrangements with facilities maintenance providers with a view to prohibiting “wash through” jobs. Relevant training for contractors and staff should reflect this requirement.

Recommendation 13

That the Department amends relevant documents, including its *Code of Ethics and Conduct Policy*, to provide that staff must declare departmental works contractors, who are providing goods or services to them in a private capacity, as a potential conflict of interest. Consideration should also be given to prohibiting staff from engaging contractors in a private capacity where they are involved in the selection and management of those contractors.

These recommendations are made pursuant to s 13(3) (b) of the ICAC Act and, as required by s 111E of the ICAC Act, will be furnished to the Department and the responsible minister.

As required by s 111E(2) of the ICAC Act, the Department must inform the Commission in writing within three months (or such longer period as the Commission may agree in writing) after receiving the recommendations, whether it proposes to implement any plan of action in response to the recommendations and, if so, of the plan of action.

In the event a plan of action is prepared, the Department of Justice is required to provide a written report to the Commission of its progress in implementing the plan

12 months after informing the Commission of the plan. If the plan has not been fully implemented by then, a further written report must be provided 12 months after the first report.

The Commission will publish the response to its recommendations, any plans of action and progress reports on their implementation on the Commission’s website, www.icac.nsw.gov.au, for public viewing.

Recommendation that this report be made public

Pursuant to s 78(2) of the ICAC Act, the Commission recommends that this report be made public forthwith. This recommendation allows either Presiding Officer of a House of Parliament to make the report public, whether or not Parliament is in session.

Chapter 1: Background

This chapter sets out some background information concerning the investigation conducted by the NSW Independent Commission Against Corruption (“the Commission”), including how the investigation originated, the conduct of the investigation and the Commission’s decision not to hold a public inquiry. This chapter also includes information regarding the NSW Department of Justice (“the Department”), Corrective Services NSW (CSNSW) and the principal persons of interest.

How the investigation came about

By letter dated 7 March 2016, the Commissioner of CSNSW, Peter Severin, made a report to the Commission pursuant to s 11 of the *Independent Commission Against Corruption Act 1988* (“ICAC Act”). This section of the ICAC Act requires the principal officer of a public authority to report to the Commission any matter that the person suspects on reasonable grounds concerns, or may concern, corrupt conduct.

The report stated that, based on enquiries made by CSNSW’s Investigations Branch, Mr Severin was concerned that CSNSW staff, including Leslie Reynolds, and CSNSW contractors G&S Building Group Pty Ltd (“G&S”) and DTZ Pty Ltd, may have engaged in anti-competitive practices, possible collusion and corrupt conduct. It was alleged that G&S had been paid for work at CSNSW properties that was substandard and/or not carried out and that G&S had been engaged by Mr Reynolds and another employee of the Department to undertake work at their private residences.

After assessing the information provided, the Commission wrote to CSNSW seeking further information. That information tended to confirm the likelihood of corrupt conduct.

Why the Commission investigated

One of the Commission’s principal functions, as specified in s 13(1)(a) of the ICAC Act, is to investigate any allegation or complaint that, or any circumstances which in the Commission’s opinion imply that:

- (i) *corrupt conduct, or*
- (ii) *conduct liable to allow, encourage or cause the occurrence of corrupt conduct, or*
- (iii) *conduct connected with corrupt conduct, may have occurred, may be occurring or may be about to occur.*

The role of the Commission is explained in more detail in Appendix 1. Appendix 2 sets out the approach taken by the Commission in determining whether corrupt conduct has occurred.

In deciding to investigate, the Commission took into account the seriousness of the allegations, which concerned at least one public official acting partially and dishonestly with respect to the awarding of works to G&S, a company that had been paid over \$3.5 million for work completed on CSNSW properties during the period from 7 May 2014 to 3 November 2015. Furthermore, the Commission took into account the desirability of examining the relevant policies, procedures and practices concerning the procurement of minor capital works by the Department and CSNSW, and whether changes were required to make these policies, procedures and practices more effective and reduce the likelihood of corrupt conduct, and promote the integrity and good repute of public administration.

In these circumstances, the Commission decided that it was in the public interest to conduct an investigation to establish whether corrupt conduct had occurred, the identity of those involved and whether there were any corruption prevention issues that needed to be addressed.

Conduct of the investigation

During the course of the investigation, the Commission:

- obtained statements of information from public authorities by issuing four notices under s 21 of the ICAC Act
- obtained documents from various sources by issuing 90 notices under s 22 of the ICAC Act requiring the production of documents
- obtained five warrants under the *Telecommunications (Interception and Access) Act 1979* to enable the interception of telecommunications
- lawfully executed three search warrants under s 40 of the ICAC Act to obtain information relevant to the investigation
- undertook physical surveillance of persons suspected of being involved in corrupt conduct
- interviewed and/or took statements from numerous persons
- conducted 14 compulsory examinations under s 35 of the ICAC Act.

The decision not to hold a public inquiry

After taking into account matters set out in s 13, s 31 and s 74 of the ICAC Act, the Commission was satisfied that the matters raised in the investigation could satisfactorily be addressed by way of a public report pursuant to s 74(1) of the ICAC Act, without holding a public inquiry.

In making that determination, the Commission had regard to the following matters:

- a substantial amount of cogent evidence was obtained in the course of the investigation that indicated the likelihood of corrupt conduct. That evidence included:
 - admissions made by Mr Reynolds in relation to his conduct as a public official
 - admissions made by Khader George Ghamrawi of G&S
 - independently obtained evidence, such as lawfully intercepted telephone calls, that corroborated the information provided to the Commission by Mr Reynolds and Mr Ghamrawi
- based on the evidence obtained during the investigation, it was unlikely that a public inquiry would uncover new evidence relevant to the investigation

- the evidence obtained by the Commission indicated that the conduct was limited to a small number of people
- the public report would make the community aware of the relevant conduct, system weaknesses and set out corruption prevention recommendations.

The Commission did not consider that a report furnished to the Minister for Corrective Services and/or the NSW Attorney-General pursuant to s 14(2) of the ICAC Act in lieu of a public report would be appropriate because such a report would not adequately address the matters raised in the investigation for the following reasons:

- the conduct engaged in by Mr Reynolds and Mr Ghamrawi could constitute serious corrupt conduct that occurred over a substantial period of time
- a report to the minister/s pursuant to s 14(2) of the ICAC Act is subject to the secrecy provisions of s 111 of the ICAC Act, which would mean the Commission's principal functions of educating and informing the public about the detrimental effects of corrupt conduct, the promotion of the integrity and good repute of public administration and fostering public support in combating corrupt conduct, as set out in s 13(1)(h), s 13(1)(i) and s 13(1)(j) of the ICAC Act, would not be achieved
- some of the corruption prevention issues at the Department that had arisen in this investigation were previously raised in other Commission investigations (for example, Operation Yancey, which investigated the conduct of a senior departmental officer and others concerning courthouse refurbishment contracts) and, although progress has been made by the Department, the public should be informed about which matters remain an issue within CSNSW and the Department.

After being satisfied that a public inquiry would not be held, Counsel Assisting the Commission prepared submissions setting out the evidence and identified the findings and recommendations the Commission could make based on the evidence. These submissions were provided to relevant parties on 3 July 2017.

The Commission's Corruption Prevention Division also prepared submissions concerning:

- the framework for performing minor works at CSNSW
- the identification of issues with the minor capital works process, including budgetary pressures, procurement process issues and performance management

- the engagement of facilities maintenance providers and subcontractors by CSNSW.

Those submissions were provided to relevant parties on 5 July 2017.

The final submission in response was received on 18 July 2017. All the submissions received in response have been taken into account in preparing the report. In addition, a summary of Mr Reynolds' response to the adverse findings contended for by Counsel Assisting in their submissions are included in the Commission's report. That summary is Appendix 3 to this report.

NSW Department of Justice

The Department delivers legal, court and supervision services to the people of NSW by managing courts and justice services, implementing programs to reduce crime and re-offending, managing custodial and community-based correctional services and advising on law reform matters.

The Department is the principal department for a group of government agencies that are commonly referred to as the "Justice Cluster". The Justice Cluster comprises 12 agencies whose work includes managing the operation of the justice system in NSW.

Corrective Services NSW

CSNSW is a division of the Department. CSNSW manages NSW correctional centres, remand and sentenced inmates, as well as offenders in the community. CSNSW also delivers correctional services and programs to reduce re-offending and enhance community safety.

Asset Management Services

During the period relevant to the Commission's investigation, AMS was responsible for maintaining, improving and creating buildings and facilities for the Department, including correctional centres. AMS comprises the Strategy and Stakeholder Unit, Major Asset Delivery and Commissioning Unit, Minor Asset Delivery Unit, and Governance and Reporting Unit.

On 18 March 2013, the Department's Corporate Division was formed. The asset management divisions of CSNSW, the Attorney-General's Department (AGD) and Juvenile Justice (JJ) were combined to form AMS.

Mr Reynolds held various roles in AMS from September 2013 until he resigned in April 2017. These roles included director of facility assets, assistant director of facility standards and project manager of correctional infrastructure strategy. In his last role, Mr Reynolds was

responsible for monitoring CSNSW's minor capital works budget of approximately \$30 million per annum.

There is no single document that outlines the division of work roles and responsibilities and accountabilities between AMS and CSNSW. In August 2015, the CSNSW maintenance budget was transferred to AMS, however, CSNSW could still undertake its own maintenance work without oversight or input by AMS.

Relevant procurement guidelines and policies

The NSW Government Procurement Guidelines apply to all NSW government departments and set the minimum standards by which departments must abide. Departments may adopt procurement rules that differ from the guidelines but only if they are more stringent.

On 1 July 2015, AMS (which, at the time, was referred to as the Asset Management Branch) introduced the Construction and Procurement Framework Development policy. At around the same time, AMS also introduced a policy on tendering that required the Department's various divisions to comply with the premier's memorandum "NSW Procurement Reform", regarding the use of eTendering and, where possible, the use of an approved preferred supplier. The AMS policy relevantly provided:

In the absence of a Departmental preferred supplier contract or SCCB [State Contracts Control Board], DJAG [Department of Justice and Attorney-General] is granted delegation by the SCCB to undertake its own procurement in accordance with the General Purchasing Delegation and Purchasing Rules.

In addition, DJAG has its own tender requirements, as defined below.

A tender process must take place for all procurement greater than \$30,000. Request for tenders must be submitted through the DJAG eTendering system.

...

Direct Negotiation

...

Special circumstances may warrant entering into direct negotiations with a single select provider, without any prior competitive tendering process.

This is not the Department's standard practice and should be avoided. *Such an approach would require high-level authorisation (DG or Minister's approval).*

The Department's tendering policy outlines 10 ethical principles, including that tender documents must clearly specify the organisation's requirements and expectations, that the confidentiality of all information provided during tendering must be preserved, and that any party with a conflict of interest must declare it as soon as it is known to that party. It further requires that a tender evaluation committee be formed comprising three reviewers, one of which is independent, to review any tenders.

Minor capital work versus maintenance work

The Department's tendering policy, referred to above, required that capital works only be approved within appropriate delegations and in accordance with the DJAG Procurement System for Construction framework. AMS is responsible for management of all construction-related works.

There was considerable ambiguity as to what can be classified as a minor work versus maintenance work. The Commission understands that neither CSNSW nor AMS had any formal guidelines available to clarify this ambiguity.

Based on the information provided to the Commission by the executive director of AMS, Steve Honeywell, it appears that CSNSW distinguishes between minor capital works and maintenance works as follows:

- minor capital works are those that add to or improve an existing CSNSW asset and are valued between \$5,000 and \$1 million
- maintenance works are those that maintain or restore existing assets and are typically valued under \$30,000 (per item or project).

There are three subcategories of maintenance works: preventative, statutory, and reactive. Preventative maintenance works concern maintaining existing assets according to a predictable schedule of works (for example, maintaining air conditioning). Statutory maintenance works concern maintaining existing assets to fulfil statutory obligations, (for example, maintaining fire and sprinkler systems). Reactive maintenance works concern unexpected works required to restore or repair an asset (for example, repairing vandalism by inmates).

During the period from 1 October 2013 to 23 February 2017, AMS centrally managed the maintenance budget for all of the Department's divisions except for CSNSW, which had a maintenance budget of \$3.712 million in 2015–16. AMS did not have any visibility of how the \$3.712 million was being spent by CSNSW.

CSNSW also manages the prioritisation and reprioritisation of the minor works program.

During the period from 2014 to 2017, Mr Reynolds was responsible for monitoring projects that fell within the scope of CSNSW's minor capital works program across all CSNSW properties.

Mr Reynolds

The Commission's investigation indicates that only one CSNSW employee, Mr Reynolds, engaged in behaviour that could constitute corrupt conduct. However, the practices of other CSNSW staff were also considered by the Commission during its investigation.

At all relevant times, Mr Reynolds was a public official within the meaning of s 3 of the ICAC Act.

Mr Reynolds commenced employment with CSNSW in 1997 as an inmate property officer at Silverwater Metropolitan Remand and Reception Centre (MRRC). Mr Reynolds progressed to become a business manager at the MRRC in 2005, the Parramatta Correctional Centre in 2007, and the Silverwater Correctional Cluster in 2008, a position that he held until 2011. In August 2011, Mr Reynolds was appointed as the senior project officer, asset management, where he acted as a project manager on CSNSW building projects. In 2014, he progressed to the role of principal project manager with AMS' Infrastructure Strategy Group.

Mr Reynolds' most recent position at CSNSW, which he held from May 2015 to April 2017, was as the manager of operational readiness and reform, where he was responsible for monitoring projects that fell within the scope of CSNSW's minor capital works program across all CSNSW properties.

While Mr Reynolds has no formal qualifications in building and project management, his experience across a variety of areas at CSNSW equipped him with a substantial amount of knowledge in relation to the procurement processes at CSNSW. Over time, he had established a number of good relationships with employees at CSNSW, and also with a number of contractors that provided services to CSNSW.

At all times relevant to the Commission's investigation, Mr Reynolds had no direct decision-making authority with regard to the selection of contractors, or authority to approve expenditure on minor capital works valued at over \$10,000. However, as a result of his experience and good relationship with CSNSW and AMS staff, he was able to influence others to engage contractors that he recommended to complete work at various CSNSW properties. These contractors included G&S.

Mr Reynolds resigned from CSNSW on 8 April 2017.

Relevant CSNSW contractors

Contractors are required to be prequalified in order to complete capital works at CSNSW properties, including correctional centres. The contractors relevant to the Commission's investigation are referred to below.

G&S

G&S was incorporated in 2006 and is a construction company that employed up to eight people during the period relevant to the Commission's investigation. Mr Ghamrawi has been a director of G&S since its incorporation and is the principal of the business.

G&S was approved as a prequalified CSNSW contractor in around September 2013. During the period from November 2013 to February 2017, G&S received \$5.234 million from CSNSW for works done at various CSNSW properties.

Global Metal Works

Global Metal Works Pty Ltd was incorporated in 2014 and is a metal fabrication and supply business whose sole director is Samantha Boyle, the wife of Mr Ghamrawi. While Mr Ghamrawi's evidence is that he had very little to do with operating Global Metal Works, based on discussions that Mr Ghamrawi had during lawfully intercepted telephone calls and other evidence obtained from CSNSW and Queensland Corrective Services (QCS) employees, the Commission finds that he was the principal person that organised the supply of outdoor exercise equipment to CSNSW and QCS. The Commission also finds that Ms Boyle mainly dealt with administrative tasks, such as organising quotes, sending out invoices and dealing with follow-up issues.

Global Metal Works only supplied goods to CSNSW, QCS and JJ. During the period from August 2014 to December 2016, Global Metal Works received payments totalling \$747,210 from CSNSW for the supply of mainly outdoor gym equipment and, on 20 July 2016, it received a payment \$204,176 from QCS for the supply and installation of outdoor gym equipment.

ASM Building Group

ASM Building Group Pty Ltd was incorporated in 2005. The sole director is Adam Morgan. ASM Building Group is a small construction company that commenced doing works at CSNSW properties in mid-2012. During the period from 18 July 2012 to 21 October 2016, ASM Building Group received \$3.358 million from CSNSW for works done at various CSNSW properties.

Chapter 2: Mr Reynolds, Mr Ghamrawi and Ms Boyle

This chapter examines allegations that:

- during the period from around October 2013 to February 2017, Mr Reynolds partially and dishonestly exercised his public official functions by favouring Mr Ghamrawi and G&S in the process of awarding contracts for capital works to be performed on CSNSW properties in exchange for a financial benefit
- during the period from around October 2016 to February 2017, Mr Reynolds partially and dishonestly exercised his public official functions by favouring Ms Boyle and Global Metal Works in respect of the awarding of CSNSW contracts in exchange for a financial benefit, namely a portion of the profit that Global Metal Works received from CSNSW contracts
- during the period from around October 2016 to February 2017, Mr Reynolds conducted himself in a manner that could adversely affect the honest or impartial exercise of his official functions by accepting a financial benefit from Mr Ghamrawi, namely a portion of the profit that Global Metal Works received from the sale of gym equipment to QCS.

Given that the evidence relating to these allegations significantly overlaps, this chapter examines the evidence relating to:

- the development of the relationship between Mr Reynolds and Mr Ghamrawi
- agreements between Mr Reynolds and Mr Ghamrawi regarding the payment of money to Mr Reynolds
- Ms Boyle's knowledge of the agreements between Mr Reynolds and Mr Ghamrawi
- benefits received by Mr Reynolds from Mr Ghamrawi in accordance with the agreements.

The relationship between Mr Reynolds and Mr Ghamrawi

Mr Reynolds and Mr Ghamrawi first met sometime between 2012 and September 2013, when Mr Reynolds approached Mr Ghamrawi and asked him if he would be interested in doing some work for CSNSW. At this time, Mr Reynolds was a senior project officer of asset management with CSNSW. In around September 2013, G&S was cleared as a CSNSW commercial supplier that could go onsite and perform capital works.

In October 2013 and sometime in 2014, G&S became an approved subcontractor to CSNSW facilities maintenance providers DTZ and RCR Resolve FM Pty Ltd ("Resolve FM"). This allowed G&S to complete works on behalf of DTZ and Resolve FM at various CSNSW properties where DTZ and Resolve FM had been awarded the facilities maintenance contracts.

Up until around mid-2014, the relationship between Mr Reynolds and Mr Ghamrawi remained professional in its nature. Sometime in around mid-2014, a complaint was made against Mr Reynolds and Mr Ghamrawi, alleging that they were corrupt and it was at around this time that their friendship developed. It was through the friendship of Mr Reynolds and Mr Ghamrawi that Ms Boyle was introduced to Mr Reynolds and subsequently their respective families socialised from time to time.

The agreement between Mr Reynolds and Mr Ghamrawi

Based on the admissions made by Mr Reynolds and Mr Ghamrawi, which are discussed later in this chapter, the Commission finds that Mr Reynolds and Mr Ghamrawi had an agreement regarding the allocation of work by CSNSW to G&S to the following effect:

From around late 2014/early 2015 until 23 February 2017, Mr Reynolds and Mr Ghamrawi agreed that in return for Mr Reynolds arranging CSNSW contracts to be allocated to G&S and/or arranging for G&S to be invited to quote for CSNSW contracts, Mr Ghamrawi would give him a benefit [“the Agreement”].

The Commission also finds that the Agreement did not apply to any specific CSNSW job that was awarded to G&S, and was not calculated as a percentage of profit, but was an overarching arrangement between Mr Reynolds and Mr Ghamrawi, where Mr Ghamrawi said that he “would look after” Mr Reynolds, namely give him money. Due to his extended employment and experience across a wide variety of areas at CSNSW, Mr Reynolds had acquired an extensive amount of knowledge about managing assets and minor works and was relied on by other CSNSW and AMS staff to help resolve issues and recommend contractors, such as G&S, to perform various works at CSNSW.

There is conflicting evidence before the Commission from Mr Reynolds and Mr Ghamrawi regarding the exact timing that the Agreement was formed and who initiated it. However, findings regarding these matters are unnecessary as the evidence shows that both Mr Reynolds and Mr Ghamrawi were willing participants in the Agreement; that is, Mr Ghamrawi willingly offered to make payments or did make payments to Mr Reynolds, and Mr Reynolds willingly accepted the offers and payments and arranged for CSNSW work to be allocated to G&S (as discussed in detail later in this chapter).

The sale of gym equipment to CSNSW

Global Metal Works was an approved supplier to CSNSW and, since mid-2014, had supplied outdoor gym equipment to CSNSW correctional centres. In mid-2016, Global Metal Works experienced some difficulties with

the supply of gym equipment to QCS that had incorrect specifications. As a result, Global Metal Works had to reorder a shipment of gym equipment with the correct specifications. Consequently, the gym equipment it originally ordered for QCS was deemed unsuitable and became excess stock. It was at around this time that Mr Reynolds and Mr Ghamrawi agreed to sell the excess gym equipment to CSNSW and to split the profits from these sales evenly between them.

Mr Reynolds discusses the gym equipment with CSNSW

In around October 2016, Mr Reynolds had a discussion with Kathy Dwyer, a colleague at CSNSW and administrator of the Inmate Interest Bid. The Inmate Interest Bid is funding specifically allocated to CSNSW to be used for the provision of goods and services that aim at keeping inmates occupied while in custody; for example, purchasing gym equipment and televisions.

In that discussion, he promoted the sale of gym equipment by Global Metal Works to CSNSW. Mr Reynolds also discussed with Ms Dwyer using funds from the Inmate Interest Bid to purchase the gym equipment.

During a lawfully intercepted telephone call that took place at 5.34 pm on 19 October 2016, Mr Reynolds and Mr Ghamrawi had a conversation where they discussed splitting the profits generated by Global Metal Works from the sale of gym equipment to CSNSW:

REYNOLDS: So they would be doing his head in. Yeah, but don't – look make sure she [Ms Boyle] calls Kathy Dwyer tomorrow mate.

GHAMRAWI: Yeah, I will, I will, I will.

...

REYNOLDS: Say look you take up 30 per cent that's every two pieces you buy you get the third free.

...

REYNOLDS: I've been working on this for a while, but all it took was – was – I can't make contact with Kathy you know what I mean, instead of saying hey buy it, I can say that's a fucking good deal.

GHAMRAWI: Yeah –

REYNOLDS: So I bullshitted, I said Global called me and told me about the discount they've got – the offer they got. I said we've got to take advantage of it, and she said I've been busy but I'll take a look at it this afternoon okay. That was – wasn't yesterday it was the day before? So she's acted upon it, which is good.

...

GHAMRAWI: Yeah, don't worry I'll make sure by tomorrow it's all fucking done and dusted, sealed and orders will be going through hopefully.

REYNOLDS: Yeah, no, no they will be. Well you know – the deal that you said to her – that, that offer is looking pretty good, I want to push it all out.

GHAMRAWI: Yep, yep.

REYNOLDS: Yeah, so and she won't give you the break up, what's going on there George?

GHAMRAWI: The breakup? Which one?

REYNOLDS: For the Queensland one?

GHAMRAWI: Thirty-six – I told you she made 36K profit.

REYNOLDS: She made 36 out of it?

GHAMRAWI: Thirty-six thousand after paying tax and everything and GST it's 36 grand, I just said to her work out with Les that he – he said, oh, we'll work it out. I said work out if we go 50/50 or whatever. I said "I don't care".

REYNOLDS: Just work out a figure. That's all I need.

GHAMRAWI: Yeah, that's what I said to her. I said, but –

REYNOLDS: And that's all good, yeah.

...

REYNOLDS: Yeah, yeah, don't do that yeah. But – no, no, no – wait a minute. It still hasn't gone wrong yet because you've still got to move the stuff that's in the garage, yeah?

GHAMRAWI: Yeah, that's all profit, that we'll do good on.

REYNOLDS: That's what I'm saying, that's what I'm working on, yeah.

GHAMRAWI: Yeah, that's, I already told her. I said whatever you sell it for, we'll go 50/50 with him and get our, our –

REYNOLDS: All she has to do with it is make that call and it's done.

GHAMRAWI: Yeah.

REYNOLDS: I can't make that call for her.

GHAMRAWI: Yeah, I know, I know. Fuck now you know what I go through when I – and I keep fucking going off at her.

REYNOLDS: Because if she goes for a secondment, you won't get rid of that shit.

GHAMRAWI: Yeah, because Samantha [Ms Boyle] likes the TV boxes and that, because they're easy for her see.

REYNOLDS: Yeah, but let's get into this first and then take a look at that.

GHAMRAWI: Yeah, a hundred per cent.

Following the above telephone call, Mr Reynolds again contacted Ms Dwyer and encouraged her to take advantage of the reduced price of the gym equipment being sold by Global Metal Works. During the conversation, it was decided that the funds held in the Inmate Interest Bid would fund the purchase of the gym equipment. Mr Reynolds then proceeded to call the general managers of six CSNSW correctional centres (Juniperina/Mary Wade, Mulawa, Wellington, South Coast, Lithgow and Mid-North Coast) encouraging them to purchase gym equipment, and telling them that the purchase of the equipment would not be charged to their cost centre but would be funded from the Inmate Interest Bid.

During these telephone calls, Mr Reynolds did not disclose that he would get 50% of the profit generated from the sale in accordance with the agreement that he had with Mr Ghamrawi.

Gym equipment was sold to CSNSW as a result of the actions taken by Mr Reynolds through his organising the Inmate Interest Bid to fund the purchase of the equipment and calling the various correctional centres to generate interest in that equipment being purchased.

In the period from October to December 2016, Global Metal Works was paid \$61,604 by CSNSW for the supply of gym equipment to various CSNSW correctional centres.

The sale of gym equipment to QCS

Sometime in around mid-2015, Mr Reynolds was given information by Mr Severin that QCS was looking to purchase outdoor activity equipment for its correctional centres. On around 25 May 2015, at the request of Mr Severin, Mr Reynolds telephoned Claire Walker at QCS and gave her information regarding the suppliers used by CSNSW for outdoor activity equipment, which included G&S (who, at that time, was supplying and installing gym equipment, but subsequently transferred its business to Global Metal Works).

The Commission finds that this was the extent of Mr Reynolds' involvement in the supply of gym equipment to QCS, save for dealing with some minor administrative matters relating to QCS inspecting outdoor gym equipment that had been installed at various CSNSW correctional centres.

In December 2015, QCS released a closed expression of interest (EOI) seeking to prequalify suppliers for the supply of outdoor exercise equipment to QCS. Global Metal Works was invited to submit an EOI to QCS and, in March 2016, it was approved as the prequalified supplier to QCS for outdoor activity equipment.

During the period from May to June 2016, Global Metal Works received \$204,176 from QCS for the supply and installation of outdoor exercise equipment.

The QCS Agreement

Sometime prior to 13 October 2016, Mr Reynolds and Mr Ghamrawi formed an agreement whereby Mr Ghamrawi would give Mr Reynolds 50% of the profit from the sale of gym equipment by Global Metal Works to QCS ("the QCS Agreement"). The specific timing of the QCS Agreement is unknown to the Commission, however, the Commission finds that it must have been in place prior to 4.02 pm on 13 October 2016 when the following telephone conversation between Mr Reynolds and Mr Ghamrawi was lawfully intercepted by the Commission:

REYNOLDS: Mate can you also when you – when you find time speak to Sam [Ms Boyle] –

GHAMRAWI: Mm hm

REYNOLDS: – can you find out the Queensland break up mate, on what's still going on that one?

GHAMRAWI: Yeah, I thought she's fucking – I thought she's already sorted that out

REYNOLDS: Yeah, no, no she didn't –

According to Mr Reynolds, the payment of \$10,000 and the promise of an additional \$35,000 (discussed below) would be his share of the profits that were promised to him by Mr Ghamrawi from the sale of gym equipment by Global Metal Works to QCS. These payments formed part of the overarching agreement between Mr Reynolds and Mr Ghamrawi where Mr Ghamrawi said that he "would look after" Mr Reynolds, as referred to above.

Ms Boyle's knowledge of the Agreement and the QCS Agreement

Ms Boyle told the Commission that she did not have any knowledge of the Agreement, the QCS Agreement and the promise or provision of any benefit to Mr Reynolds. However, lawfully intercepted telephone calls obtained by the Commission indicate that Ms Boyle was aware of both agreements. These telephone calls are set out below.

At 12.21 pm on 27 October 2016, a telephone call between Mr Ghamrawi and Ms Boyle took place where they discussed the payment of money to Mr Reynolds, supply of gym equipment to CSNSW and the Agreement. In that telephone call Mr Ghamrawi told Ms Boyle that:

- "I know I gave him [Mr Reynolds] – we gave him ten grand, yeah? Remember you went upstairs to get the ten grand and gave it to him?" and "you gave his missus – his ex missus five thousand. And plus I gave him before that five thousand. So we've already given him twenty grand"
- he would tell Mr Reynolds, "Listen, Les ... mate, we told you we'll give you this, but look how much money we've given you already"
- he will tell Mr Reynolds that "from now on" he "can only give [him] five per cent of profits".

At 10.07 am on 9 February 2017, the following telephone call between Mr Ghamrawi and Ms Boyle took place where they discussed Mr Reynolds and money owed to him:

GHAMRAWI: Because there's only about – there's 25 off me and whatever with you so it's lucky, lucky to be fucking 60, if that. Even if, it's nowhere near that, so I don't – I want to know what's his [Mr Reynolds'] mindset because if he's thinking that we've got a 150 grand or something for him he's fucking, he's got something else coming.

...

GHAMRAWI: So I would like to try to sort that out today and –

BOYLE: Alright.

GHAMRAWI: – go from there. Because I'm gonna say bro' we need to know how much money you need. Like what, what, like how much –

BOYLE: Yeah I can't just go in one day and pull it all out. I've got to do it in dribs and drabs.

GHAMRAWI: Yeah we'll just say listen, this is how much you've got in the war chest 'cause you've pulled out this much, this much and this much and –

BOYLE: You know what I'm just gonna start pulling out money now.

...

GHAMRAWI: Yeah but, but I'm not, I'm not willing, like I know he might have, I don't know what, he's got a deal with you about 30 or 25 or something?

BOYLE: No well 70 –

GHAMRAWI: See you gotta take out –

BOYLE: – 70 divided by two.

...

GHAMRAWI: Alright, and then you've got um – but listen what you've got to say to him is, you've got to say to him Queensland, I'm having big issues with Queensland and it looks like it's gonna cost me a fair bit of money to fix.

BOYLE: And how much is the same thing from Queensland too?

GHAMRAWI: What?

BOYLE: Same thing from Queensland too?

GHAMRAWI: No well I told him Queensland he only made \$36,000 so that's, that's all you made out of that job and, and the reason why was because they wanted all metal seats and that.

...

GHAMRAWI: Look at the end of the day whatever he gets he should be fucking grateful with because that's money that he doesn't have to fucking, you know it's not like he works for it.

BOYLE: Mmm.

GHAMRAWI: He's got stash somewhere else Sam I'm telling you now, I'm telling you now. That's why Kate [Mr Reynolds' then wife] is so adamant she wants, two hundred something thousand dollars because Adam, ASM was pumping him with money, I was pumping him with money. He had two fucking backhanders.

At 1.51 pm on 10 February 2017, the following telephone call between Ms Boyle and Mr Ghamrawi took place where they again discussed Mr Reynolds and money owed to him:

GHAMRAWI: He reckons that's what he's [Mr Reynolds] got with us, a 132,000.

...

GHAMRAWI: With me, with me, with me he's got 25. I know that, I already know, we're, we're clear on that. But that means he's saying with you he's um, fucking a hundred and, a hundred and eleven, a 111,000. See he's gonna pull this figure out of his arse 'cause that's how much money he needs to sort his problem out and he's saying that's what we owe him. You got to remember he looks, he looks after himself, nobody fucking else.

BOYLE: Hmm

...

GHAMRAWI: ... he said oh "Everything's working out perfectly" ... all that money, he goes "All that money in the chest I'll use that and that'll sort it out". I said "Listen Les", I said "I need to know how much, how much money you've got in this chest. You can't just come and tell us at the end oh I need you know, 20 grand and expect it to be there –

...

BOYLE: I don't know why from the start you didn't, every time you got something write the fucking thing down.

GHAMRAWI: My stuff is sorted out. It's 25. We know that already. It's your stuff that, that's the issue.

BOYLE: Bull. How's it my – why, why are you telling people that I'm gonna give them money?

GHAMRAWI: Because they –

BOYLE: Never ever once has he spoken to me about money, never once.

GHAMRAWI: 'Cause he doesn't do the wheeling and dealing with you Sam, that's why.

BOYLE: Oh well it's not his fault. Well how am I supposed to know then George? If he doesn't do the wheeling and dealing with me just sort it out. Figure out whatever it is and that's it.

The Commission finds that these telephone discussions relate to payments promised and made to Mr Reynolds in relation to the sale of gym equipment to CSNSW and QCS by Global Metal Works.

The Commission also finds that, while there is no evidence to suggest that Ms Boyle was aware of the Agreement or the QCS Agreement at the time that they were formed between Mr Reynolds and Mr Ghamrawi, the lawfully intercepted telephone calls referred to above show that Ms Boyle was aware of the existence of both agreements sometime prior to 27 October 2016.

Benefits received by Mr Reynolds

The Commission finds that, during the period from around late 2014/early 2015 to early 2017, Mr Reynolds did receive, in accordance with the Agreement and the QCS Agreement, benefits from Mr Ghamrawi, or the promise of a benefit from him as outlined below.

Who knew what and when?

Both Mr Reynolds and Mr Ghamrawi gave evidence that payments to be made by Mr Ghamrawi to Mr Reynolds in accordance with the Agreement and the QCS Agreement were made in cash. Furthermore, the promise of future payments was not recorded or if it were, the record was discarded as the payment amounts would fluctuate. Consequently, the evidence obtained by the Commission regarding the cash payments made, or promised, to Mr Reynolds in accordance with the Agreement and the QCS Agreement is unclear. This evidence and the way that it was received by the Commission is discussed in further detail below.

Mr Reynolds' evidence

Mr Reynolds initially denied that the Agreement existed between him and Mr Ghamrawi and that he received any cash payments or benefits from Mr Ghamrawi. However, Mr Reynolds changed his evidence after hearing a lawfully intercepted telephone call between himself and Mr Ghamrawi on 19 October 2017 where the following discussion took place regarding the sale of gym equipment to CSNSW:

REYNOLDS: Yeah, yeah, don't do that yeah. But – no, no, no – wait a minute. It still hasn't gone wrong yet because you've still got to move the stuff that's in the garage, yeah?

GHAMRAWI: Yeah, that's all profit, that we'll do good on.

REYNOLDS: That's what I'm saying, that's what I'm working on, yeah.

GHAMRAWI: Yeah, that's I already told her. I said whatever you sell it for, we'll go 50/50 with him and get our, our –

REYNOLDS: All she has to do with it is make that call and it's done.

GHAMRAWI: Yeah.

After listening to the telephone call above, Mr Reynolds told the Commission that he and Mr Ghamrawi had formed the Agreement and that he had been promised payments by Mr Ghamrawi, but no such payments had been forthcoming.

Mr Reynolds subsequently changed his evidence during a voluntary record of interview with Commission staff and admitted under caution that:

- he had received \$5,000 from Mr Ghamrawi, who also promised him a future payment of \$60,000, in relation to the supply of gym equipment by Global Metal Works to CSNSW (the \$5,000 payment was made in around September or October 2016)
- he had received \$10,000 from Mr Ghamrawi, who also promised him a future payment of \$35,000, in relation to the supply of gym equipment by Global Metal Works to QCS
- he had collected the abovementioned \$10,000 payment from Mr Ghamrawi's father, Joe Ghamrawi, in around December 2016 and used this money as spending money on his overseas holiday
- a further \$2,000 was collected on his behalf by his former partner, Joana Daluz, from Mr Ghamrawi
- he did not deposit the money that he received from Mr Ghamrawi into a bank account, but rather used it as spending money.

Mr Reynolds also told the Commission that he did not have any direct decision-making authority with regard to selecting and engaging contractors for CSNSW work. Mr Reynolds told the Commission that he made recommendations to the commissioner, or relevant assistant commissioner, as to which contractor should be engaged for particular CSNSW projects, and that they ultimately signed off on the engagement and approved the expenditure.

Mr Ghamrawi's evidence

Mr Ghamrawi's evidence evolved during his compulsory examinations before the Commission as follows.

On 6 March and 11 April 2017, Mr Ghamrawi repeatedly denied giving, or promising, Mr Reynolds any benefit, or having any agreement with Mr Reynolds where he promised to give him a benefit, in return for work being allocated to G&S and/or Global Metal Works.

On 5 April 2017, after he was played two lawfully intercepted telephone calls that took place between himself and Ms Boyle on 9 and 10 February 2017 (referred to above), Mr Ghamrawi told the Commission that Mr Reynolds had asked him for some money; however, he did not agree, but said to Mr Reynolds “if you’re hard up I’ll lend you some money”. Mr Ghamrawi also said, “I haven’t given Mr Reynolds any money, there’s been no money given to him whatsoever”.

On 11 April 2017, Mr Ghamrawi continued to develop his version of events and gave the following evidence:

- he initially made a payment of \$5,000 to Mr Reynolds in January or February 2017 to help Mr Reynolds obtain legal representation for his divorce proceedings but had not given him any other money or made any promise to Mr Reynolds that he would give him money in the future in return for work being allocated to him. Mr Ghamrawi told the Commission that he did not confirm with Mr Reynolds whether the payment of \$5,000 was a gift or a loan
- during the telephone call on 9 February 2017, his advice to Ms Boyle that, “there’s 25 off me and whatever with you, so it’s lucky to be fucking 60”, related to Mr Reynolds coming to Mr Ghamrawi’s house and asking him for money, and that this conversation occurred after he had already given Mr Reynolds the \$5,000 referred to above
- during the telephone call on 10 February 2017, his advice to Ms Boyle that, “he reckons that he’s got with us 132,000”, related to Mr Reynolds asking Mr Ghamrawi for \$132,000, which Mr Reynolds thought was owed to him because he had allocated work to G&S and Global Metal Works
- Mr Reynolds asked him for money on a number of occasions, usually after G&S had completed works on a CSNSW site; however, he had only paid him \$5,000 and had been “stringing him out” but had not made any further payments
- he had made several payments to Mr Reynolds, totalling up to \$80,000, which ensured that Mr Reynolds continued to allocate, or influence others to allocate, CSNSW work to G&S. The \$80,000 was paid as cash to Mr Reynolds, with the largest payment being about \$15,000. As part of the \$80,000 that Mr Reynolds received from Mr Ghamrawi, one payment of \$5,000 was collected by Mr Reynolds from Joe Ghamrawi, and a payment of \$5,000 was collected by Ms Daluz from Mr Ghamrawi
- the payments were made by Mr Ghamrawi to Mr Reynolds after Mr Reynolds approached him

and said, “If you don’t pretty much look after me I’m not going to look after you”

- the first payment to Mr Reynolds was made by Mr Ghamrawi about a year-and-a-half after he started doing work for CSNSW.

Ms Boyle’s evidence

At her compulsory examination with the Commission on 9 March 2017, Ms Boyle denied having any discussions with Mr Ghamrawi about the payment of cash or provision of gifts to Mr Reynolds. However, after listening to the lawfully intercepted telephone calls between herself and Mr Ghamrawi that took place on 9 and 10 February 2017, when Ms Boyle appeared before the Commission for her compulsory examination on 20 April 2017, she changed her evidence as follows:

- she only became aware of payments being made to Mr Reynolds by Mr Ghamrawi at around 9 February 2017
- she was aware that the payments made by Mr Ghamrawi to Mr Reynolds were in accordance with the Agreement and that these payments related to the Agreement
- sometime in 2016, at the request of Mr Ghamrawi, she gave an envelope to Ms Daluz (whom she had only met once); however, she did not know what was in the envelope.

Evidence from others

The Commission also obtained evidence regarding the payments made by Mr Ghamrawi to Mr Reynolds from the following people:

- Ms Daluz, the former partner of Mr Reynolds, who told the Commission that, sometime in approximately 2015, she was told by Mr Reynolds to collect some cash from Mr Ghamrawi’s house as a payment to help financially support their daughter. Ms Daluz also states that she subsequently attended Mr Ghamrawi’s house and was given \$4,000 in cash by Ms Boyle
- Joe Ghamrawi, who told the Commission that Mr Reynolds had been to his house on “three or four occasions” and that, sometime after Christmas 2016, he was told by Mr Ghamrawi to pay Mr Reynolds \$5,000, which he did. Joe Ghamrawi stated that Mr Reynolds told him he would pay him back (a claim that Mr Reynolds has denied) and that he needed the money as he was having “marriage problems”. Joe Ghamrawi stated that Mr Reynolds had not repaid the money and neither had Mr Ghamrawi.

What was said in the telephone calls?

Evidence relating to the payment of money to Mr Reynolds by Mr Ghamrawi is also referred to in the following lawfully intercepted telephone calls obtained by the Commission:

- at 12.21 pm on 27 October 2016, during a discussion about the supply of gym equipment to CSNSW, Mr Ghamrawi told Ms Boyle that:
I know I gave him [Mr Reynolds] – we gave him ten grand, yeah? Remember you went upstairs to get the ten grand and gave it to him? and you gave his missus – his ex missus five thousand. And plus I gave him before that five thousand. So we've already given him twenty grand
- at 9.39 am on 2 December 2016, Mr Reynolds and Mr Ghamrawi had a telephone conversation where Mr Ghamrawi told Mr Reynolds, "I've left that thing with my father"
- at 3.26 pm on 2 December 2017, Mr Reynolds called Joe Ghamrawi and told him that he would be at his house at South Wentworthville in around 15 minutes.

Findings

The Commission finds that there is no independent objective verification of the amounts paid or promised to Mr Reynolds by Mr Ghamrawi. However, based on the information referred to above, the Commission finds that:

- the evidence of Ms Daluz, that she collected \$4,000 from Ms Boyle, is accepted. Ms Daluz is a person who is not accused of any wrongdoing and gave credible evidence to the Commission. Her evidence is consistent with the evidence of Ms Boyle and Mr Reynolds and also the content of the telephone call between Mr Ghamrawi and Ms Boyle on 27 October 2016 (except for a variation of the amount of money she collected)
 - Mr Reynolds gave evidence to the Commission that Ms Daluz collected \$2,000 from Mr Ghamrawi. However, given that Mr Reynolds' information came from Mr Ghamrawi, the Commission accepts Ms Daluz's evidence because she was directly involved in collecting the money
 - the evidence of Mr Reynolds in relation to the:
 - \$5,000 he received from Mr Ghamrawi, who also promised him a future payment of \$60,000, regarding the supply of gym equipment by Global Metal Works to CSNSW, and
 - \$10,000 he received from Mr Ghamrawi, who also promised him a future payment of \$35,000, regarding the supply of gym equipment by Global Metal Works to QCSis accepted. Mr Reynolds admitted receiving the payments from Mr Ghamrawi and his admissions are also consistent with the telephone call on 27 October 2016 between Mr Ghamrawi and Ms Boyle referred to above where Mr Ghamrawi told Ms Boyle: "I know I gave him – we gave him ten grand, yeah? Remember you went upstairs to get the ten grand and gave it to him?" and "plus I gave him before that five thousand".
- On numerous occasions, Mr Ghamrawi denied the existence of the Agreement and the QCS Agreement and that he made payments to Mr Reynolds. Mr Ghamrawi finally did give evidence that he had made payments of \$80,000 to Mr Reynolds, however, his evidence as to the amount he paid to Mr Reynolds was unsubstantiated. On the other hand, although Mr Reynolds initially denied that he had received any gifts or benefits in the first part of his compulsory examination, when confronted with evidence that referred to the Agreement and the benefits he received, or was due to receive, his cooperation commenced and he made admissions regarding his misconduct, which could be corroborated more so than the evidence of Mr Ghamrawi
- the evidence of Joe Ghamrawi, to the extent that he provided a payment of \$5,000 to Mr Reynolds, is accepted. Joe Ghamrawi's evidence is corroborated by Mr Ghamrawi; however, it is disputed by Mr Reynolds, who states that he collected \$10,000
 - the evidence of Joe Ghamrawi, that the payment was made sometime after Christmas 2016, is rejected. The Commission finds that the reference to "that thing left with my father" by Mr Ghamrawi during his telephone call with Mr Reynolds on 2 December 2016 is the cash payment that Mr Reynolds subsequently collected from Joe Ghamrawi's house later that day
 - Mr Reynolds told the Commission that he collected the money from Joe Ghamrawi on 2 December 2016, as corroborated by the telephone calls on that day. Accordingly, the Commission finds that Mr Reynolds' evidence should be accepted
 - Mr Reynolds' evidence, that the money that he collected from Joe Ghamrawi is a reference to the same \$10,000 payment that he received from Mr Ghamrawi in accordance with the QCS

Agreement, is rejected. The telephone call on 27 October 2016 between Mr Ghamrawi and Ms Boyle refers to payments of \$10,000 and \$5,000 already being made to Mr Reynolds. Consequently, the Commission finds that the payment of \$5,000 that Mr Reynolds collected from Joe Ghamrawi is in addition to the previous \$15,000 that he had been paid.

In summary, the Commission finds that Mr Reynolds received the following benefits or promise of a benefit:

- a \$5,000 cash payment from Mr Ghamrawi, sometime in around September or October 2016, in relation to the supply of gym equipment by Global Metal Works to CSNSW
- a \$10,000 cash payment from Mr Ghamrawi, sometime in around September or October 2016, in relation to the supply of gym equipment by Global Metal Works to QCS
- a \$4,000 cash payment paid by Ms Boyle to Ms Daluz, sometime prior to 27 October 2016
- a \$5,000 cash payment from by Joe Ghamrawi on 2 December 2016
- an agreement with Mr Ghamrawi to receive a payment of \$60,000 at a future date in relation to the supply of gym equipment by Global Metal Works to CSNSW
- an agreement with Mr Ghamrawi to receive a payment of \$35,000 at a future date in relation to the supply of gym equipment by Global Metal Works to QCS.

The Commission also finds that the payments, and promise of payments, that Mr Reynolds accepted were provided by Mr Ghamrawi with the expectation that Mr Reynolds would continue to partially exercise his official duties as a public official and continue to influence the allocation of CSNSW work to G&S.

Corrupt conduct

The Commission's approach to making findings of corrupt conduct is set out in Appendix 2 to this report.

First, the Commission makes findings of relevant facts based on the balance of probabilities. The Commission then determines whether those facts fall within the terms of s 8(1), s 8(2) or s 8(2A) of the ICAC Act. If they do, the Commission then considers s 9 of the ICAC Act and the jurisdictional requirements of s 13(3A) of the ICAC Act.

In the case of subsection 9(1)(a), the Commission considers whether, if the facts as found were to be proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal,

they would be grounds on which such a tribunal would find that the person has committed a criminal offence.

The Commission then considers whether, for the purpose of s 74BA of the ICAC Act, the conduct is sufficiently serious to warrant a finding of corrupt conduct.

Leslie Reynolds

The Commission finds that Mr Reynolds engaged in corrupt conduct by

- accepting cash payments from Mr Ghamrawi in the amount of \$24,000, and
- having an agreement with Mr Ghamrawi to receive a payment of \$95,000 from him at a future date from Mr Ghamrawi,

in return for exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies.

This is corrupt conduct on the part of Mr Reynolds because it is conduct that could adversely affect, either directly or indirectly, the honest or impartial exercise of his official functions and therefore comes within s 8(1)(a) of the ICAC Act. The conduct is also corrupt conduct within the meaning of s 8(1)(b) and s 8(1)(c) of the ICAC Act, as Mr Reynolds exercised his official functions dishonestly, partially and in breach of public trust.

For the purpose of s 9(1)(a) of the ICAC Act, it is relevant to consider s 249B(1)(a) of the *Crimes Act 1900* ("the Crimes Act"). This section provides:

If any agent corruptly receives or solicits (or corruptly agrees to receive or solicit) from another person for the agent or for anyone else any benefit:

(a) *as an inducement or reward for or otherwise on account of:*

(i) *doing or not doing something, or having done or not having done something, or*

(ii) *showing or not showing, or having shown or not having shown, favour or disfavour to any person,*

in relation to the affairs or business of the agent's principal, or

(b) *the receipt or any expectation of which would in any way tend to influence the agent to show, or not to show, favour or disfavour to any person in relation to the affairs or business of the agent's principal,*

the agent is liable to imprisonment for 7 years.

The Commission is satisfied for the purposes of s 9(1)(a) of the ICAC Act that, if the facts were proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that Mr Reynolds committed offences of corruptly receiving a reward under s 249B(1)(a) of the Crimes Act.

The common law offence of misconduct in public office is part of the criminal law of NSW. The elements of the offence have been considered in *R v Quach* (2010) 201 A Crim R 522. Redlich JA (with whom Ashley JA and Hansen AJA agreed) said at 535 that the elements were as follows:

- (1) *a public official;*
- (2) *in the course of or connected to his public office;*
- (3) *wilfully misconducts himself or herself, by act or omission, for example, by wilfully neglecting or failing to perform his or her duty;*
- (4) *without reasonable excuse or justification; and*
- (5) *where such misconduct is serious and meriting criminal punishment having regard to the responsibilities of the office and the officeholder, the importance of the public objects which they serve and the nature and extent of the departure from those objects.*

The Commission is satisfied for the purposes of s 9(1)(a) of the ICAC Act that, if the facts were proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that Mr Reynolds committed offences of corruptly receiving a reward under s 249B(1)(a) of the Crimes Act and common law offences of misconduct in public office.

Accordingly, the Commission is satisfied that the jurisdictional requirements of s 13(3A) of the ICAC Act are satisfied.

The Commission is also satisfied for the purposes of s 74BA of the ICAC Act that this is serious corrupt conduct because:

- Mr Reynolds held a position of trust within CSNSW and his conduct involved a significant breach of that trust
- the conduct could have impaired public confidence in public administration, given that Mr Reynolds was a senior and experienced public official
- his conduct was motivated by self-interest and greed and involved a relatively significant amount of money

- if proved on admissible evidence to the criminal standard by an appropriate tribunal, this conduct could involve offences pursuant to s 249B(1) of the Crimes Act, which have a maximum penalty of seven years and are serious indictable offences, or common law offences of misconduct in public office for which there is no maximum penalty.

Khader George Ghamrawi

The Commission is satisfied that Mr Ghamrawi engaged in corrupt conduct by:

- providing cash payments to Mr Reynolds in the amount of \$24,000, and
- having an agreement with Mr Reynolds to make a payment of \$95,000 to him at a future date

in return for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to them.

This is corrupt conduct on the part of Mr Ghamrawi because it is conduct that could adversely affect, either directly or indirectly, the honest or impartial exercise of the official functions of Mr Reynolds and therefore comes within s 8(1)(a) of the ICAC Act. These official functions included Mr Reynolds ensuring that CSNSW work was allocated appropriately and in accordance with the procurement policies and procedures at CSNSW.

For the purpose of s 9(1)(a) of the ICAC Act, it is relevant to consider s 249B(2)(a) of the Crimes Act. This section provides:

If any person corruptly gives or offers to give to any agent, or to any other person with the consent or at the request of any agent, any benefit:

(a) *as an inducement or reward for or otherwise on account of the agent's:*

(i) *doing or not doing something, or having done or not having done something, or*

(ii) *showing or not showing, or having shown or not having shown, favour or disfavour to any person,*

in relation to the affairs or business of the agent's principal, or

(b) *the receipt or any expectation of which would in any way tend to influence the agent to show, or not to show, favour or disfavour to any person in relation to the affairs or business of the agent's principal,*

the firstmentioned person is liable to imprisonment for 7 years.

The Commission is satisfied for the purposes of s 9(1)(a) of the ICAC Act that, if the facts it has found were to be proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that Mr Ghamrawi has committed offences under s 249B(2)(a) of the Crimes Act.

The Commission is also satisfied for the purposes of s 9(1)(a) of the ICAC Act that, if the facts it has found were to be proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that Mr Ghamrawi aided and abetted Mr Reynolds in committing common law offences of misconduct in public office. That is because Mr Ghamrawi offered and provided cash, and the promise of future payments of cash to Mr Reynolds, as a reward for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies.

The relevant subsections of s 351B of the Crimes Act note that:

- (1) *Every person who aids, abets, counsels or procures the commission of any offence punishable on summary conviction may be proceeded against and convicted together with or before or after the conviction of the principal offender.*
- (2) *On conviction any such person is liable to the penalty and punishment to which the person would have been liable had the person been the principal offender.*

Accordingly, the Commission is satisfied that the jurisdictional requirements of s 13(3A) of the ICAC Act are satisfied.

The Commission is also satisfied for the purposes of s 74BA of the ICAC Act that this is serious corrupt conduct because:

- his conduct was intentional, involved the corruption of a public official and was motivated by self-interest and greed and involved a relatively significant amount of money
- if proved on admissible evidence to the criminal standard by an appropriate tribunal, this conduct could involve offences pursuant to s 249B(2) of the Crimes Act, which have a maximum penalty of seven years, and are serious indictable offences, and/or aiding and abetting Mr Reynolds in his misconduct in public office, which has no maximum penalty.

Samantha Boyle

Given that there is no evidence before the Commission that indicates Ms Boyle being aware of the Agreement or the QCS Agreement at the time that they were formed between Mr Reynolds and Mr Ghamrawi, the Commission does not make any corrupt conduct findings against her.

Section 74A(2) statement

In making a public report, the Commission is required by the provisions of s 74A(2) of the ICAC Act to include, in respect of each “affected” person, a statement as to whether or not in all the circumstances the Commission is of the opinion that consideration should be given to the following:

- a. obtaining the advice of the Director of Public Prosecutions (DPP) with respect to the prosecution of the person for a specified criminal offence
- b. the taking of action against the person for a specified disciplinary offence
- c. the taking of action against the person as a public official on specified grounds, with a view to dismissing, dispensing with the services of or otherwise terminating the services of the public official.

An “affected” person is defined in s 74A(3) of the ICAC Act as a person against whom, in the Commission’s opinion, substantial allegations have been made in the course of, or in connection with, the investigation.

The Commission is satisfied that Mr Reynolds, Mr Ghamrawi and Ms Boyle are affected persons for the purposes of s 74A(2) of the ICAC Act.

Evidence given by Mr Reynolds, Mr Ghamrawi and Ms Boyle in their compulsory examinations was subject to a declaration under s 38 of the ICAC Act and cannot be used against them in criminal proceedings, except in relation to prosecution for an offence under the ICAC Act.

There is, however, other admissible evidence, including admissions by Mr Reynolds in a record of interview conducted under caution that he received cash payments from Mr Ghamrawi and that he had an agreement with Mr Ghamrawi to receive an additional \$95,000 at a future date, lawfully obtained telephone intercept material and admissible statements from relevant witnesses.

The Commission is of the opinion that consideration should be given to obtaining the advice of the DPP with respect to the prosecution of:

- Mr Reynolds for offences under s 249B(1) of the Crimes Act of receiving a corrupt commission or reward, or common law offences of misconduct in public office for:

- receiving payments totalling \$24,000 from Mr Ghamrawi, and
- having an agreement with Mr Ghamrawi to receive an additional \$95,000

in return for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies

- Mr Reynolds for an offence under s 87 of the ICAC Act of providing false and misleading evidence in relation to his evidence that he had not received any benefits from G&S or Global Metal Works. In relation to this matter, the Commission acknowledges Mr Reynolds' cooperation with the Commission's investigation. Although Mr Reynolds denied that he had received any gifts or benefits in the first part of his compulsory examination, when confronted with evidence that referred to the Agreement and the benefits he received or was due to receive, his cooperation commenced and he made admissions regarding his misconduct. Mr Reynolds continued to cooperate with the Commission by attending two records of interview and responding to various questions about AMS and CSNSW as they arose throughout the investigation
- Mr Ghamrawi for offences under s 249B(2) of the Crimes Act of giving a corrupt commission or reward, or aiding and abetting common law offences of misconduct in public office for:
 - providing cash payments to Mr Reynolds in the amount of \$24,000, and
 - having an agreement with Mr Reynolds to make a payment of \$95,000 at a future date

in return for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to them
- Mr Ghamrawi for an offence under s 87 of the ICAC Act of providing false and misleading evidence in relation to his evidence that he:
 - did not provide any gifts or benefits to Mr Reynolds
 - did not have any discussions with Mr Reynolds, or play any role in the sale by Global Metal Works of gym equipment to CSNSW

- did not have any discussions with Mr Reynolds, or play any role in the sale by Global Metal Works of gym equipment to QCS

- Ms Boyle for offences of being an accessory after the fact to an offence under s 249B(2) of the Crimes Act by Mr Ghamrawi of giving corrupt commissions or rewards to Mr Reynolds for the purpose of influencing Mr Reynolds to improperly exercise his functions as a public official by allocating CSNSW work to G&S and Global Metal Works
- Ms Boyle for an offence under s 87 of the ICAC Act of providing false and misleading evidence in relation to her evidence that she was not aware that corrupt payments were being paid or promised to Mr Reynolds by Mr Ghamrawi.

As Mr Reynolds resigned from his position at CSNSW, it is not necessary to consider any recommendation in relation to disciplinary or dismissal action.

Chapter 3: CSNSW staff engaging G&S to complete private works

This chapter examines whether, as a result of engaging G&S to perform works on their private residences, various CSNSW employees partially and dishonestly exercised their public official functions by favouring G&S in respect of the awarding of CSNSW contracts in exchange for a financial benefit.

Mr Reynolds and the installation of a swimming pool

During the period from around mid-2015 to mid-2016, Mr Reynolds arranged for a swimming pool to be built at his residence. G&S was the builder engaged by Mr Reynolds to install the swimming pool. Mr Ghamrawi assisted Mr Reynolds with organising various contractors to perform works on installing the swimming pool and to ensure compliance with various local council requirements.

Mr Ghamrawi and Mr Reynolds told the Commission that Mr Ghamrawi had quoted a price of \$18,500 and \$18,000 respectively to install the swimming pool. Mr Ghamrawi told the Commission that his involvement in the installation of the swimming pool was digging out the hole, organising the development application and obtaining the architectural and engineering drawings.

Mr Reynolds told the Commission that:

- he paid the invoices for works completed on the swimming pool as they were shown to him
- the project took around 12 months to complete because he kept running out of money
- he completed some of the installation himself, such as digging the hole, laying the electrical cables and other labour work
- on some occasions, Mr Ghamrawi spoke to the tradesperson who issued the invoice and had the price reduced

- there was an outstanding amount of money owed to Mr Ghamrawi for the installation of a gas hook up, plumbing and a heater, which he had not yet paid
- he did not disclose to CSNSW management that he had engaged G&S to complete work at his house.

Mr Ghamrawi told the Commission that he only made about a five per cent profit on the installation of the swimming pool at Mr Reynolds' premises.

As a result of using Mr Ghamrawi for the installation of the swimming pool, Mr Reynolds only paid the trade cost for supplies or services, which is commonly referred to as "mates' rates". Mr Reynolds told the Commission that he did not know exactly how much he spent on the installation of the swimming pool, due to the fact that the process was protracted over a period of around 12 months. However, he did not expect the amount he paid to exceed Mr Ghamrawi's initial quote of \$18,000.

A review by the Commission of the invoices issued to, and paid by, Mr Reynolds in relation to the installation of the swimming pool shows that Mr Reynolds paid approximately \$33,000. Mr Reynolds was not able to provide an explanation to the Commission regarding the discrepancy between his expectation and the amounts contained on the invoices collated by the Commission.

A report obtained by the Commission from the Swimming Pool & Spa Association (SPASA) estimates that a swimming pool to the same or similar specifications as that which was installed at Mr Reynolds premises would cost \$83,990 to install.

While the Commission does not dispute that Mr Reynolds did some of the installation works himself, which may have been included in the report from SPASA (for example, excavation and fencing), the Commission finds that the cost estimate provided by SPASA can be relied on to ascertain the approximate value of the benefit received by Mr Reynolds.

The Commission finds that the benefit to Mr Reynolds was a saving of between \$40,000 and \$50,000. Given that Mr Ghamrawi only made about a five per cent profit on the job, the benefit received by Mr Reynolds was Mr Ghamrawi “looking after” Mr Reynolds, in accordance with the Agreement, and with the expectation that Mr Reynolds would continue to partially exercise his official duties as a public official in favour of Mr Ghamrawi by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies.

Other CSNSW staff

The Commission also examined a number of instances where other CSNSW officers engaged G&S to complete work on their private residences, without making a disclosure of any actual or perceived conflict of interest. The details of these instances are outlined below.

In 2014, a CSNSW assistant commissioner (“Assistant Commissioner W”) engaged G&S to complete renovation work on their house. Assistant Commissioner W was not in a position at CSNSW to engage contractors such as G&S to complete work on CSNSW properties, and told the Commission that they:

- were introduced to Mr Ghamrawi and G&S through Mr Reynolds
- did not know at the time G&S was engaged to do work on Assistant Commissioner W’s house that it was a CSNSW contractor, but became aware of this fact some time later
- paid \$67,000 to G&S for the work it completed
- did not disclose to CSNSW management that G&S had been engaged to complete work at the house.

Mr Ghamrawi’s evidence to the Commission was that the work that he did for Assistant Commissioner W was not at “mates’ rates” and that he made a profit of about \$20,000 from this job. Apart from the evidence of Mr Ghamrawi and Assistant Commissioner W, the Commission was unable to independently verify whether Assistant Commissioner W received a discount on the work completed by G&S.

In 2014, a CSNSW maintenance overseer (“Maintenance Overseer X”) consulted with Mr Ghamrawi regarding an issue Maintenance Overseer X had with the bathroom wall at Maintenance Overseer X’s residence. Maintenance Overseer X was in a position to engage contractors such as G&S to complete work at the correctional centre where Maintenance Overseer X worked, and told the Commission that:

- upon attending Maintenance Overseer X’s residence, Mr Ghamrawi broke the bathroom wall with a hammer, pulled off tiles and identified white ants in the wall
- after the white ant problem was fixed, Mr Ghamrawi arranged for G&S to demolish the bathroom wall and remove the debris free-of-charge
- Mr Ghamrawi recommended other contractors, who were also CSNSW contractors, to complete work on Maintenance Overseer X’s bathroom. These contractors were ultimately engaged by Maintenance Overseer X to complete the bathroom
- Maintenance Overseer X was aware that G&S was a CSNSW contractor
- Maintenance Overseer X did not disclose to management at CSNSW that G&S had been engaged to complete work at the house.

Mr Ghamrawi's evidence to the Commission was that he had sent some apprentices to Maintenance Overseer X's house to collect some rubbish at no charge to Maintenance Overseer X, and that he organised the tradespeople to complete the bathroom, but they were paid directly by Maintenance Overseer X.

The Commission was unable to independently verify whether Maintenance Overseer X received a discount on the work completed by the tradespeople that Mr Ghamrawi organised to complete the bathroom, or the value of the rubbish collection that Mr Ghamrawi arranged to be completed free-of-charge to Maintenance Overseer X.

The Commission finds, however, that due to the small nature of the job this would have been of minimal monetary value;

In 2014 and 2015, a CSNSW human resources employee ("Employee Y"), who resigned from CSNSW in December 2015, engaged G&S on two separate occasions. Employee Y was not in a position at CSNSW to engage contractors like G&S to complete work on CSNSW properties, and told the Commission that:

- Mr Reynolds introduced Mr Ghamrawi to Employee Y
- G&S was engaged in around December 2014 to build a wall and a cupboard, and then, for a second time, in late 2015 to build a deck, at Employee Y's house
- G&S was paid a total of \$3,500 in December 2014 in relation to the construction of the wall and cupboard and a further \$37,375 in November and December 2015 for construction of the deck
- Employee Y was aware that G&S was a CSNSW contractor and understood that CSNSW policy only required Employee Y to declare a conflict of interest in circumstances where Employee Y was a person responsible for awarding work or contracts to G&S. According to Employee Y's understanding of the CSNSW policy, no disclosure was made to management at CSNSW.

Quotes obtained by Employee Y at the relevant times the work was being completed, showed that the amounts charged by G&S appeared to be normal commercial rates and that no apparent discount was obtained by Employee Y.

In mid-2016, a CSNSW intelligence officer ("Officer Z") engaged G&S to complete some concreting around the swimming pool at Officer Z's house. Officer Z was not in a position at CSNSW to engage contractors like G&S to

complete work on CSNSW properties. The evidence before the Commission shows that Officer Z paid \$5,000 to G&S for the work that was performed. Mr Ghamrawi's evidence was that Officer Z was charged normal commercial rates. Apart from the evidence of Mr Ghamrawi and Officer Z, the Commission was unable to independently verify whether Officer Z received a discount on the work completed by G&S. It is unclear whether Officer Z was aware that G&S was a CSNSW contractor.

Corrupt conduct

Leslie Reynolds

The Commission finds that Mr Reynolds engaged in corrupt conduct by accepting a benefit, by way of a saving of between \$40,000 and \$50,000, when he engaged G&S to install a swimming pool at his residence in return for exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies and with the expectation that he would continue to conduct himself in this way in the future.

This is corrupt conduct on the part of Mr Reynolds because it is conduct that could adversely affect, either directly or indirectly, the honest or impartial exercise of his official functions and therefore comes within s 8(1)(a) of the ICAC Act. The conduct is also corrupt conduct within the meaning of s 8(1)(b) and s 8(1)(c) of the ICAC Act, as Mr Reynolds exercised his official functions dishonestly, partially and in breach of public trust.

The Commission is satisfied for the purposes of s 9(1)(a) of the ICAC Act that, if the facts were proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that Mr Reynolds committed an offence of corruptly receiving a reward under s 249B(1)(a) of the Crimes Act and for the common law offence of misconduct in public office.

Accordingly, the Commission is satisfied that the jurisdictional requirements of s 13(3A) of the ICAC Act are satisfied.

The Commission is also satisfied for the purposes of s 74BA of the ICAC Act that this is serious corrupt conduct because:

- Mr Reynolds held a position of trust within CSNSW and his conduct involved a significant breach of that trust
- the conduct could have impaired public confidence in public administration, given that Mr Reynolds was a senior and experienced public official

- his conduct was motivated by self-interest and greed
- if proved on admissible evidence to the criminal standard by an appropriate tribunal, this conduct could involve offences pursuant to s 249B(1) of the Crimes Act, which has a maximum penalty of seven years, and is a serious indictable offence, or the common law offence of misconduct in public office for which there is no maximum penalty.

Khader George Ghamrawi

The Commission is satisfied that Mr Ghamrawi engaged in corrupt conduct by giving a benefit, by way of a saving of between \$40,000 and \$50,000, when installing a swimming pool at Mr Reynolds' residence, in return for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies and with the expectation that Mr Reynolds would continue to conduct himself in this way in the future.

This is corrupt conduct on the part of Mr Ghamrawi because it is conduct that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions of Mr Reynolds and therefore comes within s 8(1)(a) of the ICAC Act. These official functions included Mr Reynolds ensuring that CSNSW work was allocated appropriately and in accordance with the procurement policies and procedures at CSNSW.

The Commission is satisfied for the purposes of s 9(1)(a) of the ICAC Act that, if the facts it has found were to be proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that Mr Ghamrawi committed an offence under s 249B(2)(a) of the Crimes Act, or aiding and abetting the common law offence of misconduct in public office. That is because Mr Ghamrawi offered and provided rewards to Mr Reynolds, as a reward for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies.

Accordingly, the Commission is satisfied that the jurisdictional requirements of s 13(3A) of the ICAC Act are satisfied.

The Commission is also satisfied for the purposes of s 74BA of the ICAC Act that this is serious corrupt conduct because:

- his conduct was intentional, involved the corruption of a public official and was motivated by self-interest and greed

- if proved on admissible evidence to the criminal standard by an appropriate tribunal, this conduct could involve offences pursuant to s 249B(2) of the Crimes Act, which has a maximum penalty of seven years, and is a serious indictable offence, and/or aiding and abetting Mr Reynolds in his misconduct in public office, which has no maximum penalty.

Other CSNSW employees

No findings of corrupt conduct are made with respect to Assistant Commissioner W, Maintenance Overseer X, Employee Y and Officer Z. However, this conduct is the subject of corruption prevention recommendations included in chapter 6 of this report.

Section 74A(2) statement


The Commission is satisfied that Mr Reynolds and Mr Ghamrawi are affected persons for the purposes of s 74A(2) of the ICAC Act.

Evidence given by Mr Reynolds, Mr Ghamrawi and Ms Boyle in their compulsory examinations was subject to a declaration under s 38 of the ICAC Act and cannot be used against them in criminal proceedings, except in relation to prosecution for an offence under the ICAC Act.

There is, however, other admissible evidence including admissions by Mr Reynolds in a record of interview conducted under caution that he paid "mates' rates" for work completed on the swimming pool by Mr Ghamrawi, and other admissible statements from relevant witnesses.

The Commission is of the opinion that consideration should be given to obtaining the advice of the DPP with respect to the prosecution of:

- Mr Reynolds for offences under s 249B(1) of the Crimes Act of receiving a corrupt commission or reward, or common law offences of misconduct in public office for receiving a benefit by way of a saving of between \$40,000 and \$50,000 when using G&S to install a swimming pool at his residence in return for exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works and influencing others to allocate such work to those companies
- Mr Ghamrawi for offences under s 249B(2) of the Crimes Act of giving a corrupt commission or reward, or aiding and abetting common law offences of misconduct in public office for providing a benefit by way of a saving of between \$40,000 and \$50,000, to Mr Reynolds when installing a swimming pool at Mr Reynolds'



residence in return for Mr Reynolds exercising his functions as a public official by recommending that CSNSW work be allocated to G&S and Global Metal Works.

The Commission is not of the opinion that consideration should be given to obtaining the advice of the DPP with respect to the prosecution of other CSNSW employees for any criminal offence.

As Mr Reynolds resigned from his position at CSNSW, it is not necessary to consider any recommendation in relation to disciplinary or dismissal action.

Chapter 4: Mr Reynolds and ASM Building Group

This chapter examines an allegation that, during the period from around September 2014 to June 2015, Mr Reynolds conducted himself in a manner that could adversely affect the honest or impartial exercise of his official functions by accepting a financial benefit from Adam Morgan, the principal of ASM Building Group, a CSNSW contractor.

The Commission has found that this allegation is unsubstantiated.

The evidence

ASM Building Group commenced working for CSNSW in around mid-2012, following an approach by Mr Reynolds to Mr Morgan.

In his compulsory examination, Mr Reynolds initially denied receiving any money from Mr Morgan. However, in subsequent voluntary records of interview conducted under caution with Commission staff, Mr Reynolds made admissions that he received the following benefits from Mr Morgan:

- a bottle of alcohol and a cash payment of \$3,000 at around Christmas 2014
- a cash payment of \$5,000, sometime after Christmas 2014.

Mr Reynolds also gave evidence that he:

- received the cash payments from Mr Morgan at his home
- did not request or approach Mr Morgan about the payments
- understood, as a result of Mr Morgan saying words to the effect that “you have to spread the jam”, the cash payments and bottle of alcohol were given to him by Mr Morgan as a reward for Mr Reynolds allocating CSNSW works to ASM Building Group.

During the period from January 2015 to October 2016, ASM Building Group received \$1.103 million from CSNSW for work it completed at CSNSW properties.

Mr Morgan denied the allegation that he provided any gifts or financial benefits to Mr Reynolds at any time.

Mr Reynolds initially denied any involvement in corrupt conduct or receiving any payments from Mr Morgan. This raises issues as to his creditability. The Commission’s approach has been to accept his evidence where it is corroborated by other evidence.

In the present case, Mr Morgan denied providing any benefits to Mr Reynolds and there is no objective evidence to disprove Mr Morgan’s denial. In these circumstances, the Commission is not satisfied to the requisite standard that Mr Morgan paid the money to Mr Reynolds or gave him a bottle of alcohol and accordingly makes no findings against Mr Reynolds or Mr Morgan with respect to those matters.

Section 74A(2) statement

The Commission is satisfied that Mr Reynolds and Mr Morgan are affected persons for the purposes of s 74A(2) of the ICAC Act.

The Commission is not of the opinion that consideration should be given to obtaining the advice of the DPP with respect to the prosecution of Mr Reynolds or Mr Morgan for any criminal offence.

Chapter 5: G&S being engaged as a subcontractor

This chapter examines the allegation that AMS staff members John Obeid and Warren Alpen partially and dishonestly exercised their public official functions by favouring G&S in respect of the awarding of CSNSW contracts in exchange for a financial benefit.

The Commission's investigation identified a practice where staff employed by AMS and/or the CSNSW would send to CSNSW facilities maintenance service providers ("FM providers") quotes it had received from G&S for work to be conducted at CSNSW, and ask the FM provider to:

- reissue the G&S quote to CSNSW using the FM provider's letterhead
- add an amount on top of the G&S quote as the FM provider's project management fee.

The Commission has found that this allegation is unsubstantiated.

FM providers

FM providers are required to maintain and service CSNSW correctional centres. They provide services such as developing and implementing a system to maintain and manage CSNSW properties. FM providers are responsible for managing cleaning services, grounds maintenance and general upkeep of correctional centres as well as engaging in maintenance to prevent deterioration of correctional centre facilities. FM providers were permitted to engage subcontractors to assist them with completing their duties at the correctional centre, provided the subcontractor was prequalified and approved by CSNSW.

Resolve FM

During the period relevant to the Commission's investigation, Resolve FM was FM provider for the John Morony Correctional Complex.

During the period from December 2014 to July 2015, Resolve FM used G&S as a subcontractor to complete works on its behalf at CSNSW properties and paid G&S a total of \$303,325 for these services.

DTZ

During the period relevant to the Commission's investigation, DTZ was the FM provider for the Silverwater Correctional Complex.

During the period from March 2014 to August 2015, DTZ used G&S as a subcontractor to complete works on its behalf at CSNSW properties and paid G&S a total of \$3.243 million for these services.

Evidence obtained by the Commission

Emails from Mr Obeid to DTZ

Mr Obeid was employed as a project manager with AMS from January 2015 to March 2016. Mr Obeid was responsible for managing maintenance-based capital works projects at various CSNSW properties that were allocated to him, including the upgrade of water tanks in wings 12 and 13 at Her Majesty's Australian Prison Long Bay ("Long Bay").

On 4 May 2015, Mr Obeid, the asset manager at Long Bay, sent the following email to Syd Hamilton, DTZ's state services manager:

Can you send a quote with your margin for the project, no need to attach G&S quote to your quote.

The email attached a quote from G&S to the value of \$57,870 (excluding GST) regarding works to be done at Long Bay.

In response to the email, Michael McDougall, a DTZ

senior facility manager, replied attaching a quote on DTZ letterhead that contained the exact same text regarding the scope of works referred to in the G&S quote. The value of the DTZ quote was \$63,078.30 (excluding GST).

During his compulsory examination, Mr Obeid told the Commission that he could not recall the reason he sent the email nor any other occasion where he had acted in the same way. However, Mr Obeid said that, by sending the email to Mr Hamilton, he was encouraging DTZ to use G&S as a subcontractor for the work at Long Bay and that he could “potentially” have had conversations with Mr Hamilton and Mr McDougall where he encouraged DTZ to use G&S as a contractor as “they were always the most available out of the three” (prequalified CSNSW contractors).

Mr Hamilton told the Commission that Mr Obeid would have sourced the quote from G&S. However, his recollection was that CSNSW wanted DTZ to project manage the work onsite as there was asbestos on the site and it was therefore considered a high-risk project. The engagement of DTZ to manage G&S onsite was, according to Mr Hamilton, a risk management mitigation strategy used by CSNSW.

Mr McDougall told the Commission that DTZ had very little input into the works referred to in the quote above. However, the quote was given to Mr Obeid because, if it came from DTZ, then the process to have the works and expenditure approved by CSNSW would occur more quickly than if it was submitted separately. Similar to the evidence of Mr Hamilton, Mr McDougall also told the Commission the engagement of DTZ to manage G&S as a subcontractor would mitigate some risk exposure to CSNSW.

A further example of the practice referred to above was identified on 6 May 2015 where Mr Obeid sent the following email to Mr Hamilton and Mr McDougall:

I need 2 quotes, do not mention G&S in the quote

See attached for the first, which has 10 tanks

The 2nd a long bay general quotation based on 8 tanks 9 could be for any wing

1st with 9% margin

In response to this email, Mr McDougall sent the two quotes to Mr Obeid in accordance with Mr Obeid’s instructions.

During his compulsory examination, Mr Obeid told the Commission that he may have sent the email because he was “too busy” to obtain the required three quotes for the project.

Both Mr Hamilton and Mr McDougall could not provide the Commission with information that clarified the contents of this email and why Mr Obeid was asking them not to refer to G&S in the requested quotes.

Emails from Mr Alpen to Resolve and DTZ

Mr Alpen was employed by CSNSW from 2001 to January 2017. During the period from July 2014 to June 2015, Mr Alpen was employed as a regional asset manager by AMS and was responsible for managing maintenance-based capital works projects at the John Morony Correctional Complex.

Mark Emelhain, the senior facility manager at Resolve FM, who was based at the John Morony Correctional Centre, told the Commission that:

[Mr Alpen] would send us the quotation – [Mr Alpen would] organise the work and then [he] would send the quotations to Resolve FM and then we would send a purchase order to G&S and then billing would go ... back to Resolve and Resolve would bill [CSNSW]

Mr Emelhain could not provide an explanation to the Commission about why Mr Alpen engaged in this practice, however, he said that he could recall that the practice had occurred on three occasions (in relation to work completed by G&S at John Morony WISE Building 16, John Morony WISE Building 20 and Emu Plains Correctional Centre). Mr Emelhain told the Commission that Resolve FM did not have this arrangement with any of its other clients, only CSNSW.

On 23 April 2015, Mr Alpen sent an email to Mr Ghamrawi that contained a purchase order raised by CSNSW for work awarded to Resolve FM. In the email Mr Alpen wrote:

This is the money for you from Resolve plus their mark up.

Hit him up for the coin

On 24 April 2015, Mr Emelhain sent an email to Bozena Forbes, a financial accountant at Resolve FM, where he responded to a query by Ms Forbes regarding the margins charged on a purchase order issued to CSNSW work as follows:

1971072 – This job was a project management job and therefore we attached 12%

1971142 – This job was a ‘wash through’ job. We did not run it or manage it, we simply are paying the contractors [sic] invoice for CSNSW, hence 6%, + round up

The Commission finds that the reference to a “wash through” job by Mr Emelhain is a reference to the practice where CSNSW would ask the FM provider to pay G&S for works that the FM provider had little or no input in completing or supervising. However, there is insufficient evidence before the Commission to determine whether the practice was engaged in to circumvent AMS procurement policies or conceal the true amount of work that G&S had completed for CSNSW.

Corrupt conduct

The information obtained by the Commission in relation to the conduct referred to above does not conclusively show that Mr Obeid or Mr Alpen engaged in corrupt conduct. The practices referred to above are the subject of corruption prevention recommendations included in chapter 6 of this report.

Section 74A(2) statement

The Commission is satisfied that Mr Alpen and Mr Obeid are affected persons for the purposes of s 74A(2) of the ICAC Act.

The Commission is not of the opinion that consideration should be given to obtaining the advice of the DPP with respect to the prosecution of Mr Alpen or Mr Obeid for any criminal offence.

As Mr Alpen and Mr Obeid have both resigned from their positions with AMS, it is not necessary to consider any recommendation in relation to disciplinary or dismissal action.

Chapter 6: Corruption prevention

Inefficient and disordered organisational systems are often precursors to corruption. Inefficiency creates the incentive for staff to work around systems to achieve outcomes. The result is a proliferation of ad hoc processes over which the organisation has little control or oversight. The inefficiency of such systems also provides the waste from which individuals can profit without detection. Disordered systems, where standard processes are ignored, key information is unknown and accountabilities unclear, also provide cover for corruption since such behaviour cannot stand out from the background of varied and idiosyncratic processes that develop to get work done.

In both CSNSW and the Department, specifically AMS, the organisational systems surrounding minor capital works and maintenance works at CSNSW facilities were inefficient and disordered. Scoping of minor works was inaccurate and duplicated, resulting in scope variations, project delays and cost overruns. This, combined with time and budgetary pressures, a lack of experienced staff, inadequate asset knowledge and poor contractor oversight, created an environment of uncertainty that was open to manipulation by Mr Reynolds. Many of these problems had their genesis in the information systems and asset maintenance processes that AMS inherited from other organisations. These incompatible legacy structures had not been integrated and facilitated aspects of Mr Reynolds' corrupt conduct.

In this chapter, the Commission makes a number of corruption prevention recommendations to address its concerns with AMS' processes and capabilities governing the awarding and monitoring of capital works contracts. The Commission's recommendations include the need to review existing project scoping practices, develop accurate and comprehensive asset registers, improve budgetary management, and enhance contractor selection and monitoring procedures.

The Commission's investigation also identified the practice of FM providers engaging subcontractors while

contributing minimal or no oversight of their activities. Such a practice not only inflates and conceals the costs associated with completing works but also obscures any potentially corrupt relationships between public officials and suppliers. The Commission makes a recommendation to address this concern.

In addition, this chapter deals with the issue of CSNSW staff engaging contractors to perform work on their private residences. The Commission makes a recommendation concerning the amendment of the Department's requirements for staff regarding conflicts of interest to address this concern.

Background

Problematic transition from CSNSW to AMS

The transfer of responsibilities for asset management, including minor capital and maintenance works, from CSNSW to AMS has been long and problematic. From confusion about roles and responsibilities between CSNSW and AMS, unclear reporting lines for staff, incompatible computer systems, different operations and significant tension between CSNSW and AMS, the transition created complexity that facilitated Mr Reynolds' corruption. The Commission acknowledges, however, that departmental staff have begun to address these challenges.

CSNSW became a division of the Department in July 2009, although responsibilities for its minor capital and maintenance works were not transferred to AMS until the 2013–14 financial year as part of a shared services model. Prior to this, CSNSW managed its assets internally with a specialist team of asset managers in head office responsible for works and budgets across the state. One of these staff was Mr Reynolds.

CSNSW asset managers were transferred to AMS when it became responsible for CSNSW's asset management. However, formal reporting lines and accountabilities

of these staff were unclear or ignored. For example, a number of the staff, including Mr Reynolds, continued to take direction from, and report directly to, CSNSW, rather than senior AMS staff. Some areas of AMS also continued to remain more focused on works in their originating division rather than the operation of the branch. This behaviour caused AMS' executive director, Mr Honeywell, to conclude that "there is resistance to moving from the culture of the original division (CSNSW) to the new consolidated Department of Justice".

In addition to staff resistance and unclear reporting lines, the transition to shared services presented significant challenges in monitoring asset works and associated expenditure. In 2008, the NSW Auditor-General reported that the level of detail in CSNSW's asset records did not facilitate efficient and effective management of assets and some financial controls. Mr Honeywell advised the Commission that the "lengthy and complex" amalgamation of various agencies into the Justice cluster from 2009 compounded these legacy inefficiencies. In particular, information on projects and associated expenditure is still held across multiple organisational systems that do not reconcile, project costs are allocated to various budgets – with or without appropriate approvals – and some project codes are used as ongoing "expense accounts", undermining project oversight. In addition, parts of the maintenance budget are retained by CSNSW with AMS having no visibility over this expenditure.

These fundamental problems associated with the management of CSNSW assets by AMS are well known to the Department. A number of reviews and analyses by external experts have highlighted numerous asset management issues in both CSNSW and the Department. Most relevantly, in July 2016, the Department received a report on its capital program by consulting firm PricewaterhouseCoopers (PwC) that made a number of apposite findings and recommendations that overlap with the Commission's observations.

As a result of these issues, AMS does not have ready ability to monitor all CSNSW asset projects, and related expenditure, or determine who is accountable and responsible for some projects. Combined with the incompatibility of CSNSW and AMS computer systems, the transition to shared services gave AMS responsibility for CSNSW asset management but without the requisite organisational systems to do so effectively.

AMS has also experienced significant staff turnover since its inception. It was reported to the Commission that it was not uncommon for three different project managers to be allocated the same project within a year due to staff turnover and there is heavy reliance on contract staff to fill asset management roles. High turnover of staff undermines AMS' ability to build

continuity and consistency in its operations and places a heavy time burden on staff who must quickly become familiar with new projects while under pressure to deliver them. Furthermore, general recordkeeping and project management processes did not support expedient project handovers.

Given this backdrop, it is unsurprising that AMS underspent the minor capital works budget during some years. The underspend represented a significant deficiency in much-needed minor capital works programs in the state's correctional centres and exacerbated tension between CSNSW and AMS, increasing pressure on AMS and its asset managers to deliver projects.

During 2016, the Commission made public its report on the *Investigation into the conduct of a senior officer of the NSW Department of Justice (Operation Yancey)*. This report identified serious corrupt conduct by an AMS officer involved in major capital works involving courthouse upgrades. As a result of this investigation, AMS imposed more stringent procurement and governance processes across all capital works, including the requirement for additional quotations for works, aimed at increasing oversight of procurement decisions in the absence of other controls such as tight scopes of works. One unintended outcome of these measures was to add significant time to a process that was already under pressure.

The Commission contends that the context of organisational dysfunction was crucial in Mr Reynolds' corruption. Without it, there would have been little need for Mr Reynolds' involvement in procurement decisions during his time at CSNSW and AMS, and his ability to exert influence would have been minimal.

The Department faces a demanding task in maintaining, upgrading and replacing existing assets due to an ageing asset base and a growing prison population. Dysfunction in these processes complicates an already difficult challenge. The situation at AMS is, however, improving with the Department enhancing its asset knowledge, continuing to transition project and financial information to a single, reconciled system, and increasing permanent, long-term staff. The Commission supports the drive by AMS to streamline asset management systems, enhance asset data, and improve financial and project management. It should also be acknowledged that the Department is addressing the corruption prevention issues raised in Operation Yancey in a constructive manner.

Mr Reynolds' influence

At the time of the corrupt conduct, Mr Reynolds generally had no direct decision-making authority with regard to the selection of contractors. Instead, Mr Reynolds' arrangement with Mr Ghamrawi depended on his knowledge of upcoming capital works projects, his

ability to influence those who were involved in selecting and authorising contractors for minor capital works, and his knowledge of how procurement decisions were made.

Mr Reynolds was commonly known as a “go-to man” for maintenance and minor works within CSNSW. His experience in head office as a project manager and acting director of asset management provided him with a high level of knowledge about CSNSW assets, contractor procurement and project management processes, as well as a familiar relationship with a number of CSNSW contractors. He had also developed a reputation as a competent asset project manager; an officer who could get the job done, whatever the circumstances.

When AMS took responsibility for the CSNSW minor capital works program in 2013–14, Mr Reynolds was initially transferred to AMS along with other CSNSW asset managers. However, his experience, seniority and reputation meant that he was heavily relied on to manage project delivery. Senior CSNSW staff continued to rely directly on Mr Reynolds to oversee and report back to them on progress and resolve any issues arising during projects. Even when Mr Reynolds was transferred back to CSNSW, and his official role was to assist in receiving and prioritising minor works proposals, he was still informally directed to monitor AMS’ progress on managing projects and report back to the CSNSW commissioner on performance. This situation provided Mr Reynolds with significant control over the flow of information between AMS and CSNSW and, with few other experienced asset managers left in CSNSW, limited peer and supervisory review.

Mr Reynolds’ reputation also prompted AMS asset managers to seek his assistance or guidance. This assistance included scoping projects, recommending contractors to invite to quote, and advice on project management.

The significant faith placed in Mr Reynolds, combined with little oversight, placed him in a position of influence. It was this position of influence that allowed Mr Reynolds to recommend contractors for minor capital works contracts. In most cases, it was not Mr Reynolds’ official role to make these recommendations. As discussed in the sections below, Mr Reynolds’ knowledge of the asset management and procurement system, and the limited pool of contractors available to perform the work, allowed him to reasonably predict that the contractors he recommended would ultimately be awarded the contracts.

Minor capital works

Many of the asset works allocated to G&S under the corrupt influence of Mr Reynolds were funded from the minor capital works program administered by AMS. Such works are those that add or improve an existing asset and are valued between \$5,000 and \$1 million. In addition

to the disorganisation related to the integration of CSNSW with the Department, specific inefficiencies and dysfunction in the operation of the minor capital works program contributed to Mr Reynolds’ ability to corruptly influence the awarding of work to G&S.

As discussed, during the period of Mr Reynolds’ conduct, AMS was under significant time and budgetary pressure to deliver minor capital works projects. However, its ability to do so was impaired by a range of inadequate systems that facilitated reliance on Mr Reynolds. The pressure derived largely from the program’s budget running only for one financial year with unspent funding at 30 June being lost. Inefficient and ineffective project delivery processes compounded this problem. Project scoping was poorly executed and often duplicated between CSNSW and AMS, the procurement process was stringent but laborious and therefore slow, project management was ad hoc and inadequate, there was confusion surrounding funding sources, and contractor performance was not evaluated. This dysfunction delayed and complicated project delivery, exacerbating pressure to deliver and, in turn, created a strong incentive for staff to work around formal processes and rely on Mr Reynolds for assistance.

Budget pressures

Deadlines and deductions from the minor capital works budget created significant pressures on AMS project managers. The program of approximately \$37.1 million allocated to AMS at the time of the corrupt conduct had to be spent by 30 June each year, with any unspent funding being absorbed by the Department, rather than carried over to subsequent years. This meant that projects had to be funded, scoped, delivered, signed-off and paid for before 30 June each year or the funding was lost.

Owing to the organisational factors detailed above, it was not unusual for minor capital works projects to run late. This was due, in part, to delays in commencing works. For example, the report by PwC on the Department’s capital program found that “approvals for FY16 minor works project budgets were not sought until September ... This resulted in a shorter period to undertake the appropriate detailed business cases and spend available funds in FY16”. As at 29 February 2016 “... all minor works construction projects had ≥ 65% [greater than or equal to that sum] of total FY16 forecast spend remaining”. This meant that, when Mr Reynolds suggested contractors, such as G&S, he was viewed as being helpful rather than corrupt.

The budget underspend added to budget pressures on AMS since it reduced much needed minor capital works funding for CSNSW. Scheduled and funded minor capital works projects had to be delayed until the following years, creating more pressure on the budget in those years. The underspend was also in addition to deductions incurred when the budget

was transferred to AMS. For example, the Department withheld 10% of overall funding as a program-wide contingency and \$2 million was deducted from the program budget for the Department's implementation of the SAP business operations software. With CSNSW receiving less value from the minor works budget than it had in the years preceding AMS involvement, AMS was under substantial pressure to deliver projects.

Recommendation 1

That the NSW Department of Justice undertakes a review of its systems to identify ways to ensure that Corrective Services NSW (CSNSW)'s minor works program commences at the start of each financial year and that delays are minimised.

Inefficient project scoping

Minor capital works projects were typically first identified within correctional centres by local staff, in consultation with the centre general manager, who conducted initial project scoping. This was often done by inviting prequalified contractors to inspect and then quote on the works. Work scopes, along with cost estimates then formed part of "bids" by the correctional centres for funding through the minor capital works program budget. Bids by each correctional centre were forwarded to CSNSW head office where they were prioritised, along with unfunded bids or incomplete projects from previous years, before an ordered list of bids was sent to AMS to fund, commence and oversee the works.

Despite the initial project scoping completed by CSNSW, AMS project managers typically re-scoped projects allocated to them as a first step. This is because project scopes included as part of bids were often vague or imprecise and did not consider associated project costs, such as the requirement for additional electrical infrastructure to power a new asset. Further, given that initial project scoping was performed months (or even years) earlier, associated quotes and cost estimates were often out-of-date by the time they reached AMS.

Re-scoping minor capital works projects was a slow process. AMS asset managers were based in Parramatta with a paucity of detailed centralised asset information. Particular problems included the asset registers containing inconsistent data and incorrect information regarding the physical location of assets. Many thousands of CSNSW assets were also not recorded in asset registers.

This meant they had to make frequent visits to correctional centres or engage consultants to develop adequate project scopes.

A lack of individual asset data directly affects the efficiency of minor works planning and the identification of the

specific assets that have been replaced or upgraded. AMS is currently undertaking a statewide condition assessment of its assets to rectify problems with asset management.

Recommendation 2

That the Department reviews its existing minor works scoping practices. This review should identify inefficient project scoping practices that delay the commencement of minor capital works programs. In particular, the practice of scoping minor works projects twice, once by CSNSW and once by Asset Management Services (AMS), should be examined.

Recommendation 3

That the Department continues to prioritise its development of accurate and comprehensive asset registers to facilitate detailed project scoping and timely completion of works.

A vulnerable procurement process

Regardless of project value, procurement policy at AMS typically required that three contractors be invited to quote on each project as part of a tender. Contractors were to be selected by AMS asset managers from the NSW procurement list of prequalified contractors for construction works under \$1 million. Once AMS asset managers had received the requisite number of quotes, they were forwarded to a separate AMS Tender Evaluation Committee, along with other project documentation. Another unit within AMS, the Governance and Reporting Unit, oversaw the conduct of the Tender Evaluation Committees.

As noted above, Mr Reynolds generally did not hold any formal responsibilities for awarding work to contractors during the period of the Commission's investigation. He was able to exert influence, however, in two ways. First, when employed with AMS, Mr Reynolds was able to direct his subordinate asset managers to invite specific contractors to quote. Secondly, when employed with CSNSW, Mr Reynolds used his position and reputation to recommend specific contractors to both AMS asset managers and CSNSW staff who were involved in procurement.

Asset managers were vulnerable to Mr Reynolds' influence because, in addition to the time and budget pressures mentioned above, they typically had a limited number of prequalified contractors available to invite. Many prequalified contractors were unwilling to work in correctional centres due to the complex logistics surrounding access and works scheduling, and contractors who were interested in the work were often busy with other jobs. With many AMS asset managers being new or inexperienced, Mr Reynolds' knowledge of contractors

meant he was often relied on to provide advice on which ones should be invited to quote.

The preference within AMS was to invite larger contractors to quote for minor capital works projects. Mr Reynolds told the Commission that the larger contractors had higher overheads and were less interested in competing for “minor” works. Therefore, they were more likely to submit higher quotes. Consequently, he knew that a smaller contractor, like G&S, would be likely to submit the cheapest quote when competing against these larger firms. Mr Reynolds told the Commission: “But the majority of the time (large providers are) at the high end so the little guy like if he’s got an invite he’s always going to be cheaper ... because he has less overheads”.

It was also AMS’ practice to award projects to the contractor with the lowest quote, regardless of other considerations. Consequently, Mr Reynolds merely had to suggest that a quote be sought from G&S and he could be reasonably certain that he had done enough to “earn” the corrupt benefits provided by Mr Ghamrawi.

Finally, the Department was not in a position to routinely gather and analyse basic data about its minor capital works panellists. For instance, data on the amount of work awarded to particular contractors, and the frequency of variations by contractors, was not readily accessible by AMS staff.

Recommendation 4

That the Department revises its method for awarding minor works projects to include criteria other than cost.

Recommendation 5

That the Department analyses minor works expenditure at different levels of aggregation to highlight expenditure patterns, including the volume of work awarded to particular contractors.

Recommendation 6

That the Department takes steps to ensure competition between members of capital works panels. This could include increasing the number of approved and vetted suppliers that are prepared to compete for work.

Ambiguous funding sources

Not all minor capital works were funded from the minor works budget managed by AMS. In practice, there was a variety of funding sources from which works could be funded and Mr Reynolds held some influence over which was used. These included:

- CSNSW operational expenditure for works under \$10,000 used to perform works such as painting and cell refurbishments
- the CSNSW Inmate Interest Bid program that provided funding for leisure facilities for inmates
- \$6 million retained by CSNSW for emergency maintenance
- the reactive maintenance budget (also administered by AMS).

Evidence before the Commission suggests that, for the majority of the relevant period, there was a lack of controls surrounding which budget was used for minor works, which adversely affected the governance of the program.

The different funding pools, and varying controls surrounding each, created incentives to misclassify minor works. Often this was done to protect specific budgets. For example, correctional centres could overstate their need for refurbishment to ensure the cost exceeded the \$10,000 operational expenditure threshold, causing the project to be funded from the minor works capital budget, rather than the local operational budget.

However, the ability to misclassify works could also have been aimed at avoiding the more rigorous procurement processes at AMS. For example, the gym equipment supplied by Global Metal Works to correctional centres was funded from the Inmate Interest Bid, which was subject to standard NSW government procurement requirements, rather than the more rigorous processes at AMS. As explained in chapter 2, Mr Reynolds simply had to encourage Ms Dwyer to use Global Metal Works in order to secure the sale of gym equipment using funding from the Inmate Interest Bid program.

In January 2017, the Department issued a Capitalisation of Expenditure Policy that provides guidance to staff in determining whether costs should be expensed versus capitalised. The Commission understands the policy should remove much of the uncertainty and discretion surrounding operational versus capital expenditure. Consequently, the Commission has not made any recommendations regarding the capitalisation of expenditure.

Recommendation 7

That the Department clarifies its criteria for classifying maintenance, minor works and major capital works, and communicates these criteria to all stakeholders.

An absence of documented policy

There were no clear policies governing whether AMS or CSNSW should have had carriage of specific works.

For example:

- while AMS was to have had control of the CSNSW minor capital works and maintenance budgets from 2014 onwards, CSNSW performed work that should have been the responsibility of AMS
- there was no service level agreement between CSNSW and AMS that stipulated the responsibilities of each body
- until August 2015, AMS had limited visibility of the CSNSW maintenance budget
- CSNSW still retains control of approximately 12% of its maintenance budget over which AMS has limited visibility.

Where responsibilities for expenditure are unclear, or expenditure can be hidden, corruption is more easily perpetrated.

Recommendation 8

That the Department develops a service level agreement between AMS and CSNSW in relation to the provision of minor works and maintenance services that details the roles and responsibilities of each. This could include ensuring that both AMS and CSNSW have visibility over expenditure on CSNSW assets.

Cost overruns

Further, the budgets for individual minor works projects frequently blew out. This happened for a number of reasons that have been discussed previously, namely:

- budget estimates for minor capital works projects were often out-of-date by the time the work commenced, meaning actual costs were higher than budgeted
- the rush to spend funds by the end of the financial year
- the carrying over of incomplete works to the following year, reducing the funds available for new projects.
- uncertainty about, and changes to, project scopes
- ageing infrastructure at CSNSW properties and a lack of information about assets and their conditions.

Additionally, budgets for minor works projects blew out as a result of:

- unexpected and more urgent works having to be incorporated into the program
- coordination issues when organising work at correctional centres, for instance, contractors

would be told that cells would be empty so that work could be performed but inmates would be in these cells when the contractors arrived onsite.

In an environment where project and program budgets are constantly changing, budgetary variations cannot function as reliable red flags that something is going wrong with a project (for example, time, cost and performance issues). This makes it very difficult for an agency to ensure that projects are well governed. The continual budgetary uncertainty surrounding CSNSW minor works consequently reduced the likelihood that corrupt conduct with respect to minor works would be detected. The issues identified in this section have been addressed via recommendations 1, 2 and 3.

Project codes

Budgetary monitoring was also made more difficult by the way project codes were used in practice, particularly in the Ellipse software system employed in CSNSW to help manage its assets. While project codes were theoretically created for each minor works project, sometimes purchase orders were attached to unrelated project codes and some project codes were created to be general budgets of expenditure. Codes were also shared across different projects.

AMS also used a Microsoft Excel spreadsheet to monitor project progress, rather than a system that was integrated with financial and asset information (such as SAP or Ellipse). This made monitoring expenditure against project performance difficult.

Recommendation 9

That the Department ensures that minor capital works are allocated separate, discrete project codes.

Performance management

AMS did not have a formal system for managing the performance of its minor capital works contractors. There was not, for instance, a single database that recorded how a contractor, such as G&S, performed in terms of overall cost, quality, timeliness and safety.

There is evidence to suggest there were performance issues in relation to a number of maintenance and minor works contractors. For instance:

- it was alleged that work performed by Corrective Services Industries (CSI) often needed to be fixed and would frequently overrun on time and cost
- some of the gym equipment delivered by Mr Ghamrawi to Long Bay was defective
- one regional asset manager stated that G&S performed well but in other cases there were complaints about G&S' performance.

If minor works contractors had been subject to a rigorous performance management regime, it is more likely any possible poor performance by G&S would have been detected, limiting Mr Reynolds' capacity to influence its selection.

The Commission also found that the relevant AMS asset manager was primarily responsible for verifying the satisfactory completion of works. The ultimate owners of the asset – the centre management and staff – did not always have a formal role. This increased the risk that the Department paid for work that had not been performed. It also enhanced the ability of influential officers like Mr Reynolds to confer benefits on contractors.

Recommendation 10

That the Department develops a performance management system that is used to inform the awarding of minor capital works projects. This should be based on a range of objective measures such as the time, cost and quality of the work performed.

Recommendation 11

That the Department ensures that the performance of minor works and maintenance contractors in NSW correctional centres is appropriately verified. Where relevant, this should include input from the asset owner within CSNSW.

Maintenance and subcontracting

The Commission obtained evidence that large FM providers were directed by CSNSW and/or AMS staff to engage G&S as a subcontractor for work that was outside the scope of existing FM contracts. The FM providers acceded to these directions and, on occasion, charged a management margin despite performing minimal or no oversight activities. As detailed in chapter 5, Mr Emelhain described these a “wash through” job.

The charging of margins by FM providers in return for negligible management oversight inflates costs associated with completing works, undermining CSNSW's ability to obtain value for money. Further, where such agreements are undisclosed, the true costs involved in work can be obscured, making it difficult to obtain accurate price benchmarks and determine whether outsourcing represents an efficient and effective maintenance delivery model. When an agency outsources functions in the absence of accurate price knowledge, the risk of corruption also increases and becomes more difficult to manage. By contrast, corruption risks in procurement are reduced when an agency clearly understands what it is buying, how much it costs and how it is being delivered.

Further, the practice of FM providers engaging

contractors in the manner described conceals the amount of work companies such as G&S have completed for CSNSW. That these engagements occurred at the request of CSNSW staff raises further concerns that corrupt public officials can manipulate or bypass systems in order to circumvent procurement rules and hide their influence over procurement decisions.

Under the current practices, FM providers have no incentive to ensure subcontracting arrangements for out-of-contract work represent value for money to CSNSW. As the system currently provides for the reimbursement of their management fee, regardless of whether any such services are provided, the primary incentive is to facilitate such practices. In the Commission's view, greater transparency around management charges for out-of-contract work will draw attention to such fees, making it harder for providers to justify them.

Recommendation 12

That the Department reviews its subcontracting arrangements with facilities maintenance providers with a view to prohibiting “wash through” jobs. Relevant training for contractors and staff should reflect this requirement.

Private works performed by G&S

As discussed earlier, a number of CSNSW staff engaged G&S to perform works on their private residences. The private works performed included home renovations, the removal of construction work debris, the construction of a wall, cupboard and deck, and unspecified works to the value of \$5,000. In the case of Mr Reynolds, a corrupt benefit involved a saving of between \$40,000 and \$50,000 was received in relation to the installation of a swimming pool at his residence.

In most cases, staff knew that G&S was a CSNSW contractor either when it was engaged to perform private works or at a later date. As a minimum, the engagement of CSNSW contractors for private works by CSNSW staff creates a *potential* conflict of interest, regardless of whether the works are provided at a discount rate. A potential conflict of interest arises as a CSNSW staff member's duties, may at some time in the future, involve contractor engagement and monitoring activities, or the ability to influence such activities.

In cases where a CSNSW officer exercises any official functions in respect of the contractor, an actual conflict of interest would exist between the officer's professional obligations to perform their duties diligently and their private interest in securing a contractor on terms that are favourable to themselves.

Neither Mr Reynolds, nor the other relevant CSNSW staff, disclosed that they had or were using a CSNSW

contractor to perform private works. Nor did Mr Reynolds ever disclose the friendship that developed between himself and Mr Chamrawi.

The practice of public officials using contractors such as G&S to perform private works also creates a significant corruption risk. For example, a contractor may provide goods and services at a discount, constituting an actual or a perceived corrupt payment. Additionally, a sense of obligation or friendship could arise between a contractor and a public official, resulting in the public official improperly favouring the supplier in the exercise of his or her official functions.

During the period to which the investigation relates, two policies imposed requirements on CSNSW officers in relation to conflicts of interest. The first was a CSNSW *Conflict of Interest Policy*, which operated from May 2010 and was revised in August 2012 (“the 2010 Policy”). This was replaced by the Department’s *Code of Ethics and Conduct Policy* (“the 2015 Code”), which applied to departmental employees and senior executives. The Department developed the 2015 Code to be read and complied with in conjunction with *The Code of Ethics and Conduct for NSW Government Sector Employees*, mandated by the Public Service Commissioner in April 2015 (“the PSC Code of Conduct”).

Both the 2010 Policy and the 2015 Code reinforced the necessity for public officials to declare and manage conflicts of interest. The rationale for this is that it provides confidence that public officials are acting in the public interest rather than in their private interest.

The PSC Code of Conduct refers to potential conflicts of interest but does not specifically canvass the issue of public officials engaging contractors to perform private works. The 2015 Code is silent on both potential conflicts of interest and the specific issue of public officials engaging contractors to perform private works. In order to alert departmental staff to the potential conflict of interest that could arise when contractors are engaged for private purposes, the 2015 Code should be amended to deal with

this issue. Given that the engagement of contractors for private purposes represents a specific corruption risk for departmental staff involved in procurement and contract management activities, consideration should also be given to amending the 2015 Code to prohibit the engagement of contractors in a private capacity.

Recommendation 13

That the Department amends relevant documents, including its *Code of Ethics and Conduct Policy*, to provide that staff must declare departmental works contractors who are providing goods or services to them in a private capacity, as a potential conflict of interest. Consideration should also be given to prohibiting staff from engaging contractors in a private capacity where they are involved in the selection and management of those contractors.

These recommendations are made pursuant to s 13(3)(b) of the ICAC Act and, as required by s 111E of the ICAC Act, will be furnished to the Department and the responsible minister.

As required by s 111E(2) of the ICAC Act, the Department must inform the Commission in writing within three months (or such longer period as the Commission may agree in writing) after receiving the recommendations, whether it proposes to implement any plan of action in response to the recommendations and, if so, of the plan of action.

In the event a plan of action is prepared, the Department is required to provide a written report to the Commission of its progress in implementing the plan 12 months after informing the Commission of the plan. If the plan has not been fully implemented by then, a further written report must be provided 12 months after the first report.

The Commission will publish the response to its recommendations, any plans of action and progress reports on their implementation on the Commission’s website, www.icac.nsw.gov.au, for public viewing.

Appendix 1: The role of the Commission

The Commission was created in response to community and Parliamentary concerns about corruption that had been revealed in, inter alia, various parts of the public sector, causing a consequent downturn in community confidence in the integrity of the public sector. It is recognised that corruption in the public sector not only undermines confidence in the bureaucracy but also has a detrimental effect on the confidence of the community in the processes of democratic government, at least at the level of government in which that corruption occurs. It is also recognised that corruption commonly indicates and promotes inefficiency, produces waste and could lead to loss of revenue.

The Commission's functions are set out in s 13, s 13A and s 14 of the ICAC Act. One of the Commission's principal functions is to investigate any allegation or complaint that, or any circumstances which in the Commission's opinion imply that:

- i. corrupt conduct (as defined by the ICAC Act), or
- ii. conduct liable to allow, encourage or cause the occurrence of corrupt conduct, or
- iii. conduct connected with corrupt conduct, may have occurred, may be occurring or may be about to occur.

The Commission may also investigate conduct that may possibly involve certain criminal offences under the *Parliamentary Electorates and Elections Act 1912*, the *Election Funding, Expenditure and Disclosures Act 1981* or the *Lobbying of Government Officials Act 2011*, where such conduct has been referred by the NSW Electoral Commission to the Commission for investigation.

The Commission may report on its investigations and, where appropriate, make recommendations as to any action it believes should be taken or considered.

The Commission may make findings of fact and form opinions based on those facts as to whether any particular person has engaged in serious corrupt conduct.

The role of the Commission is to act as an agent for changing the situation that has been revealed. Through its work, the Commission can prompt the relevant public authority to recognise the need for reform or change, and then assist that public authority (and others with similar vulnerabilities) to bring about the necessary changes or reforms in procedures and systems, and, importantly, promote an ethical culture, an ethos of probity.

The Commission may form and express an opinion as to whether consideration should or should not be given to obtaining the advice of the Director of Public Prosecutions with respect to the prosecution of a person for a specified criminal offence. It may also state whether it is of the opinion that consideration should be given to the taking of action against a person for a specified disciplinary offence or the taking of action against a public official on specified grounds with a view to dismissing, dispensing with the services of, or otherwise terminating the services of the public official.

Appendix 2: Making corrupt conduct findings

Corrupt conduct is defined in s 7 of the ICAC Act as any conduct which falls within the description of corrupt conduct in s 8 of the ICAC Act and which is not excluded by s 9 of the ICAC Act.

Section 8 defines the general nature of corrupt conduct. Subsection 8(1) provides that corrupt conduct is:

- (a) any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official, any group or body of public officials or any public authority, or
- (b) any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions, or
- (c) any conduct of a public official or former public official that constitutes or involves a breach of public trust, or
- (d) any conduct of a public official or former public official that involves the misuse of information or material that he or she has acquired in the course of his or her official functions, whether or not for his or her benefit or for the benefit of any other person.

Subsection 8(2) specifies conduct, including the conduct of any person (whether or not a public official), that adversely affects, or that could adversely affect, either directly or indirectly, the exercise of official functions by any public official, any group or body of public officials or any public authority, and which, in addition, could involve a number of specific offences which are set out in that subsection.

Subsection 8(2A) provides that corrupt conduct is also any conduct of any person (whether or not a public official) that impairs, or that could impair, public confidence in public administration and which could involve any of the following matters:

- (a) collusive tendering,
- (b) fraud in relation to applications for licences, permits or other authorities under legislation designed to protect health and safety or the environment or designed to facilitate the management and commercial exploitation of resources,
- (c) dishonestly obtaining or assisting in obtaining, or dishonestly benefitting from, the payment or application of public funds for private advantage or the disposition of public assets for private advantage,
- (d) defrauding the public revenue,
- (e) fraudulently obtaining or retaining employment or appointment as a public official.

Subsection 9(1) provides that, despite s 8, conduct does not amount to corrupt conduct unless it could constitute or involve:

- (a) a criminal offence, or
- (b) a disciplinary offence, or
- (c) reasonable grounds for dismissing, dispensing with the services of or otherwise terminating the services of a public official, or
- (d) in the case of conduct of a Minister of the Crown or a Member of a House of Parliament – a substantial breach of an applicable code of conduct.

Section 13(3A) of the ICAC Act provides that the Commission may make a finding that a person has engaged or is engaged in corrupt conduct of a kind described in paragraphs (a), (b), (c), or (d) of s 9(1) only if satisfied that a person has engaged or is engaging in conduct that constitutes or involves an offence or thing of the kind described in that paragraph.

Subsection 9(4) of the ICAC Act provides that, subject to subsection 9(5), the conduct of a Minister of the Crown or a member of a House of Parliament which falls within the description of corrupt conduct in s 8 is not excluded

by s 9 from being corrupt if it is conduct that would cause a reasonable person to believe that it would bring the integrity of the office concerned or of Parliament into serious disrepute.

Subsection 9(5) of the ICAC Act provides that the Commission is not authorised to include in a report a finding or opinion that a specified person has, by engaging in conduct of a kind referred to in subsection 9(4), engaged in corrupt conduct, unless the Commission is satisfied that the conduct constitutes a breach of a law (apart from the ICAC Act) and the Commission identifies that law in the report.

Section 74BA of the ICAC Act provides that the Commission is not authorised to include in a report under s 74 a finding or opinion that any conduct of a specified person is corrupt conduct unless the conduct is serious corrupt conduct.

The Commission adopts the following approach in determining findings of corrupt conduct.


First, the Commission makes findings of relevant facts on the balance of probabilities. The Commission then determines whether those facts come within the terms of subsections 8(1), 8(2) or 8(2A) of the ICAC Act. If they do, the Commission then considers s 9 and the jurisdictional requirement of s 13(3A) and, in the case of a Minister of the Crown or a member of a House of Parliament, the jurisdictional requirements of subsection 9(5). In the case of subsection 9(1)(a) and subsection 9(5) the Commission considers whether, if the facts as found were to be proved on admissible evidence to the criminal standard of beyond reasonable doubt and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that the person has committed a particular criminal offence. In the case of subsections 9(1)(b), 9(1)(c) and 9(1)(d) the Commission considers whether, if the facts as found were to be proved on admissible evidence to the requisite

standard of on the balance of probabilities and accepted by an appropriate tribunal, they would be grounds on which such a tribunal would find that the person has engaged in conduct that constitutes or involves a thing of the kind described in those sections.

The Commission then considers whether, for the purpose of s 74BA of the ICAC Act, the conduct is sufficiently serious to warrant a finding of corrupt conduct.

A finding of corrupt conduct against an individual is a serious matter. It may affect the individual personally, professionally or in employment, as well as in family and social relationships. In addition, there are limited instances where judicial review will be available. These are generally limited to grounds for prerogative relief based upon jurisdictional error, denial of procedural fairness, failing to take into account a relevant consideration or taking into account an irrelevant consideration and acting in breach of the ordinary principles governing the exercise of discretion. This situation highlights the need to exercise care in making findings of corrupt conduct.

In Australia there are only two standards of proof: one relating to criminal matters, the other to civil matters. Commission investigations, including hearings, are not criminal in their nature. Hearings are neither trials nor committals. Rather, the Commission is similar in standing to a Royal Commission and its investigations and hearings have most of the characteristics associated with a Royal Commission. The standard of proof in Royal Commissions is the civil standard, that is, on the balance of probabilities. This requires only reasonable satisfaction as opposed to satisfaction beyond reasonable doubt, as is required in criminal matters. The civil standard is the standard which has been applied consistently in the Commission when making factual findings. However, because of the seriousness of the findings which may be made, it is important to bear in mind what was said by Dixon J in *Briginshaw v Briginshaw* (1938) 60 CLR 336 at 362:



...reasonable satisfaction is not a state of mind that is attained or established independently of the nature and consequence of the fact or fact to be proved. The seriousness of an allegation made, the inherent unlikelihood of an occurrence of a given description, or the gravity of the consequences flowing from a particular finding are considerations which must affect the answer to the question whether the issue has been proved to the reasonable satisfaction of the tribunal. In such matters 'reasonable satisfaction' should not be produced by inexact proofs, indefinite testimony, or indirect inferences.

This formulation is, as the High Court pointed out in *Neat Holdings Pty Ltd v Karajan Holdings Pty Ltd* (1992) 67 ALJR 170 at 171, to be understood:

...as merely reflecting a conventional perception that members of our society do not ordinarily engage in fraudulent or criminal conduct and a judicial approach that a court should not lightly make a finding that, on the balance of probabilities, a party to civil litigation has been guilty of such conduct.

See also *Rejtek v McElroy* (1965) 112 CLR 517, the *Report of the Royal Commission of inquiry into matters in relation to electoral redistribution, Queensland, 1977* (McGregor J) and the *Report of the Royal Commission into An Attempt to Bribe a Member of the House of Assembly, and Other Matters* (Hon W Carter QC, Tasmania, 1991).

Findings of fact and corrupt conduct set out in this report have been made applying the principles detailed in this Appendix.



Appendix 3: Summary of responses to adverse findings

Counsel Assisting the Commission made written submissions setting out, inter alia, what adverse findings it was contended were open to the Commission to make against Mr Reynolds and others. These were provided to the relevant legal representatives on 3 July 2017.

Written submissions in response were received by the Commission on 18 July 2017 on behalf of Mr Reynolds, Mr Morgan and the Department.

No submissions were made by Mr Ghamrawi or Ms Boyle.

No person with respect to whom adverse findings have been made requested that their response to adverse findings be published.



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