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INDEPENDENT COMMISSION AGAINST CORRUPTION

THERESA HAMILTON ASSISTANT COMMISSIONER

PUBLIC HEARING

OPERATION VIKA

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON THURSDAY 4 JUNE, 2015

AT 2.06PM

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

MR KATEKAR: All right. Commissioner, would it be convenient to continue with Mrs Homsey?

ASSISTANT COMMISSIONER: Yes. Yes.

<GAY ANNETTE HOMSEY, on former oath

[2.06pm]

10 ASSISTANT COMMISSIONER: Now, does anyone seek to – you're finished with Mr Homsey aren't you?

MR KATEKAR: Yes I am. Yes I am.

ASSISTANT COMMISSIONER: Does anyone wish to cross-examine Mrs Homsey?

MR MOSES: I just have a few questions, Commissioner.

20 ASSISTANT COMMISSIONER: Yes, Mr Moses.

MR MOSES: Yes, thank you. Mrs Homsey, can I just ask you some questions in respect of evidence that you gave earlier. You mentioned earlier in your evidence, but I may have been mistaken, that you referred to purchasing a property. You said we bought, we bought a home. Was that with your son Mr Homsey, Scott Homsey?---It as, yes.

Yes. And when did you purchase that home with your son?---Um, it was either June or July last year.

30 2014?---Um, yeah. 2014.

Thank you. And where did you purchase that property?---[REDACTED]

And who is the owner of that property?---D'Vine Group.

D'Vine Group is the owner of that property. And is it a residential property or a business property?---A residential.

40 Residential. And who lives in that property?---I do, my daughter, my grandchildren.

Thank you. And how much was it purchased for?---Um, oh, um - - -

To the best of your recollection?---520 I think.

And is there a mortgage on that property?---Yes.

With which bank?---Beg your pardon?

With which bank?---Um - - -

Again, to the best of your recollection?---Um, I think, is it Macquarie. I'm not quite sure. I think - - -

10 And do you know how much is owing on that property by way of the mortgage?---Um, no.

Okay. And who is responsible for making the mortgage payments on the property?---Um, I was to pay the mortgage ah, but I haven't been paying them because my husband was ill, my daughter was in and out of hospital, and I just didn't have - - -

And has your son been making those payments?---Yeah, he's been making them for me.

20 Okay. And you mentioned in your evidence earlier to Counsel Assisting that you would withdraw money from a bank account when your son would request that you do so?---Yes.

Yeah. And originally when D'Vine was undertaking work for the Rural Fire Service providing services I think money was being paid into your bank account, is that right?---Yes. Yes.

Before the companies were incorporated, correct?---Yes.

30 And the money that went into your bank account, who had access to that bank account? That is who could withdraw money from that bank account?---My son and - - -

Mr Scott Homsey?---Yes.

And yourself?---And myself.

And then of course there were companies that were then incorporated, correct?---Yes.

40 Yeah. And in respect of the bank accounts for those companies is it the case – and I'll go through each of the companies if I can – there were two companies weren't there, with bank accounts?---Yes, our accountant gave, told us to do two accounts.

And which – were you signatories to both - - -?---Yes.

- - - bank accounts?---Yes.

And apart from yourself was your son a signatory - - -?---Um, he could - - -
- - - to those bank accounts?---Yes.

You had a keycard?---Yes.

And he had a keycard?---Yes.

10 And the bank account you held, just going back if I can, in the name of Gay
Annette Homsey that was with the Commonwealth Bank?---Yes.

And in respect of the accounts for the companies, could you just remind me
how many bank accounts did the companies have that you were signatories
to?---The Westpac, the EMCS and D’Vine.

Yeah. So EMCS had a bank account at Westpac?---Yes.

20 And the D’Vine Group had an account at Westpac?---Yes.

So there were only two accounts and nothing else?---Yes.

And you mentioned that your current mortgage that the D’Vine Group has
on the property that you’re living in is with the Macquarie Bank. Is that
right?---I think it’s Macquarie.

Yeah?---Oh, look, the accountant - - -

30 That’s okay. I’m not - - -?--- - - - did all that. I - - -

I’m not going to hold you to it?---Okay.

I just want to know what your recollection is that’s all?---Yeah.

Okay. And who organised the mortgage at the Macquarie Bank for that
property?---Um - - -

Did you sign the mortgage papers?---Yes.

40 You did. Did your son?---(No Audible Reply)

If you don’t know say so. I’m not trying – it’s not a memory test. If you
don’t know say so?---No, I don’t – I know I went up and signed papers.

Yes?---I don’t know if – I don’t think – oh, look, I can’t say.

That’s okay. And with the Macquarie Bank did, did your son have a bank
account with the Macquarie Bank do you know?---No. Not that I know, no.

Okay. What about EMCS, did they have an account with Macquarie?---No.

And what about the D’Vine Group?---No.

Okay. Thank you. I have no further questions. Thank you, Commissioner.

ASSISTANT COMMISSIONER: Thank you, Mr Moses. Does anyone else seek to question this witness?

10 MS HALL: I do, Commissioner.

ASSISTANT COMMISSIONER: You do.

MS HALL: But I’ll go last if someone else - - -

ASSISTANT COMMISSIONER: I think you – I don’t think anyone else wishes to, Ms Hall, so you may start.

MS HALL: Mrs Homsey, you were taken to some – or you were shown a
20 purchase order earlier today and you gave evidence that Scott would tell you when orders have been placed by the Rural Fire Service?---Yes.

And he would tell you that John had made those orders?---Yes.

Is that right?---Yeah.

Did Scott ever show you any purchase orders?---No. I would never – I never saw any paperwork or anything.

30 Did you ever see any invoices that were prepared by D’Vine Taste or EMCS or D’Vine Group?---No.

Did you ever create any invoices?---No.

In your work as preparing the snack packs, was there any paperwork involved in that?---Just all I – paperwork for that was just to tick off the product as they came. Not often I did that. Other people used to make sure the product was right when it came into the warehouse.

40 So when you say product coming into the warehouse, is that when orders from example the confectionary company - - -?---Yes.

- - - would get delivered - - -?---Yes.

- - - someone would check - - -?---Check.

- - - that the right amount had been received?---Yes. Yes.

All right. And you would sometimes do that. Is that right?---Sometimes I would or my husband mostly did all that.

All right. What about when you sent out the snack packs, did you ever provide a list or check off how many were being sent?---Oh, we used to make – put down so we knew how many we sent down on a board and then when that went down we'd rub it off and ready for the next day to send down.

10 Did you provide any paperwork to whoever was taking that delivery?---No.

All right. You were asked some questions earlier about the amounts in the bank accounts?---Yes.

And you agreed that there were occasions where you did know how much was in the bank accounts?---Yeah.

Is that right?---Yes.

20 And is it the case that you knew how much was in the bank accounts because when you made withdrawals you got a withdrawal slip?---I got – yeah, and it'd be on the bottom of it.

Okay. What about when money was deposited into those accounts?---I didn't know anything.

Did you receive any notification that money was placed into your account? ---No.

30 Right. Did you ever check with Scott to see that you were being paid for what was being sent out?---No.

On the occasions where Scott asked you to go and get money or to arrange for money to be available, you would simply ring the bank to see that that amount could be collected?---Yes.

Is that right?---Yes.

You would occasionally yourself go and collect that money?---Yes.

40

In around August – I'll withdraw that. Sometime in 2014 - - -?---Yeah.

- - - an order was placed for 100,000 snack packs. Do you remember that? ---Yes.

Do you remember that that occurred in around August of 2014?---It was somewhere, I can't recall it, but I know it was, somewhere in the middle.

And how did you become aware that that – such an order had been placed?--
-My son told me.

Right. Was that a telephone call or in person?---Look, I'm sorry, I can't remember if it was in person or a telephone call.

When Scott told you that there was an order 100,00 snack packs what was your response?---I said, "Well I'll order them."

- 10 Why on that occasion were you going to order the product in?---A lot of occasions I used to ring up Central Coast Confectionary if Scott wasn't around and he'd ring me up and give me the order. And I'd just ring them up and say I need this, this amount, amount.

When you told Scott that you would do the order, that you would order in what you needed for 100,000 snack packs, what did Scott tell you?---He said I didn't need, don't order 100 and I can't remember how many he told me to order but I didn't order a 100.

- 20 Did Scott explain why you didn't need to order the full 100,000?---I think we did have a - I asked him and I think that's – I don't know if that's when he told me about what they were doing. I think - - -

Mrs Homsey, when you were asked questions by Counsel Assisting earlier this morning?---Yes.

- - - you gave evidence that you thought it was November - - -?---
November, yeah.

- 30 - - - 2014 when you first heard about the undersupply of snack packs. Correct?---Yes.

All right. Is it possible that you actually found out as early as August, 2014 when the order for 100,000 snack packs was - - -?---Most probably. I'm sorry I might've got that wrong with my other question. That would've most probably been when I found out because of the conversation.

All right. Just stop for a moment. Listen to the question?---Okay.

- 40 All right. Is it possible that you found out that Scott was undersupplying snack packs but still being paid the full amount when the order for 100,000 snack packs was made in August of 2014?---Yes.

When you were told about the undersupply but Scott still being paid the full amount, you were made aware that at least some of that payment was going back to John Hacking. Is that right?---Yes.

Why did you think – why did you tell the Commission earlier that it was November, 2014?---I don't know, I thought it was. I mean I'm sorry, I thought it was.

Is it your evidence to the Commission that whenever the conversation occurred it was connected to the order for 100,000 snack packs?---Yes.

When Scott told you about the arrangement with Mr John Hacking you told him to stop?---Yes.

10

After you had that conversation with your son you continued to make arrangements for money to be available to be withdrawn from the accounts and you yourself withdrew large sums of money of the account?---Yes.

You didn't ask Scott what was to happen with that money?---No. He just asked me to get it.

And you have already us that it was – you were highly suspicious that it was going back to John Hacking?---Yes.

20

Why did you continue to do what your son was asking when you yourself had already told him that it was wrong?---I can't answer that but it was his money, if he asked me to get it I'd get it and give to him and what he did with it was – I know I suppose – I don't know I just got it out for him.

Mrs Homsey, you knew it was wrong because you'd already told him, didn't you?---Yeah. I knew it was wrong.

Okay. Yet you continued to do it for your son. Is that right?---Yes.

30

And you say that the only reason that you continued to do it was because it was your son who asked you - - -?---Yes.

- - - and so far as you were concerned it was his money?---Yes.

On occasion you accessed that money that you thought of as his to pay for certain things, is that correct?---Yes.

And some of those things included for staff?---Yes.

40

Did you also have to pay for boxes and things like that?---Yes.

So occasionally you had access, you accessed the money to make payments?---Yes.

All right. And did you tell Scott you were accessing the money to get, to make those payments?---Yes. Yes.

Yes, thank you, Commissioner, that's the cross-examination.

ASSISTANT COMMISSIONER: Thank you, Ms Hall.

MR WHITFIELD: Commissioner, could I just ask something arising?

ASSISTANT COMMISSIONER: Yes, Mr Whitfield.

10 MR WHITFIELD: Yes. Ms Homsey, you were drawing amounts of cash out of that account, were you not, at the direction of Scott?---Yes.

And you were asked about certain amounts of money and their connection to John Hacking. How did you differentiate whether those moneys were for John Hacking or for wages or for other reasons? How do you know those specific moneys were for John Hacking?---For the amount that Scott asked me to get out.

You don't really know do you?

20 ASSISTANT COMMISSIONER: Well, she's given you an answer. She says by the amounts.

MR WHITFIELD: Well, how much would you draw out for wages each week?---Well it depends how many people that was working there. Sometimes it could be 3,000, sometimes it could be six. All depends on how big, how big the order was and how many people I needed to have there.

30 So relatively large amounts up to six or more?---Oh, sometimes six, sometimes three. Like I said it all depends on how many people were there.

Ah hmm.

ASSISTANT COMMISSIONER: And when you drew those amounts out did you pay the people?---Yes I did.

Right. So they were different from the sums you'd draw out to give to Scott?---Yes. Yes.

40 MR WHITFIELD: Thanks, Commissioner.

ASSISTANT COMMISSIONER: Thank you, Mr Whitfield. Thank you. Yes. Can this witness be excused?

MR KATEKAR: Yes, the witness may be excused and I recall Mr Hacking.

ASSISTANT COMMISSIONER: Thank you. Mrs Homsey, you're now excused and you may leave?---Oh, thank you.

ASSISTANT COMMISSIONER: Thank you.

THE WITNESS EXCUSED

[2.22pm]

ASSISTANT COMMISSIONER: Mr Hacking, the order previously made continues to apply to your evidence, as does your oath?---Yes.

Thank you?---Thank you.

10 MR KATEKAR: Where I got up to before the break, Mr Hacking, was that you had an accident in July, 2011, correct?---That's correct.

And you were off work for some time. I think you said you were off work from the time of the accident - - -?---Yep.

Late July, 2011 to the first week of October?---Thereabouts, yes.

You told me before. And you said that during that period Mr Homsey called you regularly?---Ah, he called me um, once or twice a week, yes.

20 Once or twice a week?---Yep.

All right. And the purposes of those calls was to see how you were, is that right?---Yeah, he um, he regularly called me um, just to check up, see how things were going.

Was he also looking for work in the upcoming fire season?---Not at that stage, no.

30 All right. Because in the upcoming fire season more purchase orders were issued to Mr Homsey for snack packs. I'll take you to a couple of them, but there was one for about 3,000 and one for about 4,000 in September, 2011. But you say you were away. So let's go to them. I've got one, all right, could the operator bring up, gosh, this hasn't been flagged. There was a, 20 September, 2011 there was a section 44 declaration and then the first invoice for 2011 is dated 20 September, 2011. You've signed off on the invoice on 19 October, 2011. Now, the problems that I'm having with this, or the issues that I want to talk to you about are these – first of all before the 40 2011 fire season did you talk to Mr Homsey about retaining him on an increased basis for the provision of snack packs?---Not that I'm aware of, no.

All right. Why was Mr Homsey's company chosen instead of Corrective Services?---Because Scott was providing the product faster than Corrective Services.

Faster. Corrective Services could provide it within a week if it wasn't urgent, couldn't it?---If they had the stock, yes. But if they didn't have the stock it could take up to two/three weeks.

Right. And if it was urgent they could do it quickly, do you say as long as they had the stock?---As long as they had the stock.

And so if they didn't have the stock then it could be slower?---Absolutely. Also they had an issue with the funding. Once it got to \$100,000 they needed to be paid. They didn't want to continue over that.

10 Right?---So they were obviously using the money from a different – some operating account.

Do you say that these were the conditions that applied in late 2011 which led you to increase the amount of orders being placed to Scott Homsey's company, to Scott Homsey?---That's, that's correct.

And did – before you, before you started placing those orders you knew before the 2011 fire season that you would need to have snack packs?---I came back in the October.

20 All right. When you came back – I see?---I think there was - - -

So you didn't do any preparation work in advance in were okay?---I was bed.

All right. All right. With this one that's on the screen now, you'll see that it's dated 21 November, 2011.

ASSISTANT COMMISSIONER: September.

30 MR KATEKAR: Sorry, sorry – I'll start again, 21 September, 2011, which is when you were away. That's right?---Yep.

And if the operator could go to the purchase order, hopefully that he's got a record of. It can scroll down. You'll see it's got your name on it and it's the same purchase order number but it's dated 14 March, 2012. Are you able to explain why this purchase order was raised six months later?---No.

40 Was it highly unusual for a purchase order to be raised six months later?---Absolutely. But again it's, it's a keying error in the spreadsheets.

I beg your pardon, it's a keying error in - - -?---It could be a – like you could type anything in a spreadsheet and it just comes up. It's not, it's not actually a date generated - - -

Well, I'll tell you this. There would be in this bundle at least 15 purchase orders created with a date of 14 March, 2012 with invoices on vastly different dates. And one of the questions I wanted to ask you, do you

remember why you created – why there was created under your name, a very large number of purchase orders with that date?---No.

Can you explain why that might've happened?---No.

10 I want to just go now – just while we're in this chronology, September, 2011. So this is before the 2012 season started, which is, well appreciate when things get a little more interesting, volume 13, page 60 please. I'd like if you could to explain this email, because I'm having difficulty understanding it. This is an email you sent before it comes up to Kylie Seary, who's Kylie Seary?---Kylie Seary works in accounts payable accounts.

And you copied it to Mr Springett and Mrs Buckett. It's 29 September, 2011. Now I'll remind you your records indicate that you were away this day but just for a day, I think. You were away, weren't you, because this is before you came back?---Mmm.

20 Then - - -?---Unless I sent something from home?

And – well, I'm just going to – “I'm not sure if Wendy and I will be able to make this meeting tomorrow”. Does that indicate that maybe you were back at work by this time?---That well could be, like it's the end of the month. Like I'd come back at the end, it could've just before the long weekend, I don't know.

30 Then, “I do disagree with your concept. I don't believe we can move away from manually ordering the section 44's. We're training up a number of people who don't have authority on SAP to place orders directly.”?---Yep.

Is this right that, that you had authority to place orders on SAP?---Yes.

Did Wendy Buckett?---Yes.

Did Mr Springett?---Yes.

Did Mr Lane?---Yes.

40 Okay. Although Mr Lane I don't think was employed at this stage was he? ---No.

No. But do you say that on the logistics desk doing a section 44 event there may have been other people who didn't have authority on SAP?---That's correct but - - -

Is this the problem?---Sorry?

Is that the problem that you're referring to?---We were discussing moving into SAP and, and we're still – well, before I left we're still discussing moving into SAP. At that stage SAP wasn't really set up. I think they had to set up another company code 501. I think the company code is 500 for the Rural Fire Service, 501 for logistics and it's one one-time vendors that had the issue.

10 Well, let's put aside one-time vendors for the moment because it's the case isn't it that D'Vine Tastes by this stage was not a one-time vendor. Do you agree with that?---Yes.

But as a matter of policy was this right, that at that time SAP was too clunky?---And still is, yes.

Okay. So you say it still is so if it's in the, in the – with the speed with which it is necessary to raise orders, raise purchase orders and process things in a section 44 environment is it your evidence that then and now that SAP is too slow?---Now you can place an order in SAP.

20 Yes?---But again it's the one-time vendors. It's – you've sort of got to use both spreadsheet and SAP.

I see?---If the vendors are set up on the system, yes, you could place an order in SAP now.

Well, let's just put aside one-time vendors. What you're really referring to is first-time vendors. Is that right?---First-time vendors, yeah.

30 So somebody who hasn't already supplied goods to the New South Wales Rural Fire Service - - -?---That's correct.

- - - they're not set up as a vendor on SAP. Correct?---Yes.

And so when a section 44 event arises you can't process a purchase order for those vendors through SAP?---That's correct.

And it takes too long to put them in. Correct?---Correct.

40 But on a manual spreadsheet you could?---Yes.

And do you say that if you have to do that for some of the section 44 purchase orders it makes more sense to put them all on the same spreadsheet?---Yes.

All right. It's easier to manage it there if you're putting them all in the one place rather than going back from the work spreadsheet to SAP, spreadsheet to SAP?---And I believe this was when SAP was just being introduced.

Well - - -?---Yeah.

I, I accept that but let's talk about now for the moment. Now a lot of vendors presumably are already on SAP?---Depends where the fire is.

10 Right. But there was – I'm just talking a little bit more generally, if there is a fire and you have some logistics requests so, for example, assuming that EMCS was continuing to supply goods to the RFS which I presume it's not, that it would be possible in a section 44 environment to raise a purchase order for EMCS because it's already entered on SAP. Correct?---That's correct.

But there would be other first-time vendors who aren't?---That's correct.

20 And you can't raise it for those who aren't and so I guess what I'm trying to ascertain from you is in that section 44 environment where you're on a logistics desk is, is this right that it doesn't make sense to have some purchases going through one, one portal as SAP and other purchases going through a spreadsheet?---That's correct, and also if a fire started oh, Friday or a Saturday the actual internal order wouldn't be set up.

How long does it - - -?---So you couldn't - - -

How long does it take to set up an internal order on SAP?---Accounts do that. I don't know.

But how long?---Oh, well, sometimes it takes Kylie – well, Kylie half a day to do it.

30 Right. So you can get going immediately with your, with your spreadsheet and you don't have to wait?---Yeah.

Now, I've just got a reference here. The following day there's, there's a note – and I might go to it – but there's – from Brett Wallace and Brett Wallace is at the Glendenning Warehouse?---Yeah.

40 Referring to loose cartons of snack packs having arrived. In 2011 is this right that boxes of snack packs would arrive from D'Vine Tastes and weren't in pallets?---Well, sometimes they turned up in the van, sometimes – or towards the end they were coming in on his truck.

On his truck. But they weren't in pallets?---No.

Yeah. They were in boxes?---Boxes, yep.

Boxes of 10?---Boxes of, oh I suppose, yeah. Boxes of 10.

Something like that. So well, the thing is that the early orders refer to increments of 1,000?---Yep.

And some later orders refer to pallets. You agree?---Yep.

But why do, why are purchase orders raised later down the track when they went to pallets – and pallets are 640, do you agree?---Yes.

640 in a pallet?---Yes. Well I, I believe so, yes.

10

Yeah. Why did you order in lots of 1,000 when they were being supplied in pallets of 640?---Um, the, that's just the way we just, I've just ordered it.

All right?---Yeah.

But in fact how would you know – if you've ordered 5,000 and you've got pallets how would you know whether the order's been fulfilled?---I would assume that they would count them.

20

That is you trust D'Vine Tastes or EMCS to count it so that it's right?---No. If, if it was being received at Glendenning wouldn't they count them?

But they don't know what the invoice is do they?---No.

So you're not trusting Glendenning, you're trusting the deliverer?---Yes.

Now, just moving forward can Exhibit 47 be given to the, Mr Hacking, please – and the purpose of showing you this, firstly, is to take you forward in time to March, 2012?---Yep.

30

And I'll just – that you'll see Exhibit 47 I think is a couple of pages long and it refers to phone calls between your mobile phone and Mr Homsey's mobile phone between the 5th of March and 19 March, 2012 and you'll see that there's quite a number of phone calls in that period. Now, this was at a time – I'll tell you – this may remind you of the New South Wales floods?--
-Ah hmm.

40

So should the Commission understand that at a time of the New South Wales floods that it wouldn't be surprising that you had that amount of telephone traffic between you and Mr Homsey?---Yeah, well, for - - -

It's possible?---It's possible if, if he was doing the catering, absolutely.

Right, okay. Because on 14 March, 2012 – I mentioned it to you earlier – could the operator go to volume 4, page 58, please? Now, this is a purchase order. I'll indicate this to you – this was a purchase order dated 14 March, 2012?---Yep.

Also on 14 March, 2012 this, you'll see this is for 600 RFS snack packs. See that?---Yep.

With your name as the authorised officer. There was two purchase orders for 600, one for 1,200, three for 3,000, two for 3,600, and one for 7,200 snack packs all on the same day?---Yep.

10 And the invoices were issued either on the 15th of March or the 23rd of March. Do you remember that happening?---Ah, well that normally did happen um, if - - -

Why?---If we were issuing goods out of Glendenning and sending them to different jobs I would order the stock back in against those jobs. Um, like retardant for example, if we sent um, all bails of retardant up to Grafton I would order four against that job um - - -

Four purchase orders?---Four purchase orders, yep.

20 Why?---It's just to keep - - -

Why not just one for four?---Well, it's just a, it's just a way of keeping track of it.

Well, see what happened here is that you issued multiple purchase orders generating multiple invoices. Do you agree?---Yes.

Then later what happened is that you would issue one invoice for several thousand and you would get back multiple invoices?---(No Audible Reply).

30 I'll take you to some of them?---Yep.

I'm – my question, all right. Do you say to the Commission now you don't remember occasions on which you would issue an invoice for say, 5,000 snack packs and you'd get five invoices for 1,000 each all dated the same day?---I, I don't understand why you would do that, no. No, I'm - - -

40 It's the case isn't – and you told the Commissioner earlier – that you needed – when an invoice came in under a section 44 that you needed to have it countersigned by somebody with the delegated authority. Do you agree? ---Agree.

And commonly the person who would be cast with the responsibility of signing them was Mr Steve Yorke?---Agree.

Agree? And it was your impression wasn't it that Mr Steve Yorke often signed things put in front of him without paying too much attention to what he was being asked to sign?---No.

No. You think he did?---I, I think, I think Steve went over them.

You do?---Yep. I, I know Steve was overwhelmed with a lot of invoices but um - - -

10 Bear with me. Because that's not my recollection of what you've told the Commission earlier. But putting that to one side here's my suggestion to you, that you orchestrated a situation in which Mr Yorke would be inundated with paper to reduce the prospect that he would actually look at what he was being asked to sign?---Not correct.

There's a document in this bundle, I can take you to it, which is a logistics overheads which indicates that in doing – for any fire season there's something in the order of 4,000 purchase orders and 18,000 invoices generated in relation to it?---That's - - -

Do you agree with that kind of figure?---That's correct, yes.

20 And so that the, someone like Steve Yorke would have to sign something like 18,000 invoices?---Yes.

Yep. And you knew that if you inundated him with loads and loads of invoices that it's much more likely that he'd just be flicking through and signing them without checking them carefully?---Not correct.

30 Do you say that Mr Yorke looked at 18,000 invoices very carefully and checked that they were all appropriate?---I, I wouldn't say he would have looked at every one of them like that but no, I certainly didn't orchestrate it, no.

40 Can you just wait for a second? They were different events. Can you just wait on for a second, Mr Hacking, I've got to pick you up on one of your earlier answers but while I'm at it at page 125 of – could the operator please bring up page 125 of the transcript of Mr Hacking's interview? I haven't read it yet but that's what my note says. I'm doing this slightly blind because – yep. When it comes up. You were asked in that interview, page 125, line 12, Mr Grainger asked, "So was that a common practice that Mr Yorke would just sign things?" "Yes," was your answer, yes – and that Mr Grainger then said, "Okay, did he ever quiz you about what those things, these things were for?" Hacking, that is you, "No." So can you explain to the Commission what, where the truth lies? I'm trying to understand what your evidence is?---Um - - -

Do you say that it was common - - -?---Mr Yorke does sign things and I, I, we don't stand in front of him and wait for him to sign it. It's, it's sent down in a pile, in a like a folder and it comes back up.

Right?---So he does question um, invoices from time to time and we follow up on paperwork and so forth but - - -

Did he ever question you about a snack pack invoice during, for a section 44 event?---I don't believe so.

Yeah. Don't remember ever that happening?---No.

10 The second thing is that – hold on, I've just got to check something. Each of the, each of the purchase orders that I drew your – that I referred you to a minute ago were for the Western New South Wales floods?---Yeah.

Did you – was the evidence that you gave to the Commission if there are different events you'd raise different purchase orders?---The floods had five or six staging areas. There was Wagga, Hay, there was different areas. So they would've been, being sent to different parts of that one job. Not on the one truck.

20 The situation was, wasn't it, is that you were – the customary in practice with the snack packs was that you would ask them to be supplied to Glendenning. That's right?---Some, yeah, well - the majority of the time, yes.

And then they would be dispatched from Glendenning to where they needed to go?---Yes.

So you only needed one purchase order to get them to Glendenning?---
Yeah, yes.

30 And the real reason you generated multiple purchase orders was to generate multiple pieces of paper to reduce the prospect that somebody above your head too carefully at them?---No. Do we have the logistics requests for those particular purchase orders?

No. None of them. None of them. Are you able to explain that?---That's why I'm asking so I could just go back and check them.

40 Right. None of them. Now just going forward slightly in time. Now, okay. That dispenses, no, it doesn't dispense with March, 2012. Because it was also in March, 2012 that you've told the Commission that you were given \$1,500 for a chip - - -?---That's correct.

- - - for your car. Why did you accept that money?---At the time I wasn't doing very well. I was sick. I was taking antidepressants, I was taking Endone and Tramadol. I'd been drinking that night and he phone up and he – basically he just said to me “What are you doing?” And I just said “I'm just researching for a chip for my vehicle.” And he says “Well, I'll get it for you.”

And you, you accepted the money?---Yes.

You knew that Mr Homsey was a customer of the Rural Fire Service?---
Yes.

And you knew that in making the payment to you he was seeking to encourage you to give him further work?---You could take it that way, yes.

10 And around the same being March, 2012, there's a record of you issuing a very large number of purchase orders in favour of his company. Were you encouraged to issue them to him as a result of that payment?---No.

Were you encouraged to issue further work to Mr Homsey's companies as a result of him paying you money?---No.

20 Did you at any stage, like you said you were drinking and you were taking Endone, you had been drinking and taking Endone, did you have pause at any time to reflect on your decision to keep that money?---The next day I thought about it but I didn't do anything about it though.

Why not?---Stupidity.

30 Could the operator please go to volume 13, page 136 please. Now, this is a meeting request. Now, I've been told and reminded by Mr Springett's counsel that on 3 July, 2012 Mr Springett was not at work. He was not at work that week. This refers to a meeting request, a meeting between you, Mr Springett and Mr Hacking. Did you have a meeting with Mr Hacking around this time – Mr Homsey sorry. Thank you?---I'm not too sure but obviously going by this probably we – yeah, probably.

Well, I'm going to put a couple of things to you?---Yeah.

Okay. So you don't – well, let's have a look. This in July, 2012 in the run up to the 2012/2013 fire season?---Yeah.

You agree?---Yeah.

40 And in the run up to the 2012/2013 fire season did you have a meeting with Mr Homsey to discuss supply of snack packs for that season?---Yes, it could have been.

Well, it was a practice wasn't it?---It was a practice to, yeah, catch up with the suppliers, yes.

Catch up with the suppliers including Mr Homsey - - -?---Yes.

- - - to discuss what products he would be supplying in the forthcoming season?---Yes.

So he was going to – so you, you met with him around this time and you’re saying you don’t remember but it would have been a practice for you to have done so?---That’s correct.

10 Now, you’ve given evidence in your interview that it was around October, 2012 so later on in the year that a skimming arrangement began?---That’s correct.

Was it actually around this time, earlier, before the fire season started, in about July or August, 2012?---No.

20 All right. First proposition. If you’re sure about that when – what triggered the start of the skimming arrangement?---He phoned me. He told me that he was having problems with his company at the time. I did say earlier on it was 2011 but it was October, 2012. He phoned me up and said, “John, I’ve, you know, got issues, got taxation issues.” And I didn’t really want to lose him as a supplier. He was a very, very good supplier. He, he did the job and he come up with the idea of – he said, “Well, we can solve both of our problems,” and come up with the, the arrangement.

All right. Two things. One, solve both of our problems. What problems did you have?---I didn’t have any problems but he said - - -

Well, why did - - -?--- - - - he said you could have – earn a little bit out of it.

30 Earn a little bit out of it. Did he suggest to you at that time that you would split the skim?---Yes.

And did you split the skim?---Not at that stage, no.

When did you start splitting the skim?---The – he started paying me some large amounts of money into my account in the 12/13 of about 231,000.

Ah hmm?---The 13/14 period I picked up \$45,000 in cash.

40 Ah hmm?---And the 14/15 period up until the day I got apprehended was 80,000.

All right. We’re going to take you back to this. I’m going to go back to the July/August, 2012 but first I want to ask you this, you say there was a commencement of the skimming arrangement in October, 2012?---Correct.

And there was – you say there was a 10 per cent skim. Do you agree?
---There was 10 per cent, yes.

10 per cent skim?---For the first year, 10 per cent the second year.

Did you take money from the entirety of the 10 per cent skim?---He just paid it into the account so I don't know – I don't know. It obviously looks that way, yes.

It does look that way?---Yep.

10 What it looks to the Commission is that you were getting 10 per cent of the invoices that he was issuing? Do you agree?---Could well be, yes.

They were the invoices that you issued to him?---On his request, yes.

Well, yeah. But you issued him with those 10 per cent invoices, do you agree?---Yep.

And if you were splitting the skim doesn't that suggest that there was a 20 per cent skim then?---No, it wasn't 20 per cent then, no.

20 How would you know whether there was a 20 per cent skim there?---I don't. But that was the, that wasn't the deal.

So he told you that he would skim it by 10 per cent, do you agree?---That's correct.

How would he profit out of that?---He, he caught up with me in the, the following years.

30 Well, if he was going to solve his own tax problems by giving you a skimming arrangement he'd need to make money out of it wouldn't he?--- You would assume so, yes.

And if he was giving it all to you he's not making money is he?---(No Audible Reply).

So, Mr Hacking, the reality is the arrangement that was proffered to you in October, 2012 was a 20 per cent skimming arrangement on which you would be given half, isn't that right?---No. Not correct.

40 Just turning back to July/August, 2012 there was a couple of other changes that were implemented from the previous arrangement. One was that your brother Darren Hacking would start getting some work. Do you agree?--- Agree.

Did you ask Mr Homsey to give your brother some work?---No.

Did he suggest it?---Darren done a couple of jobs for him when he was looking for some caterers and I suggested well, Darren's a qualified chef so

he, if you need him you can give him a call. Um, did I suggest it? No. But he, he told me that he was giving him some snack packs and that so - - -

Mr Homsey told you that he was giving work to your brother didn't he?---
He told me, yes.

Which you were pleased about because your brother was otherwise short of work wasn't he?---Yes.

10 So that was a benefit that you got, or your brother got through your supplier wasn't it?---Well, I wouldn't say, well, well I wouldn't say it was a benefit.

It was a benefit to your brother wasn't it?---It was a benefit to my brother, yes.

And you were very pleased weren't you that your brother was getting a lot of work from Mr Homsey?---Pleased in the sense that we were providing a service to the Rural Fire Service.

20 No, you were happy as, you were happy that your brother was getting money through working for Mr Homsey, weren't you?---There's a lot of um, yes.

Yeah. And you told Mr Homsey that?---I told Mr Homsey that, no.

You never mentioned to Mr Homsey that it was terrific that your brother was getting plenty of work from him?---No. He used to tell me that he was giving him work.

30 Yep. He was telling you that because he wanted to make it absolutely clear that he was doing you a favour by giving your brother some work?---But that happens all through the Rural Fire Service.

Is the answer to my question yes?---Yes. But that happens through the Rural Fire Service and I can give you some examples now. Um, Clayton Utz - - -

40 I don't need any examples, thank you. What I want to take you to is the next change. Is Mr, sorry, there began a pattern where after there was a section 44 notice two things happened. One, a substantial order for snack packs would be placed to Mr Homsey, and second there would be two, at least two, usually two courier invoices raised. Are you aware of that pattern?---No.

Are you aware - - -?---But we did use Scott's drivers to do deliveries, yes.

There was two of them. One was Danny, one was Ray. You know about that?---I know Danny.

Yeah. Do you know about Ray?---I, I heard Paul mention Ray but I didn't deal with him.

Did you know that Ray was a friend of Paul's?---Yes.

10 Did you know that – well, at least the evidence so far being put to the Commission is something along these lines, that Paul would get Ray to do a job. That Paul would pay Ray in cash. That a purchase order would be then raised for Mr Homsey. Mr Homsey would issue an invoice for a job that he did not do, get paid on it and then pay Mr Springett?---That he did not do?

That Mr Homsey didn't do - - -?---Oh.

- - - because Ray did it?---Okay.

Were you aware of that happening?---I was aware of it, yes.

20 Yes. Did Ray actually do anything?---Yes.

Was Ray paid the amount of money that as raised in each purchase order? ---I don't know.

What about Danny, did Danny do anything?---Yes.

Was he paid the amount of money that was raised in the purchase orders? ---I don't know.

30 Next, if the operator could please bring up volume 5, page 61. Yes, no, that – hold on, bear with me. I might have messed this up. No, page, volume 13, page 137, 137, volume 13, page 137. I'm sorry about that. On about 24 August, 2012 you lent your brother \$5,000. Do you agree?---Yes.

And that was because you knew he was doing snack packs for - - -?---That's correct.

And that was the first order of snack packs that he was doing?---I believe so, yes.

40 Yeah. And he needed that money essentially to get going?---That's correct.

And then if the operator could go to volume 5, page 61. This is a purchase order and I can indicate this to you, it was subsequently the subject of an invoice which was authorised and paid that of 3,600 of Picnics, Wagon Wheels, Jupiter Bars, Pretzels and clear bags. Did you raise this purchase order?---Yes.

Was it for your brother?---No.

What was it for?---For the repacking of snack packs that we did in-house at Homebush.

Why were clear bags needed?---Because when you pull the old, the old bags apart and pull the stuff out and repack them you've got to put them in new bags.

10 Could the witness please be shown Exhibit 1. Sorry, Exhibit 22. Sorry about that. Exhibit 22. Do you have that, it's the, it's the snack pack. You don't need – the proposition is a snack pack is closed with a twist isn't it? ---That's correct.

You don't need to rip the bag do you, in fact it's hopelessly inefficient to rip the bag isn't it?---That's what we did.

Well, it's just very hard evidence to believe and I'm just going to put it to you straight?---Yeah.

20 That rather than rip it over and then repack a full back why don't you open it, take out the bit that's stale and put in a new bit and reclose it?---What we, what we had – we had people taking all the stuff out of the bags and putting them all on the tables and then we had – then we were repacking them. They weren't doing it one at a time so they were doing it in big lots.

30 Now next – bear with me. I'll just take you here. If the operator could please go to volume 5, 172. Now this is – I mentioned this to you earlier that I would do this. This is one of these purchase orders of 5,500 dated 6 September, 2012. They're then followed, five invoices each dated the same date and looking the same as page 174 where you have signed it on your own and there's no other signatory. And there's 1,000 each and then there's one for 500. Now my proposition is – we've probably traversed this area before but this is when you started going to multiple invoices. Why?---I didn't go to multiple invoices.

40 And there's a number of these including this one that's on the screen now where the – you're the only signatory and it seems to happen a lot. Where you able to get things through with your signature alone?---I didn't have the delegation so I don't know why it would've paid.

MR WHITFIELD: Commissioner, could I ask at this stage, through you two Counsel Assisting, whether these – this money's going to be all traced through at some point in time? Because we're asking about this – we're asking about money, we're asking about doubling up of invoices but are we going eventually get to see what happened? Whether the money was actually paid?

MR KATEKAR: Excuse me. I'm just reminded, I thought this was the case. At the front of each folder of the invoice folders in the brief is a spreadsheet and that tracks through purchase order invoice payment.

ASSISTANT COMMISSIONER: Yes. So you can check it out Mr Whitfield.

MR KATEKAR: You can check it out.

10 ASSISTANT COMMISSIONER: It's all there. And I'm presuming we're saying these invoices were paid, is that what you're saying?

MR KATEKAR: Yes. That might, they can be checked.

MR MOSES: I can confirm that, Commissioner, that those invoices were paid.

ASSISTANT COMMISSIONER: You can confirm that?

20 MR MOSES: Absolutely.

ASSISTANT COMMISSIONER: Yes.

MR MOSES: My friend – as Counsel Assisting has noted those spreadsheets demonstrate that so I'd like my friend to lead with that.

MR WHITFIELD: As a double up. As a double up payment.

30 MR KATEKAR: Not as a double up. No, it's not a double up. These are – the proposition is that there was one purchase order for 5,500 and there were six invoices raised under it. Five for 1,000 each and one for 500 each. All dated the same day, all signed by Mr Hacking on the same day and approved for payment.

MR WHITFIELD: Only one total payment.

MR KATEKAR: I don't – I don't know one total payment but that's not really the proposition.

40 MR WHITFIELD: Well that would be five payments but totally the original invoice?

MR KATEKAR: Yes.

MR WHITFIELD: Yes, okay. Thank you, Commissioner.

MR KATEKAR: But I'm not saying it's a double payment, I'm saying that it's multiple - - -

MR WHITFIELD: Well, you're suggesting that it's been paid twice, I thought.

MR KATEKAR: No. I'm not suggesting it's been paid twice. I'm suggesting to Mr Hacking that there was an arrangement between Mr Hacking and Mr Homsey to split up the invoices into lots of little ones to make it harder for the person who had to authorise them to detect that there were these invoices going through and to increase the likelihood that they were just signed in the vast volume of paper that they'd been given.

MR WHITFIELD: Well thank you for that. But I'm not sure he's understanding that but you've now clarified that for me and - - -

MR KATEKAR: I think I put those things squarely to Mr Hacking. Do you agree?---Yes.

And he's rejected them?---And that wasn't the case, no.

20 But, but I will say this, I know I got an answer, there's a number of invoices like those six where you're the, you're the only signatory on them. Did you know a system? Like, like I know you've told the Commission today, well you know, I sign it and it goes into a big pile and it shouldn't get paid unless somebody else has countersigned and if it doesn't get countersigned it should come back. But did you know a system that, that you could arrange it so that it was paid and did get paid with just your signature?---No.

All right. Right, next could the operator bring up volume 13, page 153 please? Now, yeah, I just want to – oh, I'm sorry. I can't remember now. Bear with me. Volume 13, page 153, this is the email to you of 11 September, 2012 attaching some stickers, proposed stickers for the EMCS first aid pack?---Yep.

And you were communicating with Mr Homsey in relation to how the stickers for his proposed pack would look?---I was, yes.

And you were proposing to procure those snack pack – those first aid packs, do you agree?---That's correct.

40 Yep. And you didn't go through any ordinary procurement process in accordance with the original schedule that I showed you did you?---No.

For those medical kits?---No.

Because you were proposing to get them on a section 44, correct?---That's correct.

So you waited until there was a section 44 before you ordered them?---
That's, they're only used for section 44, yes.

Well why didn't you order them in advance?---Because we only, we only
order them when we require them.

But don't go off?---No, no, no, I understand that. But, but - - -

10 The fact of the matter is you were squeezing it through under a section 44
procedure so you didn't have to go through the procurement process, that's
right isn't it?---At this time that procurement process wasn't in place. That
procurement process only came in to place last year. That - - -

You know before that procurement process that I showed you before was
concerned that before you procured anything for the New South Wales
Rural Fire Service you had to go through a careful process of checking
before it was procured. Do you agree?---I agree, yes.

20 Yeah. And so for a 50,000 order you would need to get some sort of tender
or checking about competitive prices before an order was placed. Do you
agree?---For normal items, yes.

Yes?---But not for section 44 items, no.

30 But this is where I'm coming from – I'm sorry, I don't mean to interrupt
you but the problem is this isn't it, is that you would wait until a section 44
event was called then you could sign something saying that it was all
terribly urgent so that you didn't have to go through the procurement
procedure?---That's correct, and that's same as for aviation retardant and
gels.

Why didn't you – this was in September, 2012 at which time there was no
section 44 in place, that's right?---That's – well I don't know.

Yeah. So why didn't you go to the market at that stage and figure out what
was the best possible medical kit that you could get for the best possible
price for the New South Wales Rural Fire Service?---No reason.

40 No reason other than you wanted to give it to Mr Homsey, that's right?---I
was working with Scott, yes.

Yeah. And you wanted to give it to him?---I wouldn't say I wanted to give
it to him but I was working with him, yes.

You wanted to wait until there was a section 44 so you could just give it to
him without having to worry about going through the process of deciding
whether his was the best product for the best price, that's right?---Well, we

were purchasing the same thing from RAPP Australia for \$1 more and we used to buy it through section 44.

Well, but you could have gone through the process. If what you're saying is right, Mr Hacking, what you could have done was go through the process and make that decision through the appropriate, through a method that satisfied the New South Wales Rural Fire Service that it was the best produce for the best price couldn't you?---That's correct and that's the same for a lot of products that we purchase for section 44, yes.

10

And you decided not to so that you didn't have to?---No. Not necessarily, no.

Because Mr Homsey was your friend?---Oh, he, he befriended me, yes.

And you had reached an agreement where there would be a 10 per cent skim from which you would profit?---On the snack packs, yes.

20

And so because you had that arrangement with him you wanted to give him other things as well?---I was working with him. Yeah, absolutely.

Just on that, do you know whether for the dissemination of a product which includes items such as paracetamol to members of the public that some kind of Therapeutic Goods Administration approval is required?---No, I don't.

You don't know whether and you didn't check?---No.

30

Now, can I just check this. Did you know that on 21 September, 2012 which is the same, I think the same date – no, 11, 11 September, 2012 was your exchange in relation to the first aid kits that ten days later your brother was given \$40,000 by Mr Homsey. Did you know that?---No.

Right. Did you – but also on 21 September, 2012 the same day, that was the day on which you were - \$3,000 was placed into your account by Mr Homsey for a computer?---That's correct.

Yeah. Did you think that you should have given that \$3,000 back?---Certainly thinking about it now, yes.

40

Yeah. Right. Why did you keep it?---I, I can't answer that. I, I just got it.

All right. And there was a \$38,000 deposit - - -?---Yeah.

- - - on 23 November, 2012. You agree?---Correct.

And that wasn't a loan was it?---No, it wasn't.

No. That was just a payment?---That's correct.

You were also – hold on. Excuse me. All right. I might have missed something but the 1,500 and \$3,000 that you kept - - -?---Yeah.

- - - at this time, starting in March, 2011 you were also selling mobile phones weren't you?---That's correct.

Were you under any particular financial pressure at that time?---No.

10 So you didn't need it?---No.

You just did?---I just did.

Right. Won't go there. Sorry, I'm just going to try to see if I can short circuit some of this. Now, will the operator please bring up volume 13, page 161. Telling you what it is before it comes up. It's an email that you sent to Michael Fletcher at the Department of Corrective Services and he'd sent you an email on 15 October, 2012 - - -?---Ah hmm.

20 - - - noting that by that stage in October, 2012 there'd been a few section 44's and so he started by saying that I'd ask how things are but look like they'll be, continue to be busy and offering you snack packs. You see that halfway down the page?---Yeah.

And then you responded, "Sorry for the delay. Had forgotten. The RFS has contracted a catering company for the fire season. In their down time they've had them making snack packs even though this is costing the same", just pausing there. It wasn't costing the same was it?---No, it wasn't.

30 "We're trying to cut costs as our catering bill is normally through the roof. We've decided to have a caterer available at all times." That wasn't the reason why you were sending the business to Mr Homsey was it?---No.

And then you've said, "As the season goes on I'm sure when these guys are fully committed I'll be coming to you for snack packs. I just need to ensure I get value for money out of the contractors at the moment." You didn't say to them that, "I've gone to somebody from whom I can get more reliable supply"?---Um, through Holly McPherson through meetings, yes.

40 You didn't say to them - - -?---But not, not with Michael. Michael, Michael is the, the chap at um, at the Corrective Services. Holly was the um, I think like a sales lady for Corrective Services.

All right. Was the, so this was in a sense perhaps a little bit of soft soap?---Yep.

Because Mr Singh from the Department of Corrective Services has told us that the CSI would be able to turn around the receipt of a purchase order in

about a week but if it was urgent in a couple of days. And you answer to that is well, they could if they had the stock but not if they couldn't, not if they didn't, is that right?---So if, if we issued a purchase order to them - - -

Yeah?--- - - - today they could turn it round in two days?

No. When they did it for you that that's what they could do. That's what he's told the Commission in his statement?---That they carried stock and had it?

10

No. I'll read it out to you. "CSI - - -?---Yep.

This is paragraph 15 of his statement. "CSI would not order the products until a purchase order was received"?---Yep.

20

"If there was no urgency for the order the turnaround from receipt of purchase order to dispatch of goods was about one week. If it was an urgent order because there was a bushfire emergency we could turn the order around in a couple of days. Once we were able to order the products we usually received them from the suppliers very quickly and could use extra inmates from other areas to get packing done urgently. If I heard the news, if I heard on the news that there were bushfires starting Michael Fletcher, the senior overseer at the time, or I would contact the New South Wales Rural Fire Service to see what orders were anticipated so we could order products in advance of the purchase orders to provide a shorter lead time." Do you say that the Commission should not accept that evidence but should accept it from you instead that they were unreliable suppliers who would often take some weeks because they didn't have the stock?---They were unreliable suppliers but they, they did provide a product but they – not two days.

30

They provided you with some, the New South Wales Rural Fire Service with some 800-odd thousand - - -?---Yes.

- - - in I think it was 2009/2010?---'10, yes.

That's right? And you didn't look at changing supplier at that stage?---No. Well, we didn't have another supplier, no.

40

Well, no. And there was something like 50 section 44 events in that year, you agree?---Agree. Oh well, I'm taking your word, yes.

Yeah. And then, well actually, can we pull up that thing that I did in the opening, the graph. Let's go there. And then my recollection is this, just from my recollection of the numbers and they'll be confirmed, that in 2009/2010 there were 50 declarations. In 2010/2011 there none. In 2012 there was two. In 2012/2013 there was I think 32. And then there was less than that in 2013/2014 – and red figures are the amount of invoices issued

by either D'Vine Tastes or EMCS, because it changed entities along the way – and it's right isn't it that the reason why the orders increased was because you wanted that amount of orders to go through because you were looking to get 10 per cent of those numbers?---Not, not entirely correct but yes.

Part of the reason?---Yes.

10 And after the 50, section 44 events in 2009/2010, no step was taken by the New South Wales Rural Fire Service to consider replacing the Corrective Services Industry as a supplier of snack packs?---Oh, I'm not sure.

I probably need to do this. You may remember from my examination of Mr Homsey if the, if the operator could bring up volume 7, the volume 7, page 229. That graph, may I tender that graph actually? It was an aide memoire, don't worry about it. Because the underlying evidence is there. No don't worry about it. 229. This is a little bit complicated but I think we can do it quickly. This is an email from Mr Homsey to you of 31 October, 2012 and then proceeds to attach, you'll see in the attachments there a large number of documents being referred to. Each of which is an invoice. And behind 20 that is a large number of invoices including – I don't remember how many of them there are, but the total invoices for ration packs according to my count is \$571,010. And then following that there's an invoice from you of that's 31 October, 2012. There's an invoice from you to Mr - - -?--- Homsey.

- - - Homsey of 4 November, volume 13, 168. And I'll just tell you, there's another invoice of 4 November, so that's for – if that can be scrolled down, that's the total of 31,900. There's another one for just under 8,000 at 30 volume 13, page 166. And those two are about 40 and then if you add in the one from your brother around the same date of 12 November, volume 13, page 174. You get to about 10 per cent of that figure, it's about 55,000. Was your brother Darren paid a part of your 10 per cent profit share on the skim?---No.

No. All right. I don't think I need to put those other things to you, I think they're accepted. Excuse me. Could the operator please go to volume 13, page 179. This is an email from Mr Homsey to you of 8 January, 2013, saying "Can you please get the purchase order for Raymond courier trip. Thank you". So that indicates to the Commission that you did know about 40 Raymond. You agree?---Agree.

What did you know about Raymond?---That he used to do courier jobs for us.

Okay. For Paul Springett?---For, for the RFS, yes.

For the RFS. Did you pay Raymond?---No.

Did Mr Homsey pay Raymond?---I'm assuming he did, yes.

All right. Why did you – all right. Okay. By sending you that email you're assuming that he has. I see. But you don't know?---I – no, I don't know, no.

Because - - -

10 ASSISTANT COMMISSIONER: Sorry. Look, why couldn't Raymond just be paid by the RFS?---I, I don't know. It was, it was just because D'Vine Tastes was already set up as an account. I don't think Raymond has an ABN or anything like that. I think he was just getting paid cash.

By the RFS?---No, by Scott Homsey.

But I thought he was doing work for the RFS?---No, no, doing work for Scott for the RFS as a courier.

20 I just don't understand then how the RFS had to come into it at all. Scott Homsey could have just paid him as a contractor to himself?---That's, that's correct but it's the courier doing a job for the RFS moving stuff around so we have got to pay Scott.

30 MR KATEKAR: Thank you, Commissioner. Could the operator please go to volume 7, page 924. I'm going to take you through a couple of documents and then I'm going to ask you a question. The first one is, this is an email from you to Mr Homsey, Thursday, 10 January, 2013 and it says, "Attached logistics purchase order" and the content of the email is, "Darren \$500" and if you go to the attachment which is at page 925 it's got, "Pick up portable repeater from Tuncurry to Nowra" and the estimated value is 650 and you're shown as the authorised officer?---Yeah.

There's a section 44 number and then if the operator could go to page 928 which is the invoice raised under that purchase order for \$715 which is 650 plus GST. Did Darren actually do anything?---Yes. He was - - -

40 Why did you say "Darren \$500"?---Because I, I said to Darren \$500 to remove the repeater down from Forster down to Nowra. He was going down to Nowra to do the catering job. There was a section 44 at Nowra at the time and he was the caterer at Nowra.

Was Darren paid \$500?---I assume so. I - - -

Why did you raise a purchase order for 650?---Because Scott used to put a percentage on it.

Right. So, so in raising that purchase order you're saying to Scott pay Darren 500 and take the rest for yourself?---Yes.

Why?---That's what he quoted.

Why didn't you just get the work to Darren yourself?---Because Darren wasn't on the books.

You were worried that the New South Wales Rural Fire Service would think that there was a problem with you arranging work for your brother. Do you agree?---Yes, I agree, yeah.

10

Yeah. So that's why he wasn't on the books. Correct?---Correct.

So you paid – so you got Scott to do it through him?---Well, he was working for Scott at the time and he was going to do a job at Nowra for Scott.

Right, so you're telling – by this email and purchase order you were effectively retaining Darren to do something, do you agree?---Yes.

20 But arranging for it to be done through Mr Homsey, do you agree?---Yes.

From which Mr Homsey would profit \$150?---Yes.

Now, I'm just going to take you to one thing – I've touched on it briefly but I just want to ascertain this – it's just, I just want to ask you this – this is about processing and approval of catering invoices. Now, this starts at page 916. It's an email from you to Mr Homsey on Wednesday, the 9th of January. So it's the day after you asked him to organise something – and I can see where you're coming from with Nowra. If you go to the purchase order, "Catering staff required to feed between two, 200 in three troupes." Presumably that means 300. "45 per hour. Estimated value, 0." And then – it's actually – anyway, it doesn't matter. There's two purchase orders for the same thing but they have the same number. Then page 915, that's what I'm interested in. There's an invoice and it says, "Provide catering staff for Nowra base camp to cater breakfast, lunch, and dinner for RFS personnel at \$55 an hour, \$67,710." Did you get any more information than that?---No. That's, that's the information I got.

30

40 Yep. Did you do, was it your practice not to ask for any more information other than that kind as represented there in the invoice?---No.

You just trusted that that was a fair and accurate amount rendered for that service?---Yes.

Well – I've just got to make sure I don't miss something. It's in here somewhere. You stopped selling phones on eBay on 19 September, 2013. Why?---Ah, no particular reason.

Well, you'd been selling them for about two and a half years?---On and off, yes.

Why did you stop?---I, no particular reason.

Because after that you started giving them away to your friends and family didn't you?---That's correct.

10 Well why – you thought better – did you start thinking better of it?---Yes.

Or were you making so much money from Mr Homsey you didn't need to anymore?---No.

Now, could the operator please go to volume 8, I think it's page 103 from the look of this. Yep. Where I'm coming from with this is this – as it comes up – this is a logistics request. The person making the request is you but it's been signed I think by Mr McKechnie?---Ah hmm.

20 Note some comments below, this is – I'll tell you this, this is the day of a section 44 declaration in relation to the Greater Taree and Port Macquarie Hastings LGA and the purchase order is at page 104 but – and it shows you the date but just going back into page 103, notes and comments at the bottom “To replace stock issued to Great Lakes Taree,” is that right, that this purchase order was made during a section 44 event?
---Yes.

To replace stock used for a purchase, for a section 44 event?---Or, or events, yes.

30 Yes?---Or class 1 or class 2, yes.

But the stock the subject of this order was not going to be used for this event?---No.

You just used the procedure in order to raise the order?---No.

Well, isn't this right, that through this \$159,500 worth of snack packs was ordered, correct?---Correct.

40 And it wasn't an emergency?---It could have been replacing stock at Glendenning that's been used over emergencies, yes.

It's been used over the emergencies, this is the point, it's been used over emergencies but this stock could come in any time over the coming weeks couldn't it?---Oh, it could, yes.

It wasn't urgent in that respect was it?---(No Audible Reply)

You didn't need it that day?---No.

You just needed it back in stock?---That's correct.

So you could have used an ordinary procurement procedure for the purposes of ordering, making an order for goods of that quantity?---Well, if that's the case that's the same for all section, all orders placed with section 44 that are not required - - -

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

That's right isn't it?---Yep.

You could?---Absolutely.

And you could choose simply to use the section 44 procedure for urgent things only?---Absolutely.

20 And not for non-urgent things?---Absolutely.

Yeah. But you did?---But I did, yeah.

Why?---And that's just common practice.

Well, it's common practice but it doesn't make any sense does it?---It's putting stock back, it's putting stock back into the warehouse but like it's, that's just common practice, that's just how it's been done.

30 How it's been done?---Yeah.

Is there another element to it that, that if you're using a section 44 procedure you get a section 44 number, do you agree with that?---Or ops response number, yes.

Yeah. And then it gets allocated to the firefighting fund for reimbursement? ---That's correct.

40 So it doesn't come out of the New South Wales Rural Fire Service's budget?---That's correct.

Is that why the procedure is done?---That's correct.

It's correct also isn't it that the section 44 procedure can't be used for the purchase of capital items, correct?---That's correct.

But could be used for the repair of items during a section 44 event?---That's correct.

Yeah. Because, bear with me, oh, gone past it, and around September 2013 the ICAC was investigating the State Emergency Services, correct?---I believe so, yes.

Yeah. I've lost my reference to something. I'll come back to that topic, I think it's in my next volume. (not transcribable) time, the same thing. Could the operator please bring up this document. It's volume 13, item 14, I don't know what that means, page 344. Yeah, sorry, it just says, Mr Hacking, to (not transcribable) SS logistics, is that the Glendenning warehouse?---That's correct.

"Morning gents, can I please have an idea what's left in stock in relation to the following snack packs, water". See that?---Yeah.

And then it says "SAP haven't been updated due to the workload". Do you update SAP?---Whoever's on logistics at the time does a goods receipt miscellaneous with the quantities.

Okay. This is my question. Didn't you tell us a little while ago that it's the people out at a warehouse that updates SAP on what their receipts are?---On goods receipts - - -

On goods receipts?--- - - - through SAP, yes. Through the orders, yes.

What, what are you doing up at warehouse with SAP?---No, no, no. Through a SAP order they go in and tick it saying the goods receipted something but if it's a section 44 we go in and do it.

Section 44 you go in and do it?---Well logistics.

But – so when you say SAP haven't been updated due to the workload?--- That's - - -

Is that – are you saying that the people out at the warehouse haven't updated SAP?---No. We haven't updated SAP.

Well, do you update SAP?---With the goods receipt miscellaneous for section 44, yes.

All right. I just don't understand that. Goods receipt miscellaneous?--- That's, that's a receipting function in SAP that doesn't have a purchase order, a SAP purchase order attached. You can actually load the items up into the SAP.

So was there a process whereby after there was a manual entry on the spreadsheet there was an entry into SAP?---Only when they've told us out at Glendenning, yes. If we, if we had time.

If you had time?---Time, yes.

So there would be, and is this up until the time you left, some sort of arrangement whereby there was still the manual spreadsheet happening?--- That's correct.

But that there would be an entry into of items onto SAP as well?---We're, we're trying to use SAP to issue so we can track it and then do journals across to the different, it's very cumbersome, I know.

10

Can you address my question, please. In this way, I don't mean that – but that – so that I can understand. The spreadsheet is still used for the purposes of generating the purchase orders?---Correct.

So it's still in full operation. You agree? As far as, well the time you left - - -?---Yes, yes.

At the time you sent this email it was?---Yes.

20

But that in addition to that or at least in parallel there was also a system of taking some information from that spreadsheet and putting it onto SAP in the miscellaneous purchases section?---Not from SAP but actually from the deliveries. When they got, they count, they would count it and let us know what's there then we upload it into SAP or goods receipt miscellaneous.

Oh, so they would enter in at the warehouse and you would upload it into SAP?---That's correct.

30

All right. But why were you asking them what's left in stock in relation to - I see. So that is they hadn't been sending the information in relation to SAP so you didn't know what was there?---That's correct.

And that's, that's how to understand this email?---That's correct.

40

Right. And I think we've, I'm just going to put this to you squarely. I think there was some questions of Mr Homsey we put to him that in November, 2013, there was a cash withdrawal and if it makes it easier let's do this. Could the witness be shown Exhibit 51, please. That, that there was, there's a cash withdrawal of 11,000 on 18 November, 2013 and then there was some following SMS's and telephone calls with you. And I asked Mr Homsey is this right that there was a cash payment to Mr Hacking at this time and he said, yes. And I think that the estimate was 10 or 11,000. Is this right that you say there was no cash payment at that time?---No. I'm saying it was 10,000.

10,000 at that time. All right. Can the witness please be shown Exhibit 52. It was the later ones. Okay. There was 10,000 at that – sorry – 10,000 and

10,000. Did you receive 20,000 in cash from Mr Homey at around 13 December, 2013?---'13/'14 period I received \$45,000 cash.

But that - - -?---I, I, I don't know. He's got more there than what I actually received.

Right. So to the extent that it's more than 45 you say you didn't get it because you just got 45?---\$45,000.

10 Whichever - - -?---Yeah.

Okay.

ASSISTANT COMMISSIONER: Did you record that somewhere?---I did have it recorded but I normally delete it when things but it's the same as the recording of the phone of when I was apprehended. Similar.

20 I'm sorry, I'm not understanding. Did you write down somewhere, you know, received 10,000 today or something?---No, no. I've put it in, in my phone in the notes.

Right?---And then after that, that fire season I just delete it.

So now you're going by memory?---I'm going by memory but it was 45,000 definitely.

Yes. But you have no written record about that?---No, I haven't, no. Sorry, Commissioner.

30 MR KATEKAR: Could the operator please bring up volume 9, page 454 please. This is an email from you to Mr Homsey of 8 January, 2014, "Scott, this is an order for the purchase of the shelving and installation into the container"?---Yeah.

This was a container used by Mr Homsey for the purposes of providing a mobile kitchen facility?---It was our container at Homsey's, yes.

40 Yeah. So you - RFS was paying for it but it was being kept by Mr Homsey?---That's correct.

And that, and this was for the purchase of the shelving and installation into it?---That's correct.

So if you look at the purchase order that's attached to that email 453, you'll see that the purchase order number is an S44 number - - -?---Yeah.

- - - so it was put under the section 44 procedure?---Yes.

And it says “repair and replace shelving”. See that?---(No Audible Reply)

And you put that in because you know – you knew at the time that if it was for a purchase - - -?---That’s correct.

- - - you wouldn’t get it through but you did it that way so you could?
---That’s correct, yes.

10 All right. Now, there’s – just following on the questions earlier we’ve – there’s Exhibits 54 and 55 showing cash withdrawals. You don’t have a recollection of whether or not you actually received money on particular occasions around this time you just say you only got \$45 – 45,000?---I got 45,000. That’s correct.

That’s it. All right. I won’t take you to those.

20 ASSISTANT COMMISSIONER: Well, according to Mr Homsey you got 90,000 so that’s quite a big difference isn’t it?---Yeah, well, I dispute the last two payments.

MR KATEKAR: When you say you dispute them, do you say - - -?---I didn’t receive them at all.

- - - you just didn’t get them at all?---It was \$45,000 that year.

All right. Now, next. First of all you knew in June, 2014 that, that you, you were overstocked with snack packs and you started giving them away?
---We do that every fire season, yes.

30 You do that every fire season?---Yes.

When you say every fire season, which ones?---Well, if there’s, if there’s stock coming up out of date or if there’s water coming up out of date we do offer it out to the districts to use it for their hazard reductions.

Is that because you’ve over-ordered them in the first place?---That could be the case, yes.

40 Yeah. Could you go to the – could the operator go to, pull up volume 10, page 25 please. This is a memorandum to the Commissioner from you?
---Yes.

And I think you gave evidence in your interview that this followed a discussion between you and Mr Springett?---Yes.

And you decided that you wanted to have an advanced purchase?---Of snack packs, yes.

Of snack packs?---Yes.

And you knew that 100,000 snack packs would be worth about \$1.45 million?---Yes.

Why wasn't it done through an ordinary procurement process?---Because it was for section 44.

10 Because it was for section 44 – and then it would go under the section 44 budget?---That's correct.

Right. But you knew it was going to be a quiet season coming up?---No, it was, it was predicted to be a um - - -

Right?--- - - - a fairly active season.

All right. Because Mr Homsey's told the Commission that in June, 2014 you told him that it was expected to be a quiet season?---That's incorrect.

20 That's not correct. And that it was in connection with the quiet season that you expected that – he said, he's told the Commission that you said, "We're not going to need 100,000 so just supply 80"?---Sorry, can you repeat that again, sorry.

Mr Homsey has told the Commission that in about August, 2014 when there was an order for 100,000 - - -?---Yes.

30 I withdraw that. It wasn't August – well it may have been. July/August, 2014. I think it might have even been before the order was issued. You told him these things, firstly there was a meeting. He said that there was a meeting between you and him at the canteen at the New South Wales Rural Fire Service?---That's correct.

Yeah. Was there anybody else there at the meeting?---No.

And he said to the Commission that on the way out that you said to him that there should be a 20 per cent skim?---Incorrect.

40 Right. And that in that context he said that you told him that there was going to be a quiet season coming up?---Incorrect.

Right. And at this stage up until the time of this memo is it your evidence there was a 10 per cent skim?---That's correct.

But then it moved to a 20 per cent skim?---That's correct.

When?---Um, at that – it was actually at that meeting.

At that meeting?---In the canteen.

In the canteen?---Yes. Um - - -

Was anybody else in the canteen?---Oh, there was a couple of people I suppose but nobody around us.

10 Right?---Um, I mentioned to Scott that SAP EAM was coming and we've got to stop this, SAP ah, Equipment Asset Maintenance, whatever. "We've got to stop doing this," and he suggested, "Well, let's make it worthwhile and go to 20." I said, "Okay."

But you were already getting 10 per cent?---(No Audible Reply).

Half of 20 is 10, you agree with that?---Correct.

20 And at the end of 2012/2013 you were getting 10 per cent?---Only for the first year. The second year I didn't. I only got 45,000 and there was about 180,000 snack packs issued in '12/'13. 200,000 in '13/'14. And 100,000 in '14/'15.

So you say that for the first year you got, 2012/2013 you got 10 per cent and then it went down and then for this season you were going to increase the skim so that it was going to go essentially up back to 10 per cent?---Correct. But he increased the skim.

He increased the skim. But does that mean that there was a 20 per cent skim in the first year?---No. Well - no. No.

30 Why were you getting all of it then in the first year?---I, I don't know. He was just putting money into my account. Hence that's - - -

You don't - so, sorry, is this the answer - you thought there was a 10 per cent skim but there might have been more and you wouldn't know?---That's correct.

40 I see the time but I just want to ask one more thing, and I am actually almost finished. I was hoping to finish today but regrettably I'm going to spill over into the morning. This volume 10, page 27. Now, I'll just remind you on 2 August, 2014 there was a section 44 declaration in relation to the Clarence Valley?---Yep.

And on 4 August, 2014, two days later there's a logistics request that you created. Do you agree?---Yes.

And at the time you created it it did not have the quantity of 100,000 placed in the left-hand column?---No, that's correct.

And you presented it to Mr Yorke for signature?---Yes.

And he signed it?---Yes.

Without any figure in the quantity?---Yes.

Did you draw his attention to it?---No.

10 Was it in amongst a pile of other things he needed to sign?---I think it was with two or three other logistics requests for water and for Chubb.

Was this all based on the original memo that you had done on 30 June, 2014?---Yes.

And was it, was it in the State Operations Centre at the time – were you in the State Operations Centre sitting at the logistics desk at the time?---No. No.

20 So it was in his office?---No, no, it was – I was at my office.

You were at your office. Where was he?---Oh, it was – he was in his office, yes.

So you went to his office or you put it in his tray?---I could have put it in his tray.

You don't remember?---I don't remember, no.

30 But you knew at the time you gave it to him first of all that the quantity was blank?---That's correct, yes.

But that it was issued against the memo for 100,000. You agree with that? ---Yes.

And that it as your intention when you got it back from him signed that you would fill it in 100,000?---That's correct.

Did you expect him to look at it carefully before he signed it?---No.

40 And you knew didn't you that Mr York – just bear with me – was the group manager for response and co-ordination at the time?---Yes.

And his delegation was 150,000?---Yes.

And he couldn't sign anything that had anything more than that?---But he, he signs them all.

Well, you knew that he didn't have delegated authority to sign something, a logistics request for \$1.45 million worth of goods did you?---Yeah, but on the memo - - -

You knew that?--- - - - didn't the Commissioner sign that as well.

I beg your pardon?---On the memo didn't the Commissioner sign it as well.

The memo did but the logistics request is not?---No. Okay.

10

Correct?---Correct.

So when you sent this logistics request to Mr York with the understanding that it would have 100,000 on it you knew that he didn't have authority to sign it?---Yes.

All right. No further questions. I see the time.

ASSISTANT COMMISSIONER: Yes, we will - - -

20

MR WHITFIELD: Commissioner?

ASSISTANT COMMISSIONER: Yes, Mr Whitfield.

MR WHITFIELD: I have a little problem in the morning.

ASSISTANT COMMISSIONER: Yes.

MR WHITFIELD: I may be late. I have spoken to my friend. Maybe
30 Mr Arthur Hacking could be interposed. I'll hopefully be here no later than half past 10.00, even before that. If that was in order, Commissioner?

ASSISTANT COMMISSIONER: Yes.

MR KATEKAR: I'm happy to interpose Darren in the morning. I can do that and I'll try to do it very quickly.

ASSISTANT COMMISSIONER: As long as we can keep moving I'm
40 happy with that.

MR KATEKAR: Yes.

MR WHITFIELD: Thank you, Commissioner.

ASSISTANT COMMISSIONER: So we will adjourn until 10 o'clock tomorrow.

MR KATEKAR: Thank you.

THE WITNESS WITHDREW

[4.02pm]

AT 4.02PM THE MATTER WAS ADJOURNED ACCORDINGLY

[4.02PM]