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INDEPENDENT COMMISSION AGAINST CORRUPTION

STEPHEN RUSHTON SC  
COMMISSIONER

PUBLIC HEARING

OPERATION GALLEY

Reference: Operation E19/0569

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON TUESDAY 14 JUNE, 2022

AT 10.00AM

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This transcript has been prepared in accordance with conventions used in the Supreme Court.

THE COMMISSIONER: The scope and purpose of the investigation is as follows:

1. That between 2014 and 2021 then Hurstville City Council and later Georges River Council Councillors Constantine Hindi and Vincenzo Badalati and then Councillor Philip Sansom:

10 (a) sought and/or accepted benefits as an inducement or reward for partially and dishonestly exercising their official functions to favour the interests of Ching Wah Uy, otherwise known as Philip Uy, Wensheng Liu and Yuqing Liu in relation to planning matters affecting 1-5 Treacy Street and 1 Hill Road, Hurstville, otherwise known as the Treacy Street development, and 53-57 Forest Road and 101 to 126 Durham Street and 9 Roberts Lane, Hurstville, otherwise known as the Landmark Square development.

20 (b) That they deliberately failed to declare or properly manage any conflicts of interest arising from their relationship with Mr Uy, Mr Wensheng Liu and Mr Yuqing Liu.

2. Between 2014 and 2021, Mr Uy, Wensheng Liu and Yuqing Liu provided benefits, including overseas flights and accommodation to then Hurstville City Council and later Georges River Council Councillors Hindi and Badalati and then Hurstville City Council Councillor Sansom as a reward or inducement to favour their interests in relation to council decisions regarding planning matters affecting Treacy Street and Landmark Square developments.

30 3. Between 16 November, 2011 and 9 July, 2012 Mr Uy corruptly – I withdraw that. I withdraw that.

That's the scope and purpose of the investigation. I will now call on Counsel Assisting, Ms Heger, to open and then what I'll do is adjourn for about 15 minutes, come back onto the bench, take appearances and applications and I'm aware that most have applied in writing but I just wish to confirm who's who and who's acting on behalf of whom. Yes, Ms Heger.

40 MS HEGER: Yes, Commissioner. I appear as Counsel Assisting in this Inquiry.

1. The principles of integrity and impartiality are of central importance to the role of local councillors in the exercise of their official functions. Those principles are reflected in the Model Code of Conduct for Councils in NSW, which is prescribed for the purposes of section 440 of the Local Government Act 1993. In short, that Code requires that councillors be vigilant in identifying conflicts of interest and avoiding or appropriately managing them. It also requires that councillors avoid situations giving rise to the appearance that a person, through the provision of gifts or benefits or hospitality, is attempting to secure favourable treatment, or accept gifts or benefits that may be perceived as an attempt to influence them in the exercise of their official functions.

2. Those obligations are particularly important in the context of council decisions on development controls and zoning, which have the potential to generate very large financial benefits for developers, potentially at the expense of the amenity of the local community.

3. This Inquiry concerns the conduct of then Councillors Hindi, Badalati and Sansom in making decisions in relation to planning applications regarding two developments in Hurstville, and also the conduct of three private individuals, Ching Wah Uy, also known as Philip Uy, Wensheng Liu and Yuqing Liu, in their interactions with those councillors. Each of Mr Hindi, Badalati and Sansom was a councillor of Hurstville City Council until 12 May 2016, when Council was dissolved and went into administration. It was amalgamated with Kogarah City Council to form Georges River Council. Mr Sansom, at that point, was not re-elected to Georges River Council, but Mr Hindi and Badalati were re-elected on 9 September, 2017 and served until December 2021. As such, none of Mr Hindi, Badalati or Sansom are currently serving as local councillors at Georges River Council or otherwise.

4. The planning applications concerned two developments:

(a) First, a block of 75 apartments located at 1-5 Treacy Street, Hurstville, known as “The One”. I will refer to that as the Treacy Street development. In the initial DA, the construction costs were stated to be approximately \$30 million but in subsequent modification applications was stated to be \$44 million. The Treacy Street development is situated in the centre of Hurstville, only 700 metres from both Hurstville and Allawah Railway Stations, as indicated on the map now shown. The DA was lodged with

Hurstville City Council in October 2014 and the three Councillors made various decisions on that project throughout 2014 to 2016. Mr Hindi and Badalati continued to make decisions in 2017 and 2018 on that development.

10 (b) The second is a development known as Landmark Square, situated at 53-75 Forest Road, 108-126 Durham Street and 9 Roberts Lane, Hurstville. I'll just ask that map to be shown again and that development that I have just referred to is shown in the triangular portion on the top right-hand side of the map, in the area which the Storage King Hurstville is marked. I should note, the initial announcement of this Inquiry referred to 53-57 Forest Road, but that was an error. It is in fact 53-75 Forest Road. It is a large site of approximately 14,000 metres square on the eastern edge of the Hurstville urban centre, about 800 metres from Hurstville train station and 400 metres from Allawah station. The proposal was to build 357 residential apartments, a 200 room hotel along with various other commercial uses. A planning proposal was lodged in June 2015, which proposed to amend the relevant Local  
20 Environmental Plan to rezone the site from industrial to mixed use and increase the permissible building height and floor space ratio. Councillors Hindi, Badalati and Sansom voted in favour of that planning proposal in April 2016. Councillors Hindi and Badalati continued to make decisions in relation to the development from 2017 to 2019 as councillors on Georges River Council.

5. As the Commissioner has indicated, this inquiry concerns allegations that:

30 (a) First, since 2014, the three Councillors:  
(i) sought and/or accepted benefits as an inducement or reward for partially and dishonestly exercising their official functions to favour the interests of Philip Uy, Yuqing Liu and Wensheng Liu, in relation to planning matters affecting both those developments; and  
(ii) deliberately failed to declare or properly manage any conflict of interest arising from their relationships with Philip Uy, Yuqing Liu and Wensheng Liu in relation to those two developments.

40 (b) And secondly, that since 2014, Philip Uy, Yuqing Liu and Wensheng Liu provided benefits, including overseas flights and accommodation, to then Councillors Hindi, Badalati and Sansom, as

a reward or inducement to favour their interests in relation to Council decisions regarding those two developments.

6. Before I address the detail of the issues to be explored in this inquiry, I will say something about the Commission's functions and powers. This inquiry is being conducted pursuant to the Commission's functions under section 13 of the Independent Commission Against Corruption Act, which include investigating circumstances which in the Commission's opinion imply that corrupt conduct may have occurred.

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7. For conduct to constitute corrupt conduct under the Act, it must fall within section 8 of the Act but not be excluded by section 9 of the Act.

8. Relevantly for Mr Hindi, Mr Badalati and Mr Sansom, section 8 includes any conduct of a public official that constitutes or involves the dishonest or partial exercise of any of his or her official functions or that constitutes or involves a breach of public trust.

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9. Relevantly for Philip Uy, Wensheng Liu and Yuqing Liu, section 8 includes:

(a) the conduct of any person that adversely affects, or could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official; as well as

(b) conduct of any person that adversely affects, or that could adversely affect, either directly or indirectly, the exercise of official functions by any public official and which could involve, for example, bribery, or obtaining or offering secret commissions.

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10. Under section 9, for conduct to be corrupt conduct it must also constitute or involve, relevantly, a criminal offence or a disciplinary offence. It will therefore be necessary for the Commission to determine whether it is satisfied that the persons under investigation have engaged in conduct that could constitute or involve a criminal offence or disciplinary offence.

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11. But importantly, in considering that matter the Commission is doing so as an investigatory body and not as a criminal court. It's not making any findings of criminal guilt.

12. The Commission is also required to include in its report a statement in respect of each affected person as to whether or not the Commission is of the opinion that consideration should be given to the obtaining of the advice of the Director of Public Prosecutions with respect to prosecution of that person for a specified criminal offence.

13. The Commission will also consider making recommendations as to changes that should be made to laws, practices or procedures with a view to reducing the likelihood of the occurrence of corrupt conduct in the future and to promote the integrity and good repute of public administration.

14. I will now explain the roles held by then Councillors Hindi, Badalati and Sansom and their obligations as public officials and then the relationships they each had with Philip Uy, Wensheng Liu and Yuqing Liu in relation to Treacy Street and Landmark Square developments.

15. Mr Constantine Hindi was a Liberal Party Councillor on Hurstville City Council between 2004 and 12 May 2016, when the council was dissolved. Following the amalgamation of Hurstville City Council and Kogarah Council, he was elected to the newly formed Georges River Council on 9 September, 2017 and remained a councillor until December 2021, when he did not stand for re-election. He was Mayor of Hurstville City Council between September 2014 and September 2015.

16. Mr Hindi has also been a member of the Sydney East Joint Regional Planning Panel, or JRPP, in 2014 to 2015 which made decisions in relation to the Treacy Street development. Regional Planning Panels were at that time established under section 23(g) of the Environmental Planning and Assessment Act 1979, or the EPA Act. Those panels were given the power to determine DAs in some circumstances, including, for example, where the capital investment value was in excess of \$20 million, so developments obviously having some significance for the local area.

17. Mr Vincenzo Badalati, or Vince Badalati, was a Labor Party Councillor on Hurstville City Council between 1999 and 12 May 2016. It's notable that Mr Hindi and Mr Badalati were from different sides of politics and yet, as the evidence will show, they worked very closely in respect of the Treacy Street and Landmark Square developments.

18. Like Mr Hindi, Mr Badalati was elected to the newly formed Georges River Council on 9 September, 2017 and remained a councillor until

December 2021, when, like Mr Hindi, he did not stand for re-election. He was Mayor of Hurstville City Council twice, including between September 2015 and May 2016. Mr Badalati was also at one time a member of the JRPP which made decisions in relation to the Treacy Street development.

19. Mr Sansom was Councillor with Hurstville City Council between 1991 and 12 May, 2016. He was initially in the Labor Party, but then later served as an independent between 2012 and 2016. In 2011, he was given the title of Emeritus Mayor, which he still retains. Mr Sansom ran as an  
10 independent in the September 2017 election for Georges River Council but was not re-elected. Therefore insofar as this inquiry concerns Mr Sansom, it's only concerned with his conduct up until May 2016. Mr Sansom was also at one time a member of the JRPP which made decisions in relation to the Treacy Street development.

20. Each of the three councillors was required to comply with Hurstville City Council's code of conduct made for the purposes of section 440 of the Local Government Act. When Mr Hindi and Mr Badalati were re-elected to Georges River Council, they were likewise required to comply with its  
20 code of conduct which was in relevantly similar terms.

21. Under the code of conduct, first, councillors were required to identify and avoid, or appropriately manage, conflicts of interest. A conflict of interest exists where a reasonable and informed person would perceive that a councillor could be influenced by a private interest when carrying out their public duty. A private interest can be pecuniary or non-pecuniary.

(a) A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable  
30 financial gain or loss to the person or to a family member. The councillors were required to lodge initial and annual disclosures of pecuniary interests that could potentially be in conflict with their duties and to disclose the interest at council meetings and not participate in those meetings.

(b) A non-pecuniary interest is an interest that can arise out of family or personal relationships or associations. The code required that councillors disclose non-pecuniary interests fully and in writing, even if the conflict is not significant. If the conflict was significant,  
40 such as a friendship or business relationship of a close kind, then the

conflict must be managed by removing the source of conflict or by having no involvement in the relevant matter.

22. Secondly, the councillors were required avoid situations giving rise to the appearance that a person or body, through the provision of gifts, benefits or hospitality of any kind either to the councillors or to their immediate family members, is attempting to secure favourable treatment from them or the council. They were also required not to seek or accept a bribe or improper inducement, or accept any gift or benefit that may create a sense of obligation on their part or may be perceived to be intended or likely to influence them in carrying out their public duties.

23. The Code of Conduct for the JRPP, on which each of Mr Hindi, Badalati and Sansom served from time to time, contained similar obligations.

24. I will now explain how Philip Uy, Wensheng Liu and Yuqing Liu were connected to the Treacy Street and Landmark Square developments, and their relationships with the three councillors.

25. Philip Uy's Chinese name is Ching Wah Uy. It seems he was also known, as least to Mr Hindi, as Faye. Mr Uy started Hurstville Real Estate Agency in the 1990s, situated at 206 Forest Road in Hurstville. He was also the sole director and secretary of a building company called Gencorp Pty Ltd, which was established in 2012 and which was the builder for the Treacy Street Development. Mr Uy also worked closely with Wensheng Liu's company, the One Capital Group, to progress the Landmark Square planning proposal. Mr Uy had in fact invested in both the Treacy Street and Landmark Square developments.

26. Mr Uy has known Vince Badalati and Philip Sansom for at least 15 years. The evidence will show that since at least 2007 Mr Uy met up with Mr Badalati and Mr Sansom in China or Hong Kong fairly regularly, sometimes multiple times a year, and spent weekends together eating, drinking, and doing karaoke. Mr Sansom has described these as "boys weekends". That fact alone raises a potential conflict, given that from 2014 Mr Sansom and Mr Badalati were considering the Treacy Street developments in the capacities as councillors, but did not declare any conflict of interest in relation to those developments.

27. Mr Uy has known Mr and Mrs Hindi since at least 2014. Mrs Hindi, like Mr Uy, is a real estate agent trading under the name Sydney Realty.

28. In April 2016, Mr Uy took a trip to China with Mr and Mrs Hindi, and Mr Badalati and this trip will be a significant focus of this Inquiry. I will return to it in more detail shortly. The trip is important because it occurred only a week before Mr Hindi and Mr Badalati, along with Mr Sansom, voted on both the Treacy Street and Landmark Square developments at a Council meeting on 20 April, 2016. That meeting on 20 April is a very  
10 significant meeting and will be one focus of this Inquiry.

29. The Inquiry will examine the circumstances of that trip to China in April 2016 and who paid for it. There is a question whether Mr Uy paid for some of the Hindis' and Mr Badalati's expenses, or facilitated their payment on behalf of Wensheng Liu or Yuqing Liu. I will now explain who those two gentlemen were, and what their interests were in the two developments.

30. Wensheng Liu is a property developer. Mr Liu was a co-director of GR Capital Group Pty Ltd, which in October 2014 lodged a DA for 1-5 Treacy  
20 Street, Hurstville. As I've mentioned, Mr Uy's company, Gencorp, was the builder for the project and as I will explain, the DA came before Council and the JRPP multiple times throughout 2014 to 2016. That is the DA or a modification to it or an offer to enter into a voluntary planning agreement. The DA was approved by the JRPP, of which Mr Sansom and Mr Hindi were members at the time, on 1 April, 2015. Further decisions regarding the development were made by council in 2015, 2016 and 2018.

31. Mr Liu was also the sole director and secretary of the entity initially  
30 behind the Landmark Square planning proposal called The One Capital Group Pty Ltd. One Capital was registered on 21, July 2014, but went into administration in October 2018. One Capital acquired the options for the properties comprising Landmark Square in August 2014 and instructed a firm of architects and planners, Dickson Rothschild, to prepare the planning proposal to rezone the land and also to increase the maximum building heights and the floor space ratio. Mr Uy worked with Mr Liu on this project. He was involved in instructing Dickson Rothschild in the preparation of the planning proposal and at one time even had the title of General Manager of One Capital.

40 32. I expect the evidence will show that Mr Liu had an association with Mr Sansom and Mr Badalati from at least 2014. Travel records and text

messages situate them in China or Hong Kong at the same time in 2014 and 2015, sometimes together with Mr Uy.

33. In April 2016, Mr Liu also travelled to China with Mr Uy, Mr and Mrs Hindi and Mr Badalati on the same trip I mentioned earlier, a week before the key decisions were made by council on 20 April in relation to both developments.

10 34. Yuqing Liu is a businessman based in China. He is no relation to Wensheng Liu. His company in China is known as Tangshan Xinfeng Thermoelectric Group Co, or Xinfeng, but on 21 April, 2016 there was also registered in Australia a company called Xinfeng Australia International Investment Pty Ltd. In April 2016 Yuqing Liu signed an agreement with Wensheng Liu whereby he agreed to invest \$50 million in the Treacy Street development and \$80 million in the Landmark Square development.

20 35. It is not suggested that Mr Sansom had any relationship with Yuqing Liu. However, the evidence will show that by March 2016 at the latest Yuqing Liu had met both Mr Hindi and Mr Badalati at a dinner in Chinatown in Sydney, where the agreement I just mentioned was first signed. In April 2016, as part of that trip to China I mentioned earlier, his company, Xinfeng, hosted Mr and Mrs Badalati, Mr and Mrs Hindi and Mr Badalati in China, including inviting them to attend a ceremony and dinner at a hall in the Xinfeng building where the same agreement between Yuqing Liu and Wensheng Liu was signed again. As I said, I will come to the circumstances of that trip more closely shortly. And obviously I misspoke earlier, it was just Mr and Mrs Hindi who went on that trip, and Mr Badalati. Mrs Badalati did not go on that trip.

30 THE COMMISSIONER: Thank you.

MS HEGER: 36. To the Commission's knowledge, Mr Liu has not been in Australia since 2018. However, he has been notified of the scope of this Inquiry and been invited to participate in an interview via video link. While he did indicate a willingness to be interviewed, attempts to arrange that interview have been unsuccessful to date. Mr Liu is not presently legally represented at this Inquiry and so it's not presently anticipated that he will be giving evidence. However, the invitation for him to participate in an interview to tell his side of the story obviously still stands.

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37. I will now turn to the detail of the inquiry. The issues concerning the three councillors and the three individuals concern really the same set of underlying facts. They concern the alleged provision of benefits by Mr Uy, Wensheng Liu and Yuqing Liu to Councillors Hindi, Badalati and Sansom and an acceptance by them of those benefits as an inducement or reward for them partially and dishonestly exercising their official functions in their favour in respect of the Treacy Street and Landmark Square developments.

10 38. The inquiry will focus on events from 2014 onwards, which is when work on both the Treacy Street and Landmark Square proposals really took off. As I mentioned, on 3 October 2014, Mr Liu's company, GR Capital, lodged a DA for the Treacy Street Development with Hurstville City Council. At that time it was for an 11 storey mixed use development, comprising 75 apartments as well as a commercial/industrial/retail space of 400 metres squared and a basement car park. The total cost of the work to be undertaken was about \$30 million at that stage.

20 39. The proposed height and floor space ratio for the development was well in excess of the then applicable planning controls. The relevant planning controls at the time permitted about 7 storeys and an FSR of 3:1, whereas the DA was for 11 storeys and an FSR of 4.9:1. FSR is an acronym that will be referred to throughout this Inquiry. It is a ratio of the floor area that can be built compared to the total area of the block. So a floor space ratio of 3:1 means that, for a block of 1000 metres squared there is a permissible floor area of 3000 metres squared. Developers obviously have an interest in maximising the FSR, because more floor area means in this case more apartments, which means more money.

30 40. By 31 October, 2014 the DA for the Treacy Street development had been referred to the Sydney East JRPP, of which Mr Hindi and Mr Sansom were members.

40 41. Around the same time GR Capital made an offer to Hurstville City Council to enter into a voluntary planning agreement, or VPA, which is another acronym that will be used throughout this Inquiry. A VPA is a legal document agreed between developers and local councils under what's now section 7.4 or, at the relevant time, section 93(f) of the EPA Act in connection with a DA or planning proposal. Under a VPA the developer agrees to, for example, dedicate land, pay monetary contributions or provide other material public benefits, usually for infrastructure, services or other public amenities. They are an important tool in securing public benefit from

developments and it's obviously important for councillors to carefully consider whether a VPA offers sufficient benefit to the community given the nature of the development.

42. In this case, the VPA offer proposed to dedicate a strip of land, construct a new footpath and undertake some landscaping works and road upgrade works and was later amended to propose the dedication to council of a ground-floor retail tenancy and car space. In November 2014, council staff prepared a report to council recommending that the VPA offer be  
10 refused on the basis that it did not provide sufficient public benefit for an apartment block of that scale. However, on 19 November, 2014, in a closed meeting, Mr Badalati and Sansom successfully moved for council to accept the VPA. The decision caused some controversy at council. A rescission motion was later lodged but that was unsuccessful, with Mr Hindi, Mr Badalati and Mr Sansom voting against it.

43. While all of this was happening in 2014, the evidence suggests that Mr Uy was in fairly regular contact with Mr Sansom and Mr Badalati. Travel records indicate that Mr Uy was in China or Hong Kong at the same time as  
20 one or other of Mr Sansom or Mr Badalati a couple of times in 2014 and the same applies to Mr Wensheng Liu.

44. None of Mr Hindi, Mr Badalati or Mr Sansom declared any conflict of interest in respect of any relationship with Mr Uy or Mr Liu.

45. On 1 April 2015, the Sydney East JRPP, of which Mr Sansom and Mr Hindi were members, approved the DA for the Treacy Street development subject to deferred commencement. The evidence will show that, just before this vote, Mr Uy was again in China or Hong Kong at the same time  
30 as Mr Badalati and just after this vote he was in China or Hong Kong at the same time as Mr Sansom.

46. On 17 December, 2015 GR Capital lodged a section 96 application in respect of the Treacy Street development. This was a significant modification, which sought to increase the building height by 5 storeys, or 27 units, which represented yet a further height increase over and above the existing planning controls. The annexed VPA proposed a contribution of \$200,000 to be used for infrastructure. This application and VPA were ultimately considered at the council meeting on 20 April 2016, which, as I  
40 mentioned, was a significant meeting and which I will return to later.

47. Also in 2014, there was activity regarding the Landmark Square development. By August 2014 Mr Wensheng Liu's other company, One Capital, had acquired options to purchase some of the property comprising Landmark Square. In October 2014 One Capital engaged Dickson Rothschild, a firm of architects, planners and urban designers, to prepare a master plan and planning proposal for the Landmark Square development. Nigel Dickson of that firm worked on the planning proposal for several years, as did Michael Gheorghiu for some time. Mr Dickson regularly attended meetings with Mr Philip Uy, who was his primary contact for the Landmark Square work. Mr Dickson will also give evidence that on a few occasions Mr Hindi or Mr Badalati attended meetings with him and Philip Uy outside council offices regarding Landmark Square. The reasons why Mr Hindi and Mr Badalati considered it appropriate to attend those meetings, while also being councillors who would ultimately vote on the proposal, will be explored in this Inquiry.

48. On 12 June 2015, Dickson Rothschild lodged the planning proposal with Hurstville City Council. It proposed a change in zoning from light industrial to mixed use, a change in FSR from 1:1 to 4.5:1, and a change in maximum building height from 10 metres to 90 metres. It was necessary to amend the Hurstville Local Environmental Plan for those changes to be implemented. The plan at that stage was to build an apartment block of 357 units, a 200 room hotel, retail uses including a supermarket, commercial floor space, a child care centre and community facilities. It was a very large development worth hundreds of millions of dollars.

49. In February 2016, Mr Uy was again in China or Hong Kong at the same time as Mr Badalati and Mr Sansom.

50. On 8 March, 2016 a council officer noted that planning staff had been "requested that the review and assessment of the Planning Proposal and VPA offer be undertaken as quickly as possible and that they be presented to the next Council meeting on 6, April 2016". The council obtained legal advice on the VPA. The VPA proposed a monetary contribution of \$1 million for roads and traffic management works, but this was made conditional on the proposed hotel being approved. The legal advice was that it should not be entered into on the terms proposed. The advice was that, because the money was not to be only upon approval of the hotel, in effect "nothing is offered for the increase in FSR or for the provision of bonus FSR". That's obviously a concern in circumstances where the increase in FSR alone represented a very significant financial gain for One

Capital at the time. The advice went onto say that the “important question is whether the Council would be prepared to change the planning controls as sought by the planning proposal without any benefits being provided under the VPA”.

51. The Landmark Square planning proposal was ultimately considered at the Council meeting on 20 April, 2016 together with the Treacy Street VPA, as I mentioned earlier. Before I get to that meeting, I want to explain what occurred in March and early April 2016 involving the signing of an  
10 agreement between Wensheng Liu and Yuqing Liu and the trip to China taken by Mr and Mrs Hindi and Mr Badalati.

52. In March 2016, Yuqing Liu travels to Australia and meets Mr Badalati and Mr Hindi for the first time. The evidence suggests that, aside from his interest in Treacy Street and Landmark Square, he was interested in building a waste-to-energy plant in New South Wales, similar to the plant his company, Xinfeng, was operating in Tangshan, China. The basic proposition was that waste would be incinerated to generate energy which could be sold in New South Wales.

20 53. Soon after Yuqing Liu arrived he met with Mr Badalati at Mr Badalati’s council office. Mr Badalati was mayor at the time. It has been said that the purpose of this meeting was discuss the possibility of building a waste-to-energy plant in Hurstville, although quite how that could be achieved in an area like Hurstville is unclear.

54. At some point, Mr Badalati, as well as Mr and Mrs Hindi, were invited to attend a dinner in Chinatown with Yuqing Liu, which occurred on 18  
30 March 2016. Wensheng Liu and Philip Uy were also at that dinner.

55. At that dinner, Wensheng Liu and Yuqing Liu signed an agreement, as representatives of their respective companies, One Capital and Xinfeng. In the photograph that’s just being displayed, Wensheng Liu is on the left, Yuqing Liu is next to him, Mr Badalati is next to him and Mr Hindi is on the right. The agreement concerned a number of projects in Sydney, including the Treacy Street and Landmark Square developments. It was agreed that:

40 (a) Yuqing Liu would invest \$50 million in the Treacy Street development and obtain 24% of the net profit upon completion of

the project, with the remaining net profit going to Wensheng Liu;  
and

(b) It was agreed that Yuqing Liu would invest \$80 million in the Landmark Square development and obtain 75% of the net profit upon completion of the project, with the remaining net profit going to Wensheng Liu.

10 56. At this meeting the two Mr Lius signed an agreement, in the presence of Mr Hindi and Mr Badalati, concerning two developments that were before Council at that time.

57. At some point, at or around the time of this dinner, Mr and Mrs Hindi and Mr Badalati are invited to come to China and visit Yuqing Liu's waste-to-energy plant in Tangshan. Exactly who invited them, and why they went there, will be investigated in this Inquiry.

20 58. On 8 April 2016, Mr Badalati and Mr and Mrs Hindi flew to China. They met up with each other, and Philip Uy, in Shenzhen. On 10 April, all four of them flew from Shenzhen to Beijing, where they checked into the Beijing International Hotel together.

59. On 11 April, 2016 Mr and Mrs Hindi and Mr Badalati were collected from Beijing by Yuqing Liu's staff and taken to Tangshan. A welcome banner proclaimed Mayor Badalati's arrival.

30 60. The next day, on 12 April, 2016 a signing ceremony was held in a hall at the Xinfeng building. As the sign on stage indicated, it was for the signing of an agreement between the One Capital and Xinfeng. The evidence will show it was the same agreement that had been signed at the dinner in Chinatown a month earlier. The agreement was signed on stage by Wensheng Liu and Yuqing Liu. Mr Uy was at the ceremony too. Mr Badalati delivered a speech. Mr Hindi did not attend the ceremony itself but he and Mr Badalati attended the dinner that followed in the very same hall.

40 61. There is a question as to why the Hindis and Mr Badalati were invited to China. There has been a suggestion they were invited to tour the waste-to-energy plant and had no knowledge that an agreement was to be signed regarding the Treacy Street and Landmark Square developments and that issue requires further investigation.

62. The evidence suggests that the title of mayor carries great weight in China. The itinerary described Mr Badalati as mayor and he was announced on various welcome banners as such. The itinerary also described Mr Hindi as deputy mayor, although he was not that at the time. Mrs Hindi was described as a councillor of Kogarah, which of course she was not. There is no evidence that Hurstville City Council knew about this trip.

63. On the same itinerary, Mr Philip Uy is listed as the General Manager of One Capital, Ms Elaine Tang is listed as the Customer Relationship  
10 Manager of One Capital and Xin Yan, or Chris Yan, is listed as assistant to the Chairman of One Capital. Both Ms Tang and Mr Yan were involved in organising this trip and their names will appear on various documents during this inquiry. The itinerary also refers to Qinghe Huang as the General Manager of the Sales Department of One Capital's Hong Kong branch. It's understand that he is also known as Wong Ching Ho or Tommy Wong.

64. On the night of 12 April, the Hindis and Mr Badalati stayed at the same  
20 hotel in Tangshan and the next morning Xinfeng staff transferred them back to Beijing. They spent one more night in Beijing. The Hindis flew home on 14 April, 2016 while Mr Badalati flew to Shenzhen, spent two more nights there, and then flew home to Sydney.

65. This Inquiry will investigate who paid for Mr and Mrs Hindi's and Mr Badalati's flights to and from China, their internal flights in China from Beijing to Shenzhen, who paid for their accommodation in Beijing and Tangshan and who paid for their meals and other expenses.

66. As mentioned, this trip is very significant in the context of this inquiry  
30 and that is because only one week later, on 20 April, council, including Mr Hindi, Mr Badalati and Mr Sansom, voted on both the Treacy Street and Landmark Square developments, voted in favour of those developments, the very same developments that were the subject of the agreement signed between the two Mr Lius in Chinatown and in Tangshan. The evidence indicates that, at least by the end of that trip to China, Mr Hindi and Mr Badalati were well on notice that the two Mr Lius, and Philip Uy had an interest in both developments.

67. It may be said that Mr Badalati's long-standing relationship with Philip  
40 Uy poses a non-pecuniary conflict of interest. The same might be said for Mr Hindi, who had just spent a few days enjoying Yuqing Liu's hospitality

in China and mingling with both Wensheng Liu and Philip Uy who were also on that trip. Of course, if it could be established that their flights or accommodation were paid for by Mr Uy or one of the two Mr Lius, it may be said that the situation gave rise to the appearance that Wensheng Liu or Yuqing Liu or Mr Uy were providing benefits to Mr Hindi and Mr Badalati to secure favourable treatment in respect of the two developments or that Mr Hindi and Mr Badalati had accepted an improper inducement that created a sense of obligation or was perceived to be intended or likely to influence them in carrying out their functions regarding the two developments, in  
10 breach of the code of conduct.

68. Whether or not Mr Sansom, Mr Hindi and Mr Badalati were provided any other benefits in relation to either development will be the subject of this Inquiry also.

69. By 15 April, 2016 council staff had finalised their assessment report for the Landmark Square planning proposal. While the council staff supported the proposal overall, they did not support the proposed height and FSR for the development. Staff reduced the recommended height from the 65  
20 metres sought to 40 metres for site A, and from the 25 metres sought to 18 metres for site B. The staff proposed that the FSR be capped across the whole site at 2.5:1, less than the 3.5:1 sought by One Capital, with a bonus 1.5:1 FSR or hotel or motel accommodation only.

70. Michael Gheorghiu of Dickson Rothschild told Elaine Tang about the council's assessment report. Ms Tang was then working for One Capital, and Mr Gheorghiu suggested that "discussions need to occur at the relevant political levels to make them aware of the recommendation". The inference is open that this was a reference to Philip Uy having discussions with Mr  
30 Hindi, Mr Badalati or Mr Sansom.

71. For some reason, just prior to the council meeting, Mr Sansom took upon himself the task to draft a resolution supporting the planning proposal which departed in significant respects from the council staff's recommendations. He sends it from his private email account to Mr Hindi and Mr Badalati at their private email accounts. Both Mr Hindi and Mr Badalati commented on the draft resolution. Contrary to the staff's recommendation, the draft resolution ultimately supported a maximum building height of 60 metres for site A and 25 metres for site B, which  
40 equates to 19 storeys, up from the recommended 40 metres or 12 storeys, and 7 storeys on site B, up from the recommended 18 metres or 5 storeys.

The draft resolution also supported an FSR of 3.5:1 for site A and 1.5:1 for site B, with a bonus FSR incentive of 1.5:1 for hotel or motel accommodation on site A. The resolution was then sent to the general manager to be proposed at the council meeting on 20 April.

10 72. At the Council meeting that evening, the planning proposal is approved, with Mr Sansom, Hindi and Badalati voting in favour. Council staff report being shocked at the outcome. Mr Dickson was surprised given the level of opposition from council staff up to that point.

73. The next step was for the council to forward the proposal to the Department of Planning where it would be assessed and a recommendation made to the minister or delegate as to whether there was merit in the proposal proceeding. The minister would then make what is known as a Gateway Determination under then section 56 of the EPA Act, which would determine whether the proposal proceeded or not.

20 74. At the same meeting on 20 April, 2016, council also considered the application to modify the Treacy Street development to include the extra five storeys. Council staff had recommended that the modification application be refused on the basis that the proposed height and FSR were inconsistent with planning controls and that the VPA be refused for providing insufficient public benefit. However at the meeting the VPA offer was accepted by council, with Mr Sansom, Hindi and Badalati voting in favour.

30 75. On 4 May, 2016 the modification application for Treacy Street was considered by the JRPP. The JRPP determined to accept the staff's recommendation to refuse the modification application. Mr Hindi and Mr Badalati were members of the JRPP at that time and voted against that decision. That is they voted in favour of the modification but they were in the minority.

40 76. All of this occurred just prior to the dissolution of Hurstville City Council on 12 May, 2016 and obviously, when that occurred, Mr Hindi, Badalati and Sansom ceased to be councillors. Mr Sansom was never re-elected to council and so, as I mentioned, insofar as he is concerned, that's where the investigation into his conduct ends. Mr Hindi and Mr Badalati were re-elected in September 2017 to Georges River Council and continued to make decisions on both developments.

77. In the meantime, Mr Hindi was exploring a new business venture with none other than Yuqing Liu, the same Mr Liu who had hosted him in Tangshan in April 2016 and who had agreed to invest many millions of dollars in the Treacy Street and Landmark Square developments. On 22 May, 2016 Mr Hindi registered a company called Variable Solutions. Around the same time, Mr Hindi signed a letter of intent regarding the establishment of a waste-to-energy plant in New South Wales. The other signatory was Yuqing Liu, through his company Xinfeng. Under this letter of intent, Xinfeng agreed to invest \$450 million for the construction of the project, with the total investment to be \$1.5 billion over the next 5 years. Variable Solutions agreed to “represent the Australian government” to provide support and service for the project, including investigating the project and providing reports for approvals from government, assisting Xinfeng to register a company, open a bank account and obtain approval from the Foreign Investment Review Board and apply for visas and to assist Xinfeng to enter relevant agreements with the government and utilities companies. As I said, this occurred while Mr Hindi wasn’t serving as a council because of the dissolution of Hurstville City Council but the Inquiry will examine whether any work was actually done by Mr Hindi pursuant to this

78. As I said, this occurred while Mr Hindi wasn’t serving as a council because of the dissolution of Hurstville City Council but the Inquiry will examine whether any work was actually done by Mr Hindi pursuant to this agreement and what, if anything, Mr Hindi got in return.

79. It seems the venture was short lived, because by 17 November, 2017 Mr Hindi had applied for deregistration of Variable Solutions and it was deregistered on 24 January, 2018.

80. As I mentioned, on 9 September, 2017 Mr Hindi and Badalati were re-elected to Georges River Council. While the council had been in administration, the Department of Planning had returned the planning proposal for Landmark Square, advising that the “proposed density increases are disproportionately distributed across the site”. The Department also expressed concern that the council’s approach would make it “difficult to address additional demands particularly on the road and traffic network generated by the proposed development”. A revised proposal was submitted to GRC and the council determined in August 2017 that the proposal should be sent for Gateway Determination. The Gateway Determination was issued in October 2017.

81. Later in 2017, One Capital transferred the options for Landmark Square to Prime Hurstville Pty Ltd, which is a subsidiary of Aoyuan Property Group (Australia) Pty Ltd. Prime exercised the options in late 2017. The total sale price was approximately \$40.5 million. The evidence suggests that this price was determined based on the existing FSR under the Local Environmental Plan but on the agreed basis that Prime would pay One Capital a further amount if the planning proposal was gazetted and the FSR increased. An available inference is that One Capital had an interest in the Landmark Square planning proposal therefore, even after it had transferred its interest in the property.

82. That is important because throughout 2018 and 2019 Mr Hindi and Mr Badalati continue to make decisions as councillors in relation to the planning proposal. A question to be explored in the Inquiry is whether any inducement was offered by Philip Uy, Wensheng Liu or Yuqing Liu to Mr Hindi and Mr Badalati in relation to those decisions as well.

83. In 2018, the planning proposal stalled. Despite the land having been purchased by Prime, One Capital continued to make representations to Council, primarily through Elaine Tang, expressing its frustration with the delays.

84. In August 2018, council ultimately resolved to endorse an amended planning proposal and to forward it for Gateway Determination. On 30 August, 2018 Ms Tang writes to council staff, copying in Mr Hindi, Mr Badalati and some other councillors, and says that if the proposal is not exhibited by council in the first week of October 2018, “we will have no choice but to withdraw the VPA and apply to the Department for a rezoning review”. The very next day, Mr Hindi and Mr Badalati met with council staff and expressed their concern about the delays.

85. Ultimately the timeline demanded by One Capital is met. In October 2018, council resolves that the planning proposal go on public exhibition, with Mr Hindi and Mr Badalati again voting in favour. On 22 July, 2019 council resolves to forward the planning proposal to the Department for gazettal, with Mr Hindi and Mr Badalati again voting in favour. Gazettal is of course the final stage for a planning proposal, which results in the amended Local Environmental Plan actually taking effect. And the VPA for Landmark Square was executed on 26 August, 2019.

86. That's not the end of the story, however. For the next year, in 2020, further issues arise with the VPA for Landmark Square. In March 2020 Adrian Liaw, on behalf of Prime, writes to Mayor Greene and Deputy Mayor Hindi explaining the difficulties in obtaining the relevant tenants' consent to that VPA and suggesting that the council's interests could instead be protected by lodging a caveat. Mr Hindi queried with council staff why council cannot adopt that approach but ultimately council holds the position that the relevant consents were required. Mr Hindi follows up with council staff again in June 2020. At this point he seems eager to complete the deal.

10 An email from him to council staff asked "when does council expect to receive the VPA money? Council needs the money and can be used for capital projects". Quite why he was so eager is an issue to be explored.

87. On 7 August, 2020 the planning proposal is finally gazetted. As I have said, Wensheng Liu's company One Capital had an agreement with Prime whereby One Capital would receive a payment if the proposal was made with the increased FSR. An available inference is that Mr Liu, and possibly also Philip Uy, continued to have a financial interest in the finalisation of the planning proposal throughout 2017 to 2020. The question is whether

20 and how Mr Hindi and Mr Badalati were induced to favour Mr Liu's or Mr Uy's interests during this time.

88. Finally, as I have noted, as part of this Inquiry the Commission will also consider making recommendations as to changes that should be made to laws, practices or procedures with a view to reducing the likelihood of the occurrence of corrupt conduct in the future and to promote the integrity and good repute of public administration. The Commission will consider what, if any, recommendations should be made regarding councillors' overseas travel, managing relationships between councillors and developers, the

30 determination of DAs and assessment of VPAs, procedures that should be adopted when council decides against staff recommendations, including preparing reasons for decision, and the role of councillors on regional planning panels.

89. Finally, for the benefit of the public observing this Inquiry, it should be understood that the Commission is an investigatory body. It is not a Court and as I have explained, the Commission will not be making findings of criminal guilt, although it may make findings of corrupt conduct and may also consider whether advice should be sought from the DPP concerning

40 possible prosecutions for criminal offences.

90. Because this is an investigation, and the investigation is ongoing, it may be that the focus of the Inquiry shifts or new allegations emerge against the six individuals who have been named, or indeed others. That is the inherent nature of any investigation. The Commission will not however make any findings adverse to any person without giving them notice of the proposed finding, at least through submissions made at the end of this Inquiry.

10 91. For the purposes of making its findings, the Commission of course will need to assess the credibility of witnesses and the evidence they give in this Inquiry. Anyone giving evidence should bear in mind that a person who knowingly gives false or misleading evidence to the Commission, whether at a compulsory examination or a Public Inquiry, is liable to prosecution for a serious indictable offence punishable by up to 5 years' imprisonment.

20 92. In circumstances where this investigation has been ongoing for some time and the Commission has already obtained a wealth of material by collecting documents and interviewing witnesses, if a person gives false or misleading evidence there is a good chance the Commission will know about it. May it please the Commissioner.

THE COMMISSIONER: Thank you, Ms Heger. Now, what I'll do now is, I'll adjourn for 15 minutes or so and then I'll just take appearances or any applications for leave and some other procedural matters and then we'll proceed with the evidence. Thank you.

#### **SHORT ADJOURNMENT**

**[11.13am]**

30 THE COMMISSIONER: Can I just say this, that a number of legal representatives apply by, in writing, rather, to obtain authorisation to appear and for those who aren't in the hearing room, you can assume that if you've applied, you will get authorisation but we may have to accommodate people in ways that are COVID safe and in accordance with our COVID protocols. So it's unlikely that everybody could be in the room at the same time. Anyway, we'll deal with that as an ongoing matter. But can I take the appearances so I know who's here today, if you don't mind, so who has sought authorisation to appear and - - -

MR PARARAJASINGHAM: Commissioner, I appear for Mr Badalati, Pararajasingham, P-a-r-a-r-a-j-a-s-i-n-g-h-a-m. I understand I have been given authorisation.

THE COMMISSIONER: Yes, you have, Mr Pararajasingham. And I think you're assisted by?

MR PARARAJASINGHAM: Yes. So I'm instructed by Michael Blair of Blair Criminal Lawyers and, from time to time, Ms Jessica Caligiore, that's  
10 C-a-l-i-g-i-o-r-e.

THE COMMISSIONER: Terrific. Thank you very much.

MR CORSARO: Commissioner, my name is Corsaro, SC, initial F. I think I've been authorised to appear, and to the extent that I need leave, leave to appear for Mr Hindi.

THE COMMISSIONER: Yes.

20 MR CORSARO: And I'm assisted by Mr Kutasi, who's online.

THE COMMISSIONER: Terrific. Thank you, Mr Corsaro.

MR PATTERSON: Commissioner, Patterson. I have applied for leave to appear on behalf of Ching Wah Uy otherwise known as Philip Uy.

THE COMMISSIONER: Thank you, Mr Patterson.

MR SHARIFF: May it please, Commissioner. My name is Shariff, S-h-a-r-i-f-f. I seek authorisation to the extent, I think it has been given but to the -  
30 - -

THE COMMISSIONER: Yeah, I think it has, too. That's okay. Yes. Thank you.

MR SHARIFF: With my learned junior Mr O'Neill and we're instructed by Wotton + Kearney and Ms Kapur is with us today.

THE COMMISSIONER: Thank you. Anyone else?  
40

MR HOOD: Commissioner, my name is Hood. I seek authorisation to appear for Wensheng Liu.

THE COMMISSIONER: Thank you. That authorisation is granted.

MR HOOD: Thank you.

THE COMMISSIONER: All right. I propose to just make one suppression order and that concerns information which may be personal to witnesses and others who are involved in the proceedings and it's an order pursuant to section 112 of the Independent Commission Against Corruption Act.

Pursuant to section 112 of the Independent Commission Against Corruption Act 1988, being satisfied that it is necessary and desirable in the public interest to do so, I direct that there shall not be publication to any person outside the Commission any private email addresses, private residential addresses, private phone numbers, bank account numbers and tax file numbers contained in any exhibits to be tendered in this inquiry and/or other documents shown during this inquiry with the exception of Commission officers for statutory purposes and between witnesses in the inquiry and their legal representatives subject to any further order of the Commission.

**SUPPRESSION ORDER: PURSUANT TO SECTION 112 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT 1988, BEING SATISFIED THAT IT IS NECESSARY AND DESIRABLE IN THE PUBLIC INTEREST TO DO SO, I DIRECT THAT THERE SHALL NOT BE PUBLICATION TO ANY PERSON OUTSIDE THE COMMISSION ANY PRIVATE EMAIL ADDRESSES, PRIVATE RESIDENTIAL ADDRESSES, PRIVATE PHONE NUMBERS, BANK ACCOUNT NUMBERS AND TAX FILE NUMBERS CONTAINED IN ANY EXHIBITS TO BE TENDERED IN THIS INQUIRY AND/OR OTHER DOCUMENTS SHOWN DURING THIS INQUIRY WITH THE EXCEPTION OF COMMISSION OFFICERS FOR STATUTORY PURPOSES AND BETWEEN WITNESSES IN THE INQUIRY AND THEIR LEGAL REPRESENTATIVES SUBJECT TO ANY FURTHER ORDER OF THE COMMISSION.**

40

THE COMMISSIONER: Now, if either of you come across such information, we've done our best to try and isolate it, but if by chance we've missed something and it comes to the attention either of your clients or the legal representatives themselves, could you please flag it and we'll extend that order. Yes, Ms Heger.

MS HEGER: Commissioner, in a moment I'll tender some documents. Before I do that, can I just confirm that the inquiry will not be sitting on Thursday and Friday of this week.

10

THE COMMISSIONER: Yes.

MS HEGER: Nor will it be sitting on Monday and Tuesday next week which is 20 and 21 June.

THE COMMISSIONER: All right. So there's today and tomorrow and then we adjourn till Wednesday.

MS HEGER: Correct.

20

THE COMMISSIONER: Thank you. All right. If you would like to tender those documents now.

MS HEGER: I'll tender what's referred to as volume 1.1 through to 1.10 which will, volume 1.1 will be Exhibit 124, volume 1.2 Exhibit 125, volume 1.3 Exhibit 126, volume 1.4 Exhibit 127, volume 1.5 Exhibit 128, volume 1.6 Exhibit 129, volume 1.7 Exhibit 130, volume 1.8 Exhibit 131, volume 1.9 Exhibit 132 and volume 1.10 Exhibit 133.

30 THE COMMISSIONER: Thank you.

MS HEGER: I tender those volumes.

THE COMMISSIONER: Thank you. They will be admitted into evidence and marked with the exhibit numbers that you have just indicated being Exhibit numbers 124 through to Exhibit 133.

**#EXH-124 – VOLUME 1.1**

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**#EXH-125 – VOLUME 1.2**

**#EXH-126 – VOLUME 1.3**

**#EXH-127 – VOLUME 1.4**

**#EXH-128 – VOLUME 1.5**

**#EXH-129 – VOLUME 1.6**

10 **#EXH-130 – VOLUME 1.7**

**#EXH-131 – VOLUME 1.8**

**#EXH-132 – VOLUME 1.9**

**#EXH-133 – VOLUME 1.10**

20 THE COMMISSIONER: Thank you.

MS HEGER: I also tender volumes 4.1 to 4.5. Volume 4.1 will be Exhibit 134, volume 4.2 Exhibit 135, volume 4.3 Exhibit 136, volume 4.4 Exhibit 137, volume 4.5 Exhibit 138.

THE COMMISSIONER: Thank you. Those folders will be admitted into evidence and marked with the Exhibit numbers that you have indicated.

30 **#EXH-134 – VOLUME 4.1**

**#EXH-135 – VOLUME 4.2**

**#EXH-136 – VOLUME 4.3**

**#EXH-137 – VOLUME 4.4**

**#EXH-138 – VOLUME 4.5**

40 THE COMMISSIONER: Thank you.

MS HEGER: I now call Vincenzo Badalati.

THE COMMISSIONER: Thank you. Come forward, Mr Badalati.

MR PARARAJASINGHAM: Commissioner, I can indicate that I've given Mr Badalati some advice about a section 38 declaration and he does seek it.

THE COMMISSIONER: Certainly. Thank you. I'll just have the witness sworn if I may.

10

THE COMMISSIONER: Thank you, Mr Badalati. Take a seat. Your counsel has indicated that you do seek a section 38 declaration and no doubt he has explained to you your rights and obligations as a witness.---Yeah.

10 But I would like to summarise myself if I can. As a witness you must answer all questions truthfully and you must produce any item that I require you to produce during the course of your evidence. The effect of the section 38 declaration which your counsel seeks is this, that although you must still answer questions put to you or produce documents that I require you to produce, your answer or the item produced can't be used against you in any civil proceedings or, subject to one very important exception on your part, in any criminal proceedings. The exception is that the protection does not prevent your evidence from being used against you in a prosecution for an offence under the Independent Commission Against Corruption Act 1988. Most importantly, an offence of giving false or misleading evidence. If you give false or misleading evidence, you commit a very, very serious criminal  
20 offence for which the penalty can be imprisonment for up to five years. And I should point out to you, I'm not sure whether you were present when Counsel Assisting was opening, that this investigation has been proceeding for some time. We have collected a vast amount of information, including taking evidence and speaking to other witnesses, so that if you give false or misleading evidence, and I'm not suggesting for one moment you will, but if you were to do so, there is a considerable possibility that we will know and, if that happens, a likely result will be that the matter will be referred off to the DPP. Do you understand that?---Yes, sir.

30 Thank you. Pursuant to section 38 of the Independent Commission Against Corruption Act, I declare that all answers given by this witness and all documents and things produced by the witness during the course of his evidence at this public inquiry are to be regarded as having been given or produced on objection and there is no need for the witness to make objection in respect of any particular answer given or document or thing produced.

40 **DIRECTION AS TO OBJECTIONS BY WITNESS: PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN**

**BY THIS WITNESS AND ALL DOCUMENTS AND THINGS PRODUCED BY THE WITNESS DURING THE COURSE OF HIS EVIDENCE AT THIS PUBLIC INQUIRY ARE TO BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON OBJECTION AND THERE IS NO NEED FOR THE WITNESS TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT OR THING PRODUCED.**

10 THE COMMISSIONER: Yes, thank you, Ms Heger.

MS HEGER: Mr Badalati, could you please state your full name for the record?---Vincenzo Pietro Badalati.

And you were a councillor at Hurstville City Council from 1999 to 12 May, 2016, correct?---Correct.

And you held the position of Mayor of Hurstville City Council from September 2015 to 12 May, 2016, correct?---I did, yes.

20

And on 12 May, 2016, Hurstville City Council went into administration? ---Yes.

Yes?---Yes.

And you were on Hurstville City Council at the same time as Philip Sansom, is that right?---I was, yes.

In fact, he started as a councillor even before you, in about 1991?---Yes.

30

Also on Hurstville City Council at the same time as you was Councillor Constantine Hindi, is that right?---Yes.

But he started after you, in about 2004, is that right?---That's correct.

And you were a member of the Labor Party while you were a councillor, correct?---I was.

But Mr Hindi was from the Liberal Party.---Yes.

40

And Mr Sansom, as I understand, was initially with the Labor Party but later was an Independent from about 2012, is that right?---I believe so, yes.

All right. After Hurstville City Council went into administration on 12 May, 2016, it then amalgamated with Kogarah City Council to form Georges River Council, is that right?---Correct.

10 And from the time Hurstville City Council went into administration, you had always intended to stand for election to Georges River Council, is that right?---Basically, yes.

And then you were elected to Georges River Council on 9 September, 2017, correct?---I was.

And so was Mr Hindi, correct?---Yes.

But Mr Sansom wasn't?---No.

20 No. Councillor terms are for about four years, is that right?---Normal council term is four years, yes.

And you served until December 2021, when you did not stand for re-election?---Correct.

And Mr Hindi likewise served until December 2021 and didn't stand for re-election, is that right?---Correct.

You've previously worked as an accountant for Qantas, is that right?---Yes.

30 When did you start there?---June 30, 1969.

And when did you finish up with Qantas?---I think it was 14 July, 2000.

And at that point did you retire?---No, I went to work for a politician.

Okay. And how long did you have that job for?---Roughly three years.

40 So from about 2000 to 2003, is that right?---Yeah, and then I went to work for another politician.

And how long was that for?---Oh, roughly two years. Between 18 months and two years, I think.

So roughly 2003 to 2005?---Yes.

And after that did you retire?---Yes, I did.

Okay. So from that point in time the only work you did was as a councillor on the relevant council?---Yeah. I was mayor for, from 2005 to 2008.

10

THE COMMISSIONER: Who were the politicians you worked for?  
---Morris Iemma at the state level and Tony Burke at the federal level.

Thank you.

MS HEGER: You're aware that both Hurstville City Council and Georges River Council had a code of conduct which applied to councillors, correct?  
---I was, yes.

20 All right. Could I just go to some minutes of a council meeting, which are at volume 4.1, page 1? They are from 2013, the month of February, the date is 6 February, and that of course is Exhibit 134.---Yes.

You accept of course that minutes are generally an accurate record of who attends council meetings and what was voted on?---I do.

And it lists you as attending this meeting, so of course you would accept that you were present at this meeting on 6 February, 2013, correct?  
---Correct.

30

And you'll see on page 3 of this document, if we scroll through to page 3, it refers to – sorry, the next page, please. At the bottom it refers to an item named Code of Conduct 2013. Do you see that?---Yes.

And it records that it was resolved at the Model Code of Conduct 2013 and accompanying procedures for the administration of the Model Code be adopted for commencement on 1 March, 2013. Do you see that?---Yes, I do.

Could I then take you to volume 1.1, page 159, Exhibit 124? That was 1.1, page 159, Exhibit 124. And you'll see this is the Hurstville City Council Code of Conduct released 7 March, 2013. Do you see that?---Yes.

Do you recognise this as the code of conduct that you voted in favour of adopting at that meeting that I referred to?---Yes.

And of course you would have received and read that code of conduct prior to voting on it on 6 February?---Yes.

10

It was also resolved at that meeting that the code of conduct be distributed to all councillors. Of course it then would have been distributed to you after this meeting as well, correct?---Yes, correct.

Okay. Could I take you back to the code of conduct and scroll through to page 165? Could I just ask you to read the second paragraph on that page to yourself and then I'll ask you a question?---Correct, yes.

20 All right. So you obviously understood from March 2013 that it was the personal responsibility of yourself to comply with the standards in the code, correct?---Correct.

And you understood from March 2013 that it was your obligation to regularly review your personal circumstances with that in mind, correct? ---Correct.

30 And I'll just ask you to read the next paragraph to yourself. So you understood as at March 2013 that a failure by you to comply with the standards of conduct prescribed under the code constituted misconduct, correct?---Correct.

And you also understood that the Local Government Act provided for a range of penalties that may be imposed on councillors for misconduct, including suspension or disqualification from civic office, correct? ---Correct.

Could I then move through to clause 3.7 of the code. Could I ask you to read clauses 3.7 and 3.8 to yourself, and then I'll ask you a question.---Yes.

40 You'll see that clause 3.7 and 3.8 imposed specific obligations in relation to development decisions, correct?---Correct.

And you understood, as at March 2013, that the reason why the code imposes specific obligations regarding development decisions is because development decisions can result in large financial benefits to developers, correct?---Correct.

As well as significant impacts on the local community, correct?---Yes.

10 Could I move to clause 4.1. Clause 4.1 provides “A conflict of interest exists where a reasonable and informed person would perceive that you could be influenced by a private interest when carrying out your public duty.” And so you obviously understood as at March 2013 that that’s what a conflict of interest is, correct?---Yes.

And you understood that clause 4.1 required you to consider the perspective of a reasonable and informed person when assessing whether a conflict arises, correct?---Correct.

20 Clause 4.2, I’ll just ask you to read that to yourself.---Yes.

You understood, as at March 2013, that clause 4.2 required you to first either avoid a conflict of interest, correct?---Correct.

Or alternatively to appropriately manage a conflict of interest, correct?---Correct.

And you understood, as at March 2013, that the onus was on you to identify conflicts of interest and take appropriate action, correct?---Correct.

30 Read clause 4.5 to yourself, please. You understood, as at March 2013, a pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person, correct?---Correct.

So that might include, for example, if a councillor were promised money in return for voting a particular way on a development. That might constitute a pecuniary interest that that councillor has in that development, correct?---Correct.

40 And you understood that as at March 2013?---Correct.

Read clause 4.7 to yourself, please. You understood, as at March 2013, that you were required to lodge an initial and an annual written disclosure of pecuniary interests that could potentially be in conflict with your public or professional duties, correct?---Correct.

And you also understood at that time that councillors must disclose an interest and the nature of that interest at a meeting, leave the meeting and be out of sight of the meeting and not participate in discussions or voting on the matter, correct?---Correct.

10

I'll scroll through to clause 4.10. Read clause 4.10 to yourself.---Yep.

As at March 2013 you understood that a non-pecuniary interest is generally as is described in that clause. Correct?---Correct.

And you understood at that time that a conflict of interest could arise if you had, for example, a friendship with someone who has a financial interest in a development that you're voting on. Correct?---Correct.

20 Or if you had a business relationship with someone who had a financial interest in a development you're voting on, that could also - - -?---Correct.

- - - be a conflict of interest. Correct?---Correct.

Read clause 4.12 to yourself. So you understood as at March 2013 that where you have a non-pecuniary interest that conflicts with your public duty you must disclose the interest fully and in writing even if the conflict was not significant. Correct?---Correct.

30 And you understood that you could disclose an interest of that kind at a council meeting. Correct?---Correct.

And if you made such a declaration it would be recorded in the minutes, wouldn't it? Correct?---Correct.

And so it's fair to say that if it's not recorded in a set of council minutes you didn't make such a declaration. Correct?---Correct.

At least at that meeting. Correct?---Correct.

40

All right. Could you read clause 4.15 to yourself. So you understood as at March 2013 that as a general rule a non-pecuniary conflict of interest would be significant where it involved a relationship that was particularly close, for example, a friendship or business relationship. Correct?---Correct.

Could you read clause 4.16 to yourself. You understood as at March 2013 that if you had disclosed a significant non-pecuniary conflict of interest there were still certain additional steps you had to take. Correct?---Correct.

- 10 That being you must manage it in one of two ways, either remove the source of the conflict or have no involvement in the matter. Correct?---Correct.

And read clause 4.17 to yourself.---Yep.

So you understood as at March 2013 that even if you determined that the non-pecuniary conflict of interest was less than significant you still had to provide an explanation of why you considered the conflict does not require further action in the circumstances. Correct?---Correct.

- 20 I move through to clause 5.1. Please read clause 5.1 to yourself.---Yep.

You understood as at March 2013 that you must avoid situations giving rise to the appearance that a person or body through the provision of gifts, benefits or hospitality of any kind is attempting to secure favourable treatment from you or the council. Correct?---Correct.

And you understood that gifts, benefits or hospitality of any kind could include, for example, a person paying for your airfares. Correct?---Correct.

- 30 A person paying for your accommodation. Correct?---Correct.

A person paying for your meals or entertainment. Correct?---Correct.

And what this clause requires you to do is to make an assessment of whether receiving the benefit could give rise to the appearance that the person is attempting to secure favourable treatment. You understood that at the time?---Correct.

- 40 And if that's the case, you were required to avoid that situation. Correct?  
---Correct.

Clause 5.3 talks about token gifts and benefits. Then if you jump down to clause 5.5(d), which is on the next page, it says that you must not accept any gift or benefit or more than token value unless approved by the general manager in accordance with the gifts and benefits policy. You understood that as at March 2013. Correct?---Correct.

If you go back to clause 5.3, there are some examples given of token gifts and benefits. I don't need to ask you about that now. But if you look at clause 5.4 and just read that to yourself.---Yeah.

10

You understood as at March 2013, that gifts and benefits that had more than a token value included, for example, free and discounted travel. You understood that?---Yes.

Please read clause 5.5 to yourself. Let us know when we need to go onto the next page. Onto the next page, if you go to page 177, please. All right. You understood as at March 2013 that you were required not to seek or accept a bribe or improper inducement. Correct?---Correct.

20 You understood you weren't to seek gifts or benefits of any kind. Correct? ---Correct.

And going back to the previous page, clause 5.5(c) you can see there it has two elements, first, you understood as at March 2013 that you weren't to accept any gift or benefit that may create a sense of obligation on your part. Correct?---Correct.

30 And also that you weren't to accept any gift or benefit that may be perceived to be intended or likely to influence you in carrying out your public duties. You understood that at the time. Correct?---Correct.

And, of course, the latter part of 5.5(c) requires you to make an assessment of how accepting the gift or benefit might be perceived. Correct?---Correct.

All right. Could I now ask you about your relationship with Philip Uy. You, of course, know Philip Uy. Correct?---Correct.

And you've known him since at least 2007. Is that right?---I think it was before that.

40

You think you met him earlier?---Yeah.

When did you meet him?---Roughly, 2002.

And how did you meet him?---It was at a Chinese function.

Can you remember what the nature of the function was?---No. Sorry. I went to a lot.

10 Okay. So you've known him since 2002. So that's about 20 years.  
Correct?---Correct.

And when you met him, at that time, he ran a real estate agency in Hurstville. Is that right?---Correct.

Known as Hurstville Real Estate. Is that right?---Yes.

Which at that time had an office on Forest Road in Hurstville. Is that right?  
---Correct.

20 Can I take you to a news article which is at volume 10.1? See this is an article entitled "Hurstville Councillors Fail to Disclose Donations", published by the New Matilda on 6 September, 2021. Have you seen this article before?---No.

All right. You'll see that it refers to a development at 260 Belmore Road in the third paragraph.---Oh, yes, sorry. I, I have seen this before.

You have seen this article before.---After reading, yes.

30 Okay. You'll see in the third paragraph it refers to a development at 260 Belmore Road. Can you see that?---Yes.

That's an address in Riverwood, is that right?---Correct.

And the article refers to council voting in favour of an amendment to that development in 2009. Do you see that in the same paragraph?---Yes.

40 And you recall that was to modify the development consent to add an additional storey?---Half a storey.

Half a storey.---I believe it was, yeah.

Okay. And you were on council at that time and voted in favour of that modification in 2009, correct?---Correct.

And you knew at the time that Philip Uy was associated with that development in some way?---Yes, I did.

All right. Did you know at the time that Mr Uy was a director of a company called Shun Li, which was partly owned by the applicant of 260 Belmore Road?---I believe that we had a fundraiser and three people came, including Mr Uy, and they paid by cheque.

All right. I'm not asking you about the fundraiser at the moment.---Right, okay.

I'm just asking you whether you knew - - -?---At that stage, no.

You didn't know at that stage that Mr Uy was a director of Shun Li?---No.

20 So you said you did understand, though, that Mr Uy was associated with the development in some way. What did you understand as at 2009 to be the nature of his involvement with that development?---I think I was told by Mr Sansom.

By Philip Sansom?---Yep. At the time, that Philip Uy had something to do with the development.

30 Did he elaborate on what exactly Mr Uy's involvement was with that development?---I think he told me that it was his company that was putting in the application for the extra half a storey.

All right. And you understood that prior to voting on the modification application in 2009?---Yes, I did.

All right. And at that time, we'll come to this in more detail at the moment, but at that time you obviously knew Mr Uy?---Yes, I did.

40 And you had in fact met up with him in China or Hong Kong several times prior to voting on that development, correct?---Yeah. I, I believe so, yes.

All right. You didn't declare any conflict of interest in relation to voting on that modification application?---No, no I didn't.

Do you accept now that you should have?---I should have, yes.

THE COMMISSIONER: Mr Badalati, can you just keep your voice up just a little bit?---Oh, sorry. I, I'm just dry.

10 No, that's okay. If you just move just a little closer to the microphone, that would be helpful. Thank you.

MS HEGER: All right. I think you said that you accept you should have declared a conflict of interest in relation to that modification regarding 260 Belmore Road, correct?---Correct.

20 And you accept you should have declared a conflict of interest because you had a friendship with Mr Uy at that time?---He was, at that stage, he was somebody I knew. I wouldn't have called him a close friend or, but he was definitely somebody I did know.

All right. And obviously your relationship was sufficiently close that you thought, you think now that you should have made a declaration of the conflict of interest back then?---Correct, yes.

That's right, isn't it?---Yes.

So obviously by 2009 you were aware that Philip Uy was involved in property development in some way?---Correct.

30 Were you aware – I withdraw that. I'll just tender that newspaper article, which was volume 10.1, and that'll be Exhibit 139.

THE COMMISSIONER: Thank you, that will be admitted as Exhibit 139.

**#EXH-139 – VOLUME 10.1**

40 MS HEGER: Now, that same newspaper article, if we could just bring it back up for a moment, refers to Shun Li & Co, you'll see this in the second-

last paragraph on that page, donating \$5,970 in August 2008 to your last election campaign. Do you see that?---I do.

Could I then take you to volume 1.1. page 25. That's Exhibit 124, page 25. ---The amount was incorrect, but I believe, from memory, it was \$5,000.

Okay, well, I'll show you the declaration that Shun Li made now.---Ah  
hmm.

10 You'll see this is a document entitled Declaration of Political Donations and Electoral Expenditure by a Political Donor, and you'll see it indicates the name of the political donor is Shun Li & Co Pty Ltd, you see that?---Yes.

And it's signed by Ivan Ly, L-y, dated 18 February, 2009. Do you see that?---Yes.

You knew Ivan Ly at this time, that is February 2009, didn't you?---Yes.

20 How did you know Ivan Ly?---He worked with Philip Uy in Hurstville real estate.

Okay. Was he a real estate agent as well, Ivan Ly?---I believe they were partners.

Okay. Did you know at this time that Philip Uy was a director of Shun Li? ---No.

30 Did you know that he had some association with Shun Li?---I don't recall, but I found out later that they have various companies.

When you say "they", you mean Philip Uy and Ivan Ly?---Yes.

At what point did you find that out?---Oh, it was after the council meeting.

Which council meeting are you referring to?---Where 260 Belmore Road, Riverwood.

And that was in 2009.---Yep.

40 In fact it was 5 August, 2009, does that sound right?---Yes.

You think sometime after that meeting you found out that Philip Uy and Ivan Ly had various companies, I think you said?---Yes.

Did you find out at that time that Shun Li was one of them?---I don't recall this name, Shun Li, but I know there was another company called Ti Loy or  
- - -

Ti Loy? Ti L-o-y?---Yep.

- 10 Did you understand that Ti Loy was related to Shun Li in some way?---At that stage, no. I did find out later that.

You found out later that they were related?---Yep.

- 20 Okay. Move to the next page. There it's indicated that a donation was made on 18 August, 2008. The name of the political party is "Hurstville Ward ALP campaign". And it says the amount or value is \$5,970. Were you aware in August 2008 that this donation had been made?---The donation was in regards to the fundraiser that we had. They bought three tickets. The fundraiser was a small affair of about 15 to 20 people and the ticket price was \$1,500 each. I am aware that they also bought one or two raffle prizes or auction prizes and I thought it totalled roughly \$5,000.

All right. But you're not disputing that's recorded here I take it. You're just saying that - - -?---The amount.

- - - you had understood it was only \$5,000. Is that right?---Around the \$5,000 mark, yes.

- 30 All right. And did you attend that fundraiser?---Yes.

And so you were aware at the time of the fundraiser that these tickets had been bought and the raffle items have been bought?---Yes.

And who did you understand was buying them at that fundraiser at the time?---I believe, well, at the time I believed Ivan Ly bought the auction prizes.

- 40 Did you understand that Philip Uy contributed or bought one of those fundraiser tickets?---They were invited by the guy who was number 2 on my ticket at the time.

Who was that?---Clifton Wong.

Clifton Wong invited both Ivan Ly and Philip Uy to this fundraiser. Is that right?---Yes.

And you knew at the time that he'd invited them?---Clifton Wong told me that he invited them and - - -

10 And you obviously saw Ivan Ly and Philip Uy at this fundraiser.---Yes.

When was the fundraiser exactly? Was it on 18 August, 2008 as is recorded in this return?---It could have been.

Likely around that time.---Because that was about a month before an election so we would have been raising funds.

Okay. The election was September 2008. Is that right?---Yeah.

20 Okay. So you knew that Philip Uy and Ivan Ly had been invited. You in fact saw them at the fundraiser, both of them.---Yes.

And so you must have assumed that both Philip Uy and Ivan Ly had purchased a ticket to that fundraiser.---Yes.

And you knew all of that before you voted on the modification application for 260 Belmore Road. Correct?---Yes.

Because that was the next year obviously in 2009.---Yes.

30

All right. Is the fact that Philip Uy purchased a ticket to that fundraiser, is that another reason why you should have disclosed a conflict of interest when voting on the modification application for Belmore Road?---Yes.

Okay. Returning then to the nature of your relationship with Philip Uy. From about, or from at least 2008 you travelled to China or Hong Kong relatively regularly, sometimes as much as a couple of times a year. Is that right?---Yes.

40 And some travel records show you flying to Hong Kong across that period, 2008, for many years but did you generally stay in Hong Kong on those

trips or would you cross the border into China?---Generally would cross the border - - -

All right.--- - - - to do shopping at Shenzhen and I would catch up, if I knew Philip Uy was in Hong Kong I would catch up with him and we would go to Shenzhen and another placed called Dongguan.

Mr Uy had an apartment in China, is that right, or was it Hong Kong?---I think he, he had a few.

10

You think he had a few apartments both in China and Hong Kong or, do you know where they were?---Yeah. I think, he had one in Dongguan. I believe he had one in Shenzhen but I never stayed at his apartments.

Did you ever visit one of his apartments on these trips?---The one in, I did visit one of his apartments. I don't recall if it was the one in Shenzhen or the one in Dongguan.

20 How many times do you think you've visited an apartment of his in China roughly?---I thought it was just once.

Okay.---Yeah.

And when you travelled over to Hong Kong and onto China, would you say most of the time you would call up Philip Uy and see if he was in town?---If I knew he was there, I would call him.

30 And how would you know he was there?---From back here, I would try and ring him and he would say he was in China or - - -

Okay.---Yeah.

So before you left Sydney you might ring him on his Chinese phone number and see if he was there, or his Sydney - - -?---It was normally his Hong Kong number.

Okay. So you obviously had his Hong Kong number in your mobile phone?---Yes.

40 Presumably you also has his Australian number in your mobile phone? ---Yes.

Okay.

THE COMMISSIONER: I may have missed this but when did you first start taking trips to China and Hong Kong?---Oh, Commissioner, I've been going up there for years. It would have been, well, my very first trip to Hong Kong was around about 1984. And - - -

Right. But you didn't know Mr Uy at that time?---No.

10

You didn't know him until, as I understand your evidence - - -?---About 2002.

2002.---Yeah.

And you travelled up to China or Hong Kong or both on a number of occasions?---Yes.

From 2002?---Since 2002 I've been up there quite a few times.

20

And did you travel alone?---Sometimes along, sometimes with Philip Sansom. I think when Clifton Wong was still on council I went with him a few times.

Was there ever an occasion where you didn't catch up with Mr Uy?---Yes.

And how often did that occur?---Oh, it would be quite a few times.

Right.---Because we also did trips for sister city exchanges.

30

Right. Thank you.

MS HEGER: You said that sometimes Philip Sansom travelled to Hong Kong or China on these trips with you as well?---Correct.

He also knew Philip Uy, is that right?---Yes.

And so sometimes you and Mr Sansom together would meet up with Philip Uy in China, is that right?---Yes.

40

In fact, Mr Sansom has known Philip Uy for longer than you, is that right?  
---Correct.

Do you know how long?---No. I'm sorry, I don't.

Okay. Would you say that Philip Sansom is closer to Philip Uy than you are?---That I don't know, sorry.

10 And you said that Clifton Wong sometimes also took these trips to Hong Kong or China, correct?---Correct.

And he also knew Philip Uy, is that right?---Yes. He knew him before I did as well.

Okay. And so sometimes you and Clifton Wong would meet up with Philip Uy together in China, is that right?---Sometimes it would be just the two of us, sometimes - - -

20 When you say "the two of us", just you and Philip Uy?---No, no, sorry. Me and Clifton Wong.

All right.---And other times Philip Sansom would be there as well.

So sometimes it would be you and Clifton Wong in China together, correct?---Yes, correct.

Obviously you need to respond to my questions for the transcript.---Sorry, yeah.

30 Sometimes it was you and Clifton and Philip Sansom together, is that right?  
---Correct. Yes.

And sometimes you and Clifton Wong would meet up with Philip Uy, correct?---Correct.

Sometimes you and Philip Sansom would meet up with Philip Uy?  
---Correct.

40 And sometimes you, Philip Sansom and Clifton Wong together would meet up with Philip Uy, is that right?---Correct, yes.

Okay. And when you met up with Philip Uy, you'd go out to lunch or dinner, is that right?---Correct.

Sometimes nightclubs?---Yes.

Did you do any karaoke?---Yeah, I sing terribly. Yes.

The answer is yes but not very well, is that right?---Yeah.

10 And on some occasions did Mr Uy pay for your meals on those trips?---Yes.

And in fact, on your understanding, is it Mr Uy's custom to pay for the entire table when you go out to lunch or dinner?---If there was some of his friends there as well, he would pay sometimes. Others would pay at other times.

When you say "others", are you referring to yourself, Mr Sansom or Mr Wong or other people who might have been at the lunch or dinner?---Other people who were at the lunch.

20

Okay. So sometimes when you had lunch with Philip Uy, he paid for yourself, that's correct?---That's correct, sorry.

Sometimes other people at the lunch paid for yourself?---Paid for everybody, yes.

Okay. And can you name some of these other people who you had lunch with from time to time?---Tommy Wong was there.

30 Right. And how do you know Tommy Wong?---Through Philip Uy.

All right. Is Tommy Wong Philip Uy's brother?---Yes.

Can you name anyone else?---There was a guy called John.

John?---Yep.

What was his last name?---Oh, I've got no idea, I'm sorry.

40 That's fine. So sometimes - - -?---The - - -

Sorry, you go ahead.---No, from memory he worked at Johnson & Johnson. That's the only thing I remember.

The person you know as John you think worked at Johnson & Johnson?  
---Yeah.

Okay. So sometimes when you were having lunch with Philip Uy, Tommy Wong or John might pay for the whole table?---Correct.

10 Okay. And does the same apply when you had a meal where Philip Sansom was also present? Were there occasions where you witnessed Philip Uy pay for Mr Sansom's meal as well?---Okay, yes.

And what about when Clifton Wong came along to one of these meals? Were there occasions where you witnessed Philip Uy pay for his meal?  
---Yes.

Can you say approximately how many times Philip Uy would have paid for your meal over the years?---No. Oh, it'd be a few, quite a few times.  
20

More than five?---My memory's not that good, I'm sorry.

All right.---But there were quite a few times.

There were quite a few times. Okay. And this practice of catching up with Mr Uy in China or Hong Kong, over how many years did that continue? So when did – did it end at some point?---It did end. Up to, apart from the April '16 trip, it ended in about 2016.

30 All right. As I understand it, there was another occasion in August 2018 where you took a trip to China and Philip Uy was there as well?---With my family. Well, my wife and one daughter.

Okay. And you met up with Philip Uy on that occasion?---Yes, and the Hindis were there as well.

Mr and Mrs Hindi were on that trip in August 2018?---Yeah. Yep.

40 Okay. But between that trip to China in April 2016 and August 2018, were you meeting up with Philip Uy regularly in China in that period or not?

---No. Apart from the '18, I stopped going to Hong Kong and China in about 2016.

Okay. And so since the August 2018 trip, have you been to China or Hong Kong at all?---I don't believe so. I think that was the last time I went in '18.

Okay. But even if you did, you don't recall meeting up with Philip Uy in China - - -?---No, not - - -

10 - - - after August 2018?--- - - - not after, not after '18.

Okay. And so is it safe to say that in 2014, you met up with Philip Uy a couple of times in China. Do you have a recollection of that?---Yeah, I believe that would be correct.

Okay. I might just give you some dates that I have by reference to your travel records, which the Commission obviously has access to.---Yeah.

20 The travel records indicate that you flew to Hong Kong on 30 May, 2014. You have no reason to doubt that, do you?---No, I believe you.

All right. And I can also tell you that the travel records indicate Philip Uy flew to Hong Kong three days earlier on 27 May, 2014. You have no reason to doubt that, either, I take it?---No, not at all.

And so do you accept it's likely you met up with Philip Uy on the trip in May 2014?---I, I would believe so.

30 I can also tell you you flew to Hong Kong on 23 October, 2014. You've no reason to doubt that?---No.

I can also tell you that Philip Uy flew to Hong Kong the day before, on 22 October, 2014. And you have no reason to doubt that?---No.

And so that might have been another occasion on which you met up with Philip Uy in Hong Kong?---I would believe so.

Could I just ask you to speak up, Mr Badalati?---Sorry.

Thank you. Can I show you a photograph which is in volume 2.7, page 13? So you recognise that as a photograph, of course, of yourself and Philip Uy?---Yes.

And I can tell you, as you can see there, it's dated 11 February, 2015. Do you see that?---Yes.

Do you accept that this looks like another occasion in which you met up with Philip Uy in China?---Yes.

10

Do you recognise the hotel?---No. And I don't know the - - -

That's fine.---'Cause, yeah, no. It could be the InterContinental in Shenzhen, 'cause I stayed there quite a few times.

And when you stayed at the InterContinental in Shenzhen, sometimes Philip Uy would come to visit you at the hotel. Is that right?---Yes.

20 And this might have been one of those occasions. Is that right?---Could be, yes.

Okay. I think you said before you have Philip Uy's both Hong Kong and Australian phone numbers in your mobile phone. Is that right?---Correct. And his Chinese one.

And his Chinese one, as well. He has three different numbers?---Yes.

30 That photograph I went to, I should mark for identification. I think it's MFI 4. Commissioner, I'll just mark that as MFI 4.

30

THE COMMISSIONER: Thank you. That will be marked MFI 4. Thank you.

**#MFI-004 – PHOTOGRAPH, VOLUME 2.7, PAGE 13**

40 MS HEGER: And so focusing on the period from 2014, you were in touch with Philip Uy either by calling him or messaging him relatively frequently?---Yes.

And you met up with him for coffee in Sydney from time to time.---Correct.

How often would you say in 2014, 2015, 2016 you'd meet up with Philip Uy for coffee, generally speaking? Can you estimate - - -?---Each year - - -

- - - once a month or - - -?---Each year or - - -

Yeah. You can go year by year if you prefer.---On average over three years between eight and 10 times each year.

10

Each year.---But it's, it's a guess though.

I accept it's very much a guess.---Yeah.

All right. And sometimes you'd go out for lunch or dinner in Sydney from time to time in that period 2014 to 2016.---Rarely. There would have been a few lunches or dinners but, in fact dinners I can't recall any. That's not to say there wasn't. Lunches, there weren't many.

20 Okay. So usually you'd meet up with him for coffee rather than a meal in Sydney.---Yeah. There may have been one or two dinners over that period. I can't recall lunch.

All right. Of course, one of those dinners occurred in Chinatown in March 2016. Is that right?---Correct.

And I'll come back and ask you some questions about that dinner later. So I take it, given how long you've known Philip Uy and how much time you spent with him in Sydney and overseas, that you consider Mr Uy a friend?

30 ---Depends on your definition of a friend because like I never went to his place for dinner or anything.

Except for when you visited his apartment in China.---Yeah, but didn't have dinner there.

Didn't have dinner there.---No, no.

Okay.---And he never came to my place for lunch or dinner.

40 Your place in Sydney you're referring to.---Yes.

And you never went to his place in Sydney.---No.

Is that your evidence?---No.

Okay. Well, that aside, what's your definition of a friend?---Oh, I believe, you know, a close friend is somebody that you invite to your place for dinner. You go to their place. You might go out with your spouses to dinner somewhere.

10 But you must have had dinner with Philip Uy and Mrs Badalati on at least one occasion, that being - - -?---One.

- - - the trip in August 2018 in China.---Yes.

Is that right?---That was correct.

You can't remember any other occasion where you and Mrs Badalati have had a meal with Philip Yu or indeed coffee?---My wife and I would have coffee at, in Westfield at Hurstville and on a few occasions he'd be walking  
20 by and he'd come and sit with us.

All right. So on that definition of a friend you say you don't consider Philip Uy a friend. Is that right?---Well, not a close friend.

Okay. What kind of friend is he then?---He's more an acquaintance.

So you're now saying he's an acquaintance and not a friend?---Look, he could be classified as a friend but I wouldn't classify him as a close friend, if you know what I mean.  
30

THE COMMISSIONER: Mmm.

MS HEGER: Okay. Well, could I just show you a document which is at volume 2.30, page 3, number 10? Do you see message number 10 on that page? And I can tell you this is a record of messages between yourself and Philip Uy.---Yes.

And message number 10 is dated 11 April, 2015 at 1.26pm. Do you see that?---Yes.  
40

And you're saying there, you've sent a message to Philip Uy saying, "You are a true friend. Well done and thank you." Do you see that?---Yes.

You would accept that when you call him a true friend, that sounds like you consider him a fairly close friend, would you accept that?---No. I don't recall what that was in regards to.

In any event, he - - ?---As I said, he, he was a friend.

10 You accept he was a friend?---Yes, I, I do.

And you certainly considered him a friend as at April 2015, correct?---Yes.

And you would have considered him a friend from the start of 2014 at the very least, correct?---Yes.

All right. We can take that down, thank you, and I'll mark that for identification as well.

20 THE COMMISSIONER: So that's MFI 5?

MS HEGER: That's MFI 5.

THE COMMISSIONER: Thank you.

**#MFI-005 – MESSAGE FROM VINCE BADALATI TO PHILIP UY,  
VOLUME 2.30, PAGE 3, NUMBER 10**

30

MS HEGER: Can I now ask you about your connection with Wensheng Liu? You of course know Wensheng Liu, correct?---Correct.

And when did you meet?---I think Philip Uy introduced him to me around about 2013 or – I don't recall the exact time but it, it was around that period.

Around 2013?---Yeah. Could have been 2012 or early 2014.

40 Okay. And do you remember the circumstances of that introduction, where did it occur?---I believe it was at another Chinese function or - - -

Was that a function in Hurstville?---Yeah.

Do you remember what the occasion was for the function?---No, I don't, I'm sorry.

That's all right. Could I show you another document which is at volume 11.1?---Actually, just thinking, trying to recollect. It could have been in a coffee shop in Westfield.

10 And who else was there?---Oh, just Philip Uy was with me. We were having coffee and Wensheng Liu came.

And you think Philip Uy introduced you to Wensheng Liu at that point?---I believe, I believe so.

Either way you think it was around about 2013? Could have been 2012, could have been - - -?---'12, could have been '14. It wouldn't have been - - -

20 Early 2014?---Yeah.

All right. Can I show you volume 11.1, page 1? Just read that email to yourself and I'll ask you a question about it and I'll just for the record it's an email from Malcolm Gunning addressed to an email address that starts liu@newgrcapital.com. It's dated 21 November, 2013 at 8.47am.---Yes.

You've read that?---Yes.

30 You know Malcolm Gunning, of course, is that right?---I've known Malcolm for, oh, 20-odd years.

And what sort of work does he do?---He's in real estate, commercial and I think they do industrial as well.

You'll see this email is addressed to Liu and Vince. You see that?---Yes. Yes.

40 And it refers to, in the first line, "our offer of an unconditional purchase of the subject site". Do you see that?---Yes.

So, and then later on in the email, towards the end, it says, "Your thoughts?"  
You see that?---Yes.

So you accept this email rather suggests that you and Wensheng Liu were  
working together in some way in respect of this potential purchase of a  
property, which looks to have been Hurstville Business Park, do you accept  
that?---Yes.

10 You accept that you and Wensheng Liu were working together in some  
way?---No. Sorry.

Sorry, you don't accept that?---I don't accept that part of it.

Okay.---What had happened, I saw Malcolm and he told me that Hurstville  
Business Park was up for sale, and I just suggested to him he might want to  
contact Wensheng Liu to see if he was interested in it. And you'll note that  
I'm just a copy addressee. I've never worked for or with Wensheng Liu.

20 So, you obviously accept that, as at this date, 21 November, 2013, you'd  
met Wensheng Liu?---Yes.

And your evidence is that you suggested Malcolm Gunning that he contact  
Wensheng Liu about this opportunity, is that right?---Yes.

And - - -?---'Cause I believe Malcolm knew him and - - -

30 And why did you think to suggest that Malcolm Gunning talk to Wensheng  
Liu about this opportunity?---'Cause he was the only one at that time who I  
thought may have had the money to purchase.

You thought Wensheng Liu was the only person that you knew of who  
would have money to purchase this site?---Yeah. Yep.

And how did you know he had that kind of money?---'Cause shortly after I  
met him, he showed me a, a letter from the bank, I forget which bank it was,  
where he had a line of credit, something to the order of \$40 million.

Wensheng Liu showed you that letter?---Yes.

40 When was that?---Oh, I, I can't recall the exact time.

Obviously before 21 November, 2013?---Yes. Yep.

And why did he show you that letter, on your understanding?---That's when they were talking about Treacy Street.

Who was talking about Treacy Street?---Philip Uy and Wensheng Liu.

10 All right. So sometime prior to 21 November, 2013, you were having a discussion with Philip Uy and Wensheng Liu about the Treacy Street development?---Correct.

And can you tell us the substance of the discussions between the three of you at that time?---Well, they were interested in developing that site.

And you're talking about 1-5 Treacy Street in Hurstville, is that right?  
---Yeah, yep.

20 So Philip Uy and Wensheng Liu - - -?---I'm just trying to get my timings right, correct in my head.

Of course. If you need a moment to think about it, take it.---Yeah, it's just difficult. It's - - -

I understand.--- - - - nine years ago and - - -

I understand. So you were having a discussion with Philip Uy and Wensheng Liu in which they conveyed to you that they were interested in developing 105 Treacy Street?---Yes.

30 And what else did they say?---I don't recall. I just recall then showing me the letter from a bank.

I'll ask the question again. Why, on your understanding, were they showing you a letter from the bank? Why did you need to know how much credit was available for this development?---Well, whether it was to show me that they were serious about purchasing the site or not, I don't know. No.

40 So did they make it clear to you at this time that they were hoping to lodge a development application in respect of Treacy Street with Hurstville City Council?---They could have.

And it's likely, isn't it?---It is, yes.

Can I show you another document? Sorry, I'll make that one for identification as well, and what will be MFI - - -

THE COMMISSIONER: Six?

MS HEGER: I'll tender that document, I'm sorry.

10 THE COMMISSIONER: Thank you. That will be Exhibit 140.

**#EXH-140 – VOLUME 11.1**

MS HEGER: 140, yes. I'll show you another document at volume 11.2. Just read that email to yourself and I'll note for the record it's an email from Malcolm Gunning to - - -?---To me.

20 - - - you.---Yep.

Copied to Wensheng Liu. It's dated 31 January, 2014 at 11.04am.---Yeah. Yes.

So this time you're not just a cc on the email, you're the lead addressee. Do you see that?---Correct, yes.

And again the email in the text of the email says "Vince and Liu." Do you see that?---Yes.

30

It seems to be about the same opportunity, purchasing the Hurstville Business Park.---Yes.

Do you accept that?---(NO AUDIBLE REPLY)

Now, in the face of that email, is your evidence still that your involvement with this was simply suggesting a property to Malcolm Gunning and you had no further involvement. Is that your evidence?---It is.

You accept, again, it rather looks like you and Wensheng are working together in relation to this development. Do you accept that or not?---I don't. I, I can assure you that I never worked for Wensheng Liu.

All right. Bear with me one moment. All right. I'll tender that email, which will be Exhibit 141.

THE COMMISSIONER: Thank you. That will be admitted into evidence and marked Exhibit 141.

10

**#EXH-141 – VOLUME 11.2**

MS HEGER: I'll show you another document. I note the time, Commissioner, but I'll just be another minute or two on this topic.

THE COMMISSIONER: Sure. That's fine.

20 MS HEGER: Volume 11.6. Please read that to yourself and I note for the record it's another email from Malcolm Gunning to Wensheng Liu and Mr Badalati dated 8 July, 2014 at 11.23am.---Yes.

You see the text of that email commences "Liu and Vince". Do you see that?---Yes.

30 And it later says, "Rob Anderson and myself are recommend that GE should now start to negotiate the sale of a property with you." And do you accept that the word "you" in that context, given he's addressed it to both yourself and Wensheng Liu, is referring to both of you? Do you accept that?---The text, yes.

Well, do you accept that you were going to have a role in negotiating the sale of the property along with Wensheng Liu?---No.

Is your evidence still that you had no further involvement beyond suggesting that Malcolm Gunning contact Wensheng Liu and obviously being addressed to this, as part of these emails?---It is, yes.

40 You weren't engaged as any kind of consultant by Wensheng Liu.---No.

You weren't performing any work for Wensheng Liu sourcing potential properties for him.---No.

And Wensheng Liu wasn't paying you in respect of any such work at this time.---No.

I'll tender volume 11.6, Exhibit 142.

10 THE COMMISSIONER: Thank you. That will be admitted into evidence as Exhibit 142.

**#EXH-142 – VOLUME 11.6**

20 MS HEGER: Can I show you 11.7. Just read that email to yourself. For the record it's another email from Malcolm Gunning to Wensheng Liu and Mr Badalati dated 14 July, 2014 at 4.06pm. You'll see that the email refers to a company called GR Capital a couple of times. Do you see that?---Yes.

And you understood at this time, July 2014, that that was Wensheng Liu's company.---Yes.

Right. And I presume your evidence is still that even at this time, July 2014, you still weren't working together with Wensheng Liu in respect of this opportunity, Hurstville Business Park.---That's correct.

Or indeed in any other way.---No.

30 All right. I tender volume 11.7 which is Exhibit 143.

THE COMMISSIONER: Thank you. That will be admitted into evidence as Exhibit 143.

**#EXH-143 – VOLUME 11.7**

40 MS HEGER: Is that an appropriate time for an adjournment?

THE COMMISSIONER: Yes. We'll adjourn until 2 o'clock.

**LUNCHEON ADJOURNMENT**

**[1.05pm]**