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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE MEGAN LATHAM

PUBLIC HEARING

OPERATION TUNIC

Reference: Operation E13/1800

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON THURSDAY 28 MAY, 2015

AT 9.35AM

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

THE COMMISSIONER: Yes, thank you. Yes, Mr Naylor.

**<DARREN WILLIAM BULLOCK, on former affirmation**

MR NAYLOR: Thank you, Commissioner.

10 Mr Bullock, I want to return briefly to some matters yesterday and then proceed on with some questions in relation to the other properties. Just before we begin I want to suggest to you a way of approaching the balance of your evidence. What I'd like to suggest to you is that I will as we go through refer to particular documents and describe them and put certain propositions to you in relation to those documents and I'd like to proceed upon the assumption, if I may, that you're familiar with the document, that through Mr Chee you've had access to the tender bundles, you've got access to my summary?---Correct.

That will avoid I hope having to show you the documents every time?  
---Yes.

20 That's what takes up the Commission's time?---Yes, I understand.

If at any point you're not sure as to which document I'm referring to or you're confused or you're not sure in any way, just let me know and the document can be made available to you?---Right, yes.

It can be put on the screen at the same time but if you need the hard copy, let me know?---Okay, thank you.

30 All right. Thank you. So you were – I just want to return first of all to these, the questions that were being asked of you yesterday about policies and procedures. You were aware, you were aware were you not that the MSB did have policies and procedures about repairs to properties that had been damaged by mine subsidence?---Correct.

And even if you couldn't recall the detailed content of those policies and procedures you were aware that they were in existence?---That's correct.

40 And you also had access to them if you wanted to avail yourself of them?  
---Correct.

Right. And you were aware, were you not, that from 2005 to May 2012 that a policy in relation to repairs to properties existed, the substance of which was that if the value of the works to be done was less than \$5,000 then you only needed one competitive tender. That's right?---I wouldn't remember the date of the, when the policy came in and when it finished.

All right?---And I can't recall when the one – I don't remember the exact timeframe or whatever or, yeah, I don't.

Okay. You're saying you don't remember the detail of the policy?---I don't, I don't remember the detail, no.

Okay. All right?---No.

You're not denying that there was a policy?---I'm not denying there would have been one in existence but I really don't remember what it was and that.

10 Okay?---It changed lots of times so - - -

Sure. And the substance of the policy at that particular time, indeed from 2005 to May 2012 was that if the, just so you're aware, that if the value of the works to be done was less than \$5,000 one competitive tender was required, that was the first part of the policy, if the value of the works was from \$5,000 up to \$10,000 you needed to seek three tenders, you only needed to seek them, you didn't need to obtain them?---Ah hmm.

20 And then if the value of the works was from \$10,000 to \$20,000 you definitely needed three competitive quotes?---I believe what you're saying.

All right then?---Yeah, yeah.

And from \$20,000 up you needed to go to an open tender. That was the substance of the policy from 2005 to May 2012?---Okay.

All right. And you could have accessed that policy if you'd wanted to, you had available the documents?---Yeah, it was there, yeah.

30 And you're aware also of the financial delegations that were always in force in relation to yourself?---Yes.

All right. So from January 2007 you were aware that you had a certain financial delegation? Just pardon me?---Like I say, I wouldn't remember when it kicked in and when it stopped - - -

40 All right?--- - - - because there's been so many chops and changes to it I really can't remember dates and I can't remember the specific amounts within those dates. I'd have to just rely on what you're telling me is correct.

There was a change in the financial delegations, was there not, while you were the manager of the district office?---There's been a couple, there's been a couple of changes I think.

Okay?---Yeah.

All right. And they're reflected in the documents - - -?---Yeah.

- - - that you've had access to?---Yeah.

And you were aware also, were you not, that there were limits based on the policy and procedures documents, there were limits on the extent to which variations to original contract prices could be approved?---Yes, yeah, and they had lots of changes as well I think along the way as well.

10 Certainly from March – well, indeed from December 2011 there was a limit of 15 per cent of \$10,000 to a variation, whichever was the lesser. That sound right, doesn't it?---Yeah, I think, I think depending what you read, somewhere when I've been reviewing documents lately it's a bit ambiguous. Some say 25 like we read yesterday.

I'm not, I'm not - - -?---I'm sorry.

I'm just asking about your understanding, that's all?---I, I, I really don't know whether it's 15 or 25 to tell you the truth.

20 Okay. Before 2007 you didn't have any power, did you, to approve a variation to a contract, you yourself, it had to go up the line, didn't it? ---I don't remember.

Right. Can I go back to 42 King Street which we were looking at yesterday. What I had put to you yesterday, sir, was that no third quote had been received. I put to you a slightly incorrect proposition. What your obligation was at that particular time was to seek three quotes, not necessarily to receive three quotes, but to seek three quotes, and that's because the estimated cost of repairs was \$6,000, so it was in that range from five to \$10,000. You needed to seek three quotes but not necessarily receive them.  
30 And you sought two quotes, according to the records?---Well, I don't remember.

No, no, I'm just, I'm telling you according to the documents - - -?---Okay.

- - - that you sought two quotes, one was from Plantac and one was from A&DJ?---Ah hmm.

40 All right. And, but there's no letter on file indicating that you sought a third quote. That's what the documents suggest?---If that's what you're saying I believe you.

Right?---Yeah.

And if you had sought a third quote there would have been a letter on file, wouldn't there?---There should have been, yeah.

Because that was the, that was the process you adopted, you sent out letters to those to whom you were inviting to tender. That's right?---Not, not every

time, sometimes we'd ring them, sometimes we'd send faxes, there's varying ways.

And if you'd sent a fax you'd keep a copy of the fax on the file?---You'd presume so, yeah.

And if you'd made a phone call you'd make a file note and keep that on the file?---Probably not.

- 10 So you're suggesting that the files are incomplete in some way in that at least in relation to those telephone calls?---Yeah, probably, yeah.

Probably. You're not sure?---I'm not sure.

Right. So if someone came along after, as ICAC has done, and looked at the file and compared it to what the policies and procedures says it would appear as though there's a deficiency in the file, wouldn't it?---That would be correct.

- 20 Yeah. And the other explanation for that deficiency is that you just did not seek the third quote?---It could be varying reasons.

Yeah. Well, in this particular case 42C King Street there isn't a letter, there isn't a file note, there isn't a fax suggesting that you sought a third quote. Accept from me that proposition, sir?---I'll accept that, yeah, yeah.

And I want to suggest to you that the explanation for that is because you did not in fact seek a third quote?---I don't remember.

- 30 All right. And you did that intentionally, that is, you failed to comply with the requirement to seek a third quote intentionally?---No.

All right. And you did that because you – the only tenderers you wanted to be involved were Plantac and A&DJ?---No.

And that's because you had a corrupt relationship with each of them?---No.

- 40 All right. And had – because the – had you invited a third tenderer and had that invitation been taken up you might have received a quote from that third tenderer which was the lowest in which case you'd have to accept it. That's right isn't it?---Well, if that was the circumstance, yes.

Right. And you didn't want that to happen because you had a particular relationship with these other tenderers that enabled you to arrange for the payment to you of secret commissions?---No.

All right. So it was your intention to ensure that there were only two tenderers and the two tenderers were Plantac and A&DJ?---No.

All right. And in this particular case, sir, you did in fact make an arrangement with Mr Salmon to obtain a secret commission of \$3,000?  
---No.

That's right isn't it?---No, that's not right.

10 And Mr Salmon did in fact pay you cash in relation to that and other jobs in relation to which you had made arrangements to obtain secret commissions from him through the inclusion of those amounts and invoices sent to the MSB. That's right isn't it?---No.

All right. 42C King Street, essentially I want to put to you, sir, the same series of propositions as what I've done in relation to 42C. This is 42 King Street. The cost of repairs had been estimated at \$5,000 by you. That invokes the rule that you need to seek three competitive tenders. Yes?  
---(No Audible Reply)

20 Accept from me that that's the rule - - -?---Yeah.  
- - - that applies?---Yeah.

And the file reveals that no third quote was sought. That only two quotes were sought, one from Plantac, one from A&DJ. Accept from me that's what - - -?---Yeah. Yeah.

- - - the file discloses?---Look, I'll accept what you say.

30 All right. And the reason you didn't seek a third quote in relation to the work to be done at that property was essentially for the same reasons as what I've just put to you in relation to 42C King Street, that is, you deliberately failed to comply with the requirement to seek a third quote because the only tenderers you wanted to be involved, Plantac and A&DJ, were tenderers with whom you had corrupt relationships?---No.

All right. And you only wanted them involved because you wanted to obtain a secret commission in relation to the work to be done at that property?---No.

40 All right. Because at that particular property, sir, you did in fact obtain a secret commission – sorry, rather – withdraw that. You did in fact arrange with Mr Salmon to obtain a secret commission being \$3,000. That's right isn't it?---No.

All right. And Mr Salmon did subsequently make a payment of cash to you at some time so that you could receive the benefit of your part of that secret commission. That's right isn't it?---No.

All right. Let's go to the next property, sir. We're still in King Street, 42A King Street. See this is a job in which you in your claim investigation report had estimated the cost of repairs to be \$10,000. This is in – this is on 10 October, 2007. Accept that from me - - -?---Yeah, I'll accept it, yeah.

- - - that that's what the claim investigation report says?---Yeah.

And as I say, if you need to look at the document say so?---No, that's fine.

10 But that invoked the rule that you needed to obtain three competitive tenders at this point in time. That's what the rules seem to say?---I'll accept it, yeah.

Right. And in fact you obtained two tenders, one from Plantac and one from A&DJ and the file reveals no third quote on the file. So there was a failure to comply with that requirement to get a third quote. That's right, isn't it?---I'll believe you, yes.

20 And you did that deliberately, didn't you?---No.

In order to obtain a secret commission from one or other of those prospective tenderers, Plantac or A&DJ?---Yeah.

See in this particular case, sir, you had arranged with Mr Salmon for him to add a secret commission of \$6,000 onto his quote. That's right, isn't it?---No.

30 Right. His quote, his quote, sir, was 22,920 plus GST and incorporated within that was \$6,000 which it was intended that you and he would share in equal proportions. That's right, isn't it?---No.

Okay. The Plantac quote, sir, was \$21,426. Accept that from me that that's what's in the documents?---Accept it.

40 If you need to look at it say so. Let's compare those figures with the cost of repairs, \$10,000. Each of those estimates are more than double the cost of repairs. And the file shows that you recommended that the Plantac quote be accepted. It's a slightly lower one but it's still in excess of double the cost of repairs?---Based on the figures you're saying, yes.

Right. Well you shouldn't have recommended that that quote be accepted because it was well in excess of the estimated cost of repairs?---We always sent them up no matter how, what the difference was between the estimate and the quotes.

Well there was a rule, was there not, that if the tender was more than 25 per cent of the estimated cost of repairs then it couldn't be accepted?---I don't know that rule. Like I said, you showed me yesterday.

Okay?---That's my first recollection of ever seeing that and we've always had the practice of this, no matter what the estimate was and what the tenders came in send them up to get approved.

Well, what - - -

10 THE COMMISSIONER: Sorry. I just wanted to make sure I understood this. You mean to say no matter what the estimate was even if it was four times the cost of the repairs? Is that what you're meaning to say?---Yeah. Yeah. It could be anything, yeah.

20 So if there were repairs that were costed at let's say \$10,000 and the estimate came in at \$50,000, that wouldn't trouble you at all? That wasn't something that would give you cause?---We'd have a look at it and I mean without looking at the, I don't know whether the scope changed or whatever during the tender meeting, I guess there's a few variables there that could've happened on all different jobs but generally sometimes what you'd find is that when we did the claim to when we did the tender there was quite a gap and there may have been additional damage or that and it's not reflected in the report.

Well, no, no, we're not talking about additional damage, we're talking about where the estimate wildly exceeds the actual cost of the repairs. That disparity would never trouble you?---No.

30 MR NAYLOR: You see, so whatever the rules might say, whatever the rules might say actually doesn't make much sense that you would make a recommendation that a quote be accepted, in this particular case, sixteen days after you had prepared the report estimating the cost of repairs to be less than half of what the particular quote was that you were recommending to be accepted. It doesn't make sense that you would make that recommendation without at least making further enquiries or you had another - - -?---Well maybe that's it. I can't remember what I did. I mean there's 800, 800 jobs there on the books. I can't remember what enquiries I made on every single job.

40 Well, but we're just dealing with this particular one 42A - - -?---But I can't, I can't remember that job.

- - - King Street. But as a matter of common sense, sir, you're not just going to sign off on a recommendation that exceeds by more than 100 per cent the estimate that you've put on the job just a short time before without - - -?--- There must be - - -

- - - without doing something about it. Isn't that right?---There must've been some reason behind it but I can't remember.



And you'd expect wouldn't you that the reason would be disclosed somehow on the file?---You'd expect so, yes.

Right. And if it's not disclosed on the file then it raises questions does it not about the propriety of your recommendation?---No.

10 All right. Because, you know, I would have thought, sir, that if you got two tenders that came in more than double the estimate that you've put on the job you'd have to say to yourself well gosh, we might need to go to tender again because these quotes are just so wildly over my estimate that they're – it's not credible and we'll just have to go through this process again otherwise my estimates, you know, are very problematic and that's, that's one way of thinking about it isn't it?---I don't know. That's your opinion.

THE COMMISSIONER: Well, Mr Bullock, you in fact had some relevant history and experience in costing repairs didn't you?---I did.

20 You spent quite a long time doing a similar thing for the Commonwealth Bank didn't you?---Westpac.

Westpac?---Yeah. What I'm saying, Commissioner, I guess is if you look at the, the whole picture of the jobs, like I say, there's 800-odd jobs or whatever I've had to price, these percentages are out. It's probably a small percentage. I don't know what it is but I don't remember it happening too often. I reckon a lot of the time we're pretty well in the ballpark.

30 MR NAYLOR: See if – the other way of – one way of looking at it as I suggest is to say something – if something is wrong with these tenders we'll have to go through the tender process again. The other way of looking at it is to say there's something wrong with my estimate. I think I'll have to revise my estimate, in which case you'd expect to see something on the file such as an amended claim investigation report. That's right isn't it?---No. We – like I say, the practice was if it was out a bit we just – we got them signed by Greg or Mike Clark or whoever it was to just - - -

40 THE COMMISSIONER: Mr Bullock, we're not talking a bit. You see this is the problem. We're not talking a bit we're talking more than double and from what you said a short time ago it could be as much as four times the estimate it wouldn't trouble you?---I can't, I can't remember different ones. I mean this is I think the first time this has come up in all these jobs. I just don't remember a circumstance.

MR NAYLOR: So I want to suggest to you that the reason that you made the recommendation that the Plantac quote be accepted even though it was more than double your estimate was because you were, you were embarked upon a process of trying to obtain a secret commission in respect of the works to be done at this job. That's right isn't it?---No.

And that's, that really is the explanation for why you failed to comply with – even if – whatever the procedures and policies might say, you failed to comply with what anyone would have regarded as a reasonable response to a situation where you get two tenders which are more than double the, the estimate that you had put on the job. That's right isn't it?---No.

10 All right. Let's go, sir, to – we're still in King Street, 35 King Street. This is another job, sir, in which you had estimated the cost of repairs to be \$10,000. You put a qualifier on it, \$10,000 if brickwork can be matched. Now, so this is another job in relation to which you were required under the rules at the time, this is November, 2007, to obtain, to obtain not just to seek but to obtain three quotes. Yes?---I believe, yes.

Okay. And you obtained, you obtained a quote from Plantac for \$5,600 plus GST and you obtained a quote from A&DJ for \$7,260 plus GST. Accept that?---Yes.

20 And you didn't obtain a third quote?---I'll accept it if that's what it says, yeah.

All right. And in this particular case you arranged with Mr Salmon for a secret commission to be added to his quote in an amount of \$4,000 which was intended to be shared equally between the two of you. That's right? ---No.

Right. And see he had put the true value of the job down, according to his evidence, \$3,260. See that, that's his evidence?---I mean I have to believe you, I can't see it but I believe you, yeah.

30 That's his evidence. That's a long way short, sir, of \$10,000 which was your estimate. You'd agree with me about that?---Oh, yeah, I agree with you, yeah.

And so what happened here, I want to suggest to you, sir, is that you deliberately failed to comply with the requirement to seek a third quote because the only tenderers who you wanted to be involved were Plantac and A&DJ. That's right?---No.

40 And you only wanted them involved because you had a corrupt relationship with each of them?---No.

That's right?---No.

So again you were embarked upon a process in relation to this job to obtain a secret commission?---No.

And you would be – it might be difficult to obtain that secret commission had a third tenderer been involved because they might come in with a quote under the other two quotes. That's right, isn't it?---No.

Right. See, and I also want to suggest to you that your estimate of \$10,000, the only reasonable explanation for it being so high relative to what Mr Salmon says was the true value of the works, was that you deliberately inflated it to make provision for the inclusion of a secret commission. That's right, isn't it?---No, that's not right.

10

Okay. Let's go to the next job. King Street still, 34B. You had estimated the cost of repairs to be \$5,000, so that invoked the rule that three competitive tenders needed to be sought, even if not three needed to be obtained. Accept from me, sir, that proposition?---I do.

You had obtained, pardon me, you obtained a tender from A&DJ for \$5,080 plus GST. That's what the documents show, sir?---Ah hmm.

20 And it didn't – no other quotes appear on the file. So I want to suggest you, sir, that you deliberately failed to comply with the requirement to seek two other competitive tenders?---It wasn't an emergency work job? Can I have a look at that file?

Sir, can you just – yes, you can have a look at the file of course. Could the witness be provided, please, with Exhibit T54 commencing at page 431? ---Sorry, what was the number again?

431 is the front of the file?---Yeah. And what page am I going to, 431?

30 431 is the front of the file and it goes through to 453 is when the claim is – the claim is right at the back of the file?---Ah hmm.

453. And then if you work backwards you'll see the balance of the file? ---Yeah, no, it doesn't seem to be an emergency job from what I can tell out of here, no.

40 No. So the point you were thinking about was if it was an emergency job then the rules in relation to obtaining quotes don't apply, do they?---Well, they, they apply but you can deal with one quote or whatever or it's just different circumstance. Yeah, so I just wanted to see.

In this quote, in this case, sir, you'd estimated the cost of repairs at \$3,000, at \$5,000 rather and three competitive tenders needed to be sought. You only sought one tender and that was from A&DJ and you failed to comply with the requirement to seek two other tenders. That's right, isn't it? ---Yes, based on that, yes.

Right. And the reason that you did that was, and I suggest to you it was deliberate, was so that you could arrange for the inclusion of a secret commission within the price that was going to be tendered by Mr Salmon?  
---No.

And in this particular case that's precisely what you did when you asked him to include a total of \$4,000 in his price, \$2,000 of which was intended for you and \$2,000 was intended for Mr Salmon?---No.

10 So he said, sir, in his evidence that the true value of the work in relation to this job was \$1,080 plus GST. Accept that from me, that that's what his  
- - -?---I can only accept that's what he said.

I'm sorry?---I can accept that's what he said.

All right. Thank you. And you see \$1,080, it's a long way short isn't it of \$5,000 which is the cost that you put on the job, isn't it?---Oh, it is, yeah.

20 Yeah. And the explanation for that, the explanation for that is that you deliberately inflated the cost of repairs in your claim investigation report for the purpose of making allowance for or including provision for that secret commission that you did in fact arrange with Mr Salmon?---No.

All right. Going to the next property, sir, we're still in King Street, number 31. 22 May 2008 you estimated, you prepared the claim investigation report and estimated the cost of repairs to be \$10,000. Accept that from me?  
---Yep.

30 As I say, if you need at any time to look at the documents just say so. That invoked the requirement for three quotes to be obtained, according to the policies and procedures in relation to repairs to properties. Accept that from me?---Ah hmm.

And you obtained quotes from Plantac, \$11,900 plus GST, and A&DJ, \$10,510 plus GST. That's what the records show. And the records also show there's no third quote on the file. Accept that from me, sir?---I accept it, yeah.

40 And that failure to obtain the third quote was deliberate on your part, was it not?---No.

The reason that you failed to seek the third quote was because again had you got a third quote from someone and it was the lowest quote you'd be obliged to accept it, wouldn't you?---Well, we naturally accept the cheapest quote.

Sir, you've already given evidence that you accepted the lowest quote?  
---Mmm.

Right. So if you had received a third quote from another building contractor and it was lower than the two quotes that I've just told you about from Plantac and A&DJ you'd have to accept it, wouldn't you?---Of course we would.

Right. And you didn't want that to happen because that would deny you the opportunity of making an arrangement with one of, one or other of Plantac or A&DJ to obtain a secret commission. That's right isn't it?---No.

10

Because in this particular case you did make that arrangement with Mr Salmon, didn't you?---No.

You made an arrangement with Mr Salmon to add \$3,000 plus \$3,000, a total of \$6,000 to his tender price. That's right isn't it?---No.

And you see he'd estimated the true value of the work to be \$4,510 and when you add the 6,000 to that it was \$10,510 which is exactly the amount that he quoted. That's his evidence, sir?---I'll believe that if that's what he said.

20

Right. And he added the \$6,000 at your direction?---No.

Right. And I want to suggest to you also, sir, that, see the 4,510 long way short of your estimate of 10,000, isn't it?---Yes.

Right. And the reason for that is that right from the start when you were preparing the claim investigation report you were making provision for you to receive a secret commission so you deliberately inflated what you believed would be the true value of the works to an amount to include that secret commission?---No.

30

Right. Let's go to the next file. We're moving on from King Street, 15 Bronzewing Street, Tahmoor. This is a somewhat complicated file but I'll, so I might ask you to have the file available, yeah?---Yeah.

Exhibit T54, volume 3 starting at 1041. This is a property, sir, you may recall that was extensively damaged and it had a pool in the backyard and the pool was affected by Mine Subsidence damage and the pool needed to be replaced. So it's a fairly costs exercise this particular one?---Ah hmm.

40

So go to, I'm going to try, as far as possible, sir, to do it without reference to the documents but if you need reference - - -?---All right.

- - - to the documents let me know or just refer to them and let me know that's what you're doing. You'd issued a claim investigation, you'd prepared a claim investigation report on the 12 February, 2009, estimating the cost of repairs to be \$120,000. Now this is at a time when the rules required an

open tender in relation to tenders exceeding works which had been estimated at more than \$20,000. That's what the rules say?---Yes.

Right. And you didn't go to open tender, did you?---No, I've never gone to open tender ever.

No. So accepting that that was the rule that applied, you failed to comply with that rule?---Based on the rule, yes.

- 10 Right. Now the pool needed to be replaced and a quote was received from Riviera Pools for \$70,800 plus GST, that was on the 16 February, 2009?---  
Ah hmm.

Now the file reveals that there were no other quotes received for replacement of the pool and on the 24 February, 2009 you sent a note to Riviera Pools saying the quote's been accepted. So this is eight days after they submit their quote and in the absence of any other quotes you just send a note to them saying, "Yeah. Your quote's been accepted."?---I can't remember the circumstance. The only thing I can remember is that if people  
20 had, like I think we spoke about it, I can't remember now, whatever day it was, that if someone had a Holden car we gave them back a Holden car. If someone had a Mercedes we gave them a Mercedes and so I'm presuming, they had a Riviera pool and they wanted a Riviera pool back.

All right. You didn't have a financial delegation, sir, to approve that the acceptance of that tender, did you?---No.

No?---No.

- 30 Let's go the building works. The next day 25 February, 2009, you receive a quote from Plantac for building works of \$15,280 plus GST? Pardon me?---  
What number is that in here?

It's 1073?---Okay.

And you see several days later, at least how it appears from the file, is that a quote was received from A&DJ for the same works, a bit more, \$17,840 plus GST. That's at 1075 for your information?---Ah hmm.

- 40 There is no third quote on the file for those building works and there was a requirement, was there not, to obtain a third quote in respect of the building works?---(No Audible Reply)

According to the rules there was. Do you deny that proposition?---No, I don't, no.

Right. So not only was there a failure to comply with the rules in respect of the need to get three quotes in relation to the pool reconstruction but also in

relation to the building reconstruction. That's right, isn't it?---Yeah, that's right, yeah.

Okay. And you accept, sir, from the questions I've previously put to you about the poo, you accept that you've failed to comply with the financial delegations in relation to the pool approval, the tender, approval of the pool tender. That's right isn't it?---Yeah, I guess, yeah.

10 Yeah. Well, there can't be any doubt about it can there?---No, I don't know whether I've spoken to Greg or someone about it, I really don't remember, but - - -

Right. But you didn't have a financial delegation to approve \$70,800 did you?---No.

20 Right. And you see then Mr Salmon gives evidence that you sent him the Plantac quote for the purpose of him supplying a cover quote. That's right isn't it, you did, you did send him the Plantac quote, you sent it to him on 17 March, 2009 and the quote that he sent back is the one that I've just referred you to at 1075. That's right isn't it?---No.

And you told him to backdate that quote. That's right isn't it?---No.

All right. And you did that, you did that deliberately?---I didn't do it, so - - -

Right. Okay?---Not that I can recall.

30 All right. So see Plantac ends up getting the job to do the work and so the reality of the situation is, in relation to the building component of the works you really only got one quote, that was from Plantac, you didn't get a genuine quote from Mr Salmon because it was just a cover quote, it was intended to be higher than the Plantac quote, and you didn't get a third quote. So you've just – this was a fairly gross breach, was it not, of the rules in relation to needing to get three quotes for the building work, wasn't it?---Based on the procedure I guess it was.

40 Yeah. And the same proposition applies, doesn't it, to the pool. Pretty gross breach of the procedures for you to breach your delegation and authorise a \$70,800 acceptance of the pool quote, that's pretty gross too, isn't it?---Oh, I don't know the – I can't remember the circumstance around it, like I say.

No. All right. Now, so Plantac gets the job and Riviera gets the job and they're apparently doing the works and submitting invoices and then 27 May, 2009, what happens is that you authorise payment of, of a Plantac invoice for \$65,560. They previously quoted for \$15,280, but this was a new, this was a new part of the works it seems and the value of this part of

the works, it's entirely additional it seems from what the other, the first part was, \$65,560 and the file shows there's no scope of works in relation to that, there's no invitation to tender from any other building contractors, you just authorise payment of the \$65,560?---I don't - - -

A pretty gross departure from all of the rules, isn't it?---I, I can't remember what happened so I can't make comment.

10 THE COMMISSIONER: Mr Bullock, is one of the reasons why you can't remember any of these matters that Counsel Assisting is putting to you is that it just happened so frequently that none of it individually stood out from any other circumstance?---We were extremely busy. There's a lot - - -

No, I'm not asking you whether you were busy. You have to focus on the question. Is one of the reasons why you don't remember these particular instances is because this was such a frequent practice on your part that there is no particular instance that stands out for you?---It's the way I worked, yeah.

20 Right.

MR NAYLOR: You certainly didn't have a financial delegation to approve the payment of an invoice of \$65,560 did you?---I've approved invoices for \$5 million.

THE COMMISSIONER: That wasn't the question, with respect. You have to listen. Put it again, Mr Naylor.

30 MR NAYLOR: Yes. Sir, I've put to you a series of propositions about this component of the job. You authorised payment of an invoice from Plantac for \$65,560 in circumstances where the file is completely devoid of any other approvals, tenders, invitations to tender, scope of works. The only evidence on the file is that there's an invoice from Plantac to that amount and your authorisation for the payment. That would be a gross departure from the rules in relation to tendering as well as a breach of your financial delegation?---Based on that file it is.

40 All right. And at this particular time, May, 2009, you didn't have as well any power did you to authorise a variation to a contract. You got that - you got a financial delegation a bit later from December, 2011/January, 2012, 15 per cent or 10,000 whichever was the lesser, but at this time 2009 you didn't have any financial delegation to authorise a variation to a contract did you?---If that's what you're saying. Yeah, I don't remember.

All right. Well, that's what the rules would seem to show according to - - - ?---I don't remember when the rules - - -



- - - documents that ICAC has got?---I don't remember when the rules started or finished or - - -

All right. Well, you're not denying the proposition?---No.

All right.

10 THE COMMISSIONER: Well, it goes further doesn't it, Mr Bullock. You've already given evidence that you don't even know what the rules were?---No.

MR NAYLOR: You see, on 27 May, 2009 what the records show is that you authorised a variation of the Plantac contract price to the tune of \$41,262.77. You did not have a financial delegation to do that, sir. That's right isn't it?---I can't see the bottom of the sheet, what's on the bottom of the sheet.

20 Page 1071 if that assists. See, the original contract – I may have misstated I'm sorry. The original contract price rather was 41,262.77 according to that sheet?---Ah hmm.

And you added – you authorised a variation, and I apologise if my earlier question was misleading, you authorised a variation of \$18,337.23. See that?---Based on that, yes.

Plus GST?---Yes.

You did not have a financial delegation to do that did you?---No.

30 Right. And it's not countersigned by the CEO so he hasn't had the opportunity or purported it seems according to the file to authorise that variation?---It's - - -

The only signature on the file is that of yours and above your signature is the word "yes". So you have purported to approve a variation in relation to which you had no authority?---I don't agree with that because that's been date stamped in Newcastle. It's been sent to Newcastle so there must be some other correspondence.

40 And you'd expect that correspondence to be on the file wouldn't you?---I'd expect it to be, yes.

And the absence of that correspondence on the file suggests that, suggests that Newcastle were not involved in approving this variation?---I don't agree with that because they've date stamped that so I presume there's another copy that would have come back with Greg's signature on it.

All right?---That's what would normally happen.

All right. Well, let's just go back a step. You see go – it's at page 1084 if that assists. You had estimated the cost of repairs to be 120,000. That was on 12 February, 2009 and the CEO on 16 February, 2009 had put a note to say look, that exceeds my financial delegation. At that time his financial delegation was 100,000?---Ah hmm.

And, but he recommended that your recommendation be approved?---Ah  
hmm.

10

So it goes up to the Board and on 24 February, 2009 the Board accepts the claim and recognises a commitment of \$120,000?---Correct.

Right. Page 1084. And, incidentally, sir, you know what happened before that of course and I've taken you to this evidence already, that you had already authorised the Riviera Pools people, you'd already said to them, "Ah, yeah, we accept your quote," before the Board had recognised a commitment of any expenditure?---I can't remember. But I would have had a conversation with Greg, because we wouldn't, it must've been, a lot of  
20 stuff between Greg and I was done verbally, that's the way we worked.

And you would expect, sir, for a file mode of that conversation to be on the file?---Possibly, but not every time.

Right. See, I want to suggest, sir, you were just running rough shod. It would appear in relation to the Riviera Pools matter that you just accepted the quote because you thought you could irrespective of what commitment the Board was, was or was not going to make in respect of expenditure on repairs in relation to this job?---That's rubbish.

30

Right. Now, so Riviera Pools reconstructed the pool, Plantac did some work, quite a lot of work and I've done some figures, sir, they're in the summary that has been provided to Mr Chee, the Board approved \$120,000 plus GST. According to my reckoning, just based on what's on the file, \$132,436 was spent. So there's been an excess of expenditure above what was approved by the Board, no less, of almost Twelve and a half thousand plus GST. That's a bit of a problem, isn't it?---It's not a problem if it's signed off.

40 Well it doesn't appear to be signed off?---Well, that variation that I've put on there that's been sent up probably adjusted the commitment in the file.

Sir, I'm - - -?---That's what I'm guessing but - - -

Well, I'm not asking you to guess, I'm putting to you a series of propositions based on my analysis of the file and my analysis of the file suggests that whatever the variation that you purportedly approved said there was an excess of expenditure above what the Board had approved of almost Twelve

and a half thousand dollars and you have to take responsibility for that failure, do you not?---It's not a failure. If there's scope change there has to be a change.

And you would expect to see that on the file?---It's there in a variation there.

It's not, sir.

10 THE COMMISSIONER: Mr Bullock, what would be the point of getting the Board to approve an expenditure of \$120,000?---We price the jobs - - -

No, no, no, no, no. What would be the point of getting the Board to approve an expenditure of \$120,000?---Because that's the estimate that we work the job out to be.

Yes, but what's the point of getting the Board to approve it? What would be the purpose in sending that variation or that application for approval to the Board?---Because it was above Greg's delegation.

20 Yes, but what's the point of it?---I don't understand the question?

Well, let me put it this way, do you think that sending an amount to be approved by the Board would be for the purpose of ensuring that when that amount of money was spent there was accountability on the part of all of those persons involved in that decision making process, namely, that the 120,000 was authorised to be spent?---Yes.

Is that the point of it?---That's the point of it, yes.

30 Well, then on what possible basis would you spend another \$12,000 if you knew that the 120,000, the whole point of sending that application to the Board was to have that expenditure approved, not 132, 120?--- Commissioner, there's, things change.

So what's the - - -?---Things change on a job.

Well, so why didn't you go back and say, "I'm sorry but the 120,000 has now been exceeded."?---I think I would've. I would've - - -

40 Is that a guess or, or you know that you did?---I don't, I don't remember. But that's what would have happened.

If there's nothing in the Board records to that effect you would have to accept that it didn't occur?---I'm sure the commitments been increased in DocuMap and that reflects that, so - - -

No, answer my question. If there's nothing in the records of the Board to that affect would you accept that that didn't occur?---I don't know.

All right?---I can't answer the question.

MR NAYLOR: You see, sir, there's been these gross departures from the rules in relation to this job and you also obtained a cover quote from A&DJ, so, so you know, when you boil it down, in relation to this job that involved the expenditure of public funds of in excess of \$145,000 there were two tenders, Plantac and Riviera, and you, did you have a corrupt relationship with either or both of them?---No.

10

All right. Did you sort of manufacture the way in which you dealt with this file and circumvent or just completely fail to comply with the rules because you were trying to obtain, or perhaps you did obtain corrupt benefit from Plantac?---No.

All right?---See, when I look at this file there's a total claims commitment on the file of 148,000 signed off, that's been approved by someone. So - - -

All right?---I don't know.

20

Let's got to the next file, sir. You can return that volume to the Commissioner's Associate. The next few files are not quite so complex so I'll take the approach that I suggested before to you that only if you need the document, just let me know. 45 Park Street, Tahmoor. See, it's, it's kind of a strange one because, see, you prepare the claim investigation report on 19 October, 2009 and you estimate the cost of repairs at \$30,000. So that invoked the requirement for three competitive tenders. You, there are in fact three tenders - I'm sorry. There are only two tenders on the file. One from, one from Plantac and that's for \$25,100 plus GST, and one from A&DJ at, for 27,340. Now, what's curious is that those quotes predate your claim investigation report. It seems a bit strange, doesn't it?---I don't know, is it a typo. I don't know. I wouldn't have a clue.

30

Well, one explanation, sir, for the A&DJ quote is that it was a cover quote?---No.

You requested Mr Salmon to send a backdated quote, that was the quote of 27,340?---No.

40

All right. And either you got careless with the date that you had directed for him to be applied to the quote or he got careless and a date was applied which predated the claim investigation report. That's right, isn't it?---I don't know. I don't - - -

You don't deny that?---I deny it.

Okay. And - pardon me. In relation to the Plantac quote see it has a received date, as I say, that predates the claim investigation report. I'm

sorry, yes, it has a date on it, not a received stamp, it has a date on it, 16 October, 2009 which pre-dates the claim investigation report, but it's got a received stamp on it that postdates the claim investigation report, 22 December, 2009. So that's a bit odd, isn't it, that delay?---It seems, seems odd based on what you're telling me, yeah, seems odd but I mean I can't explain anything there, I don't know, don't know.

Well, one explanation might be that you'd arranged for Plantac to do this work even before you'd done your claim investigation report?---No.

10

That would be a really gross departure from the procedures, wouldn't it, just arranging with Plantac for them to start doing the work or saying to them you're going to get the job even before you'd prepared the relevant initiating document which is the claim investigation report?---Yeah, it would be, yeah.

Yeah. Did you have an arrangement with Mr Inskip in relation to this job to receive a corrupt commission?---No.

20

All right. Let's move on to the next property, 21 Fraser Street, Tahmoor. On 29 October, 2009, Gary Moore, who was a district supervisor or an acting district supervisor in your office - - -?---Yeah, he was actually a district manager that had retired I think at that time - - -

I see?--- - - - and come back.

All right. And he'd prepared a claim investigation report as the investigating officer estimating the cost of repairs at this job to be \$20,000 and you'd approved the claim?---Ah hmm.

30

Yes. And three quotes were required, given the value of it. You got a quote from A&DJ, you got a quote from Plantac, the A&DJ quote was \$14,540, the Plantac quote was \$15,850, no third quote on the file. That's a breach of the rules at that particular time, is it not?---The quotes were from me or Gary?

You approved the claim, sir?---It was - - -

40

You prepared the scope of works?---But that's just a question I was asking, that's all.

All right?---Yeah, yeah.

No, no, what - you've approved the claim, you've prepared the scope of works, quotes are received from A&DJ and Plantac, there's no third quote on the file. That appears to be a breach of the rules to get three quotes, doesn't it?---Yes.

Right. It's not in the tender book. You would expect to see it in the tender book if the rules were complied with, wouldn't you?---Yes.

Right. So the absence of it from the tender book suggests that the rules were not complied with. You instructed Mr Salmon to add \$10,000 to his quote. That's right isn't it?---No.

And the reason you did that was you were intending to share with him a secret commission?---No.

10

And see he put the true value of the work at \$4,540. \$4,540, that's what he says was the true value of the work. Accept that from me that that's what his evidence is?---I accept it.

And the true cost of the work was \$20,000. Sorry, the estimated cost of the works according to the claim investigation report was \$20,000?---Which was done by someone else.

20

Just hang on a minute, attend to my question if you may?---Mmm, I'm just talking out loud.

I'm not – the proposition simply is, sir, that \$20,000 is a long way ahead of \$4,540, isn't it?---Yes.

Right. Did you prevail upon Mr Moore to sign that investigation report in circumstances where you had in fact prepared it yourself?---No.

30

Well, how do you explain then the fact that you had prepared the scope of works, because that would rather suggest that you were the responsible officer for that particular job?---I don't remember the circumstance.

Right. And you see it does provide an explanation, does it not, for the vast discrepancy between the estimated cost of repairs and the true value of the job according to Mr Salmon, that is that you did prepare the claim investigation report, you did prevail upon Mr Moore to sign it even though you'd prepared it as the investigating officer and you did that so that you could inflate the value of the repairs in the report and thereby include an allowance for a secret commission, in this case \$10,000?---No.

40

Let's move onto the next property. 43Abelia Street, Tahmoor. 12 October, 2009 Mr Culbert who was a district supervisor I think for quite some time before he retired?---Ah hmm.

According to the documents he prepared a claim investigation report as the investigating officer and estimated the cost of repairs at \$15,000. You as the reviewing officer approved the claim. Now, that was an amount of money that required three quotes to be obtained. Quotes were received from

A&DJ \$17,900, Plantac \$18,800 on 28 and 29 October respectively. No third quote was obtained. Breach of the rules, yes?---Yes.

Not in the tender book. Breach of the rules, yes?---Yes. I guess. Yes.

Your instruction Mr Salmon to add \$10,000 to his tender price. Yes?---No.

Did that for the purpose of you and he sharing in a secret commission?  
---No.

10

All right. How does one explain, sir, the fact – accepting that that’s what occurred, how does one explain the inclusion of \$10,000 into a tender price where the cost of repairs had been estimated at 15,000. That would rather suggest that the true value of the works was about 5,000 unless Mr Salmon was going to go out backwards. That’s right isn’t it?---I can’t comment on it. I don’t know.

20

You see he put the true value of the work at \$6,190 and there’s a vast discrepancy isn’t there between that and the cost of repairs estimated in the claim investigation report isn’t there?---Based on your information, yes.

All right. And one explanation for that discrepancy, sir, is that there was an allowance made in the cost of repairs in the claim investigation report for the secret commission that I’ve just referred you to?---I didn’t even do the report.

Did you prevail upon Mr Culbert to sign a report that you had prepared?  
---No.

30

All right. The other aspect of this file that seems troubling is, see the sequence of – I should say as well, sir, just before I move on, you’ve prepared the scope of works. It’s got your name on it?---What was the, what was the date of that?

29 October, 2009?---That’s I think when John – oh, I can’t remember when John retired. No.

40

See, because the implication that I derive at least from the fact that you prepared the scope of works is that you had carriage of this matter?---I don’t remember.

And if that’s correct then it’s hard to reconcile the fact with – that fact with the claim investigation report which has Mr Culbert as the investigating officer?---Yeah. I – look, I can’t remember the – sometimes we chopped and changed jobs depending if people didn’t like the person who initially started the job. There’s been other circumstances, people going on holidays. So I really can’t make comment on why - - -

Are you just making this evidence up as you go along?---No, I'm not making this – it happened lots of times.

Right. Do you deny, sir, that you in fact prepared the claim investigation report - - -?---I don't, I don't - - -

- - - in relation to this matter?---I don't remember but I don't think I would have, no.

10 Well, you don't think you would have? Right. But it's got Mr Culbert's name on it?---Yeah.

Right. See, see, what happened was that you prepared the scope of works on the 29<sup>th</sup> of October, 2009 then you know, Mr Salmon gets the job and 22 November he submits an invoice for the amount quoted, 17,900 and then according to the claims processing worksheet the works get completed two days later. It seems strange isn't it that the works don't get, the works are incomplete at the time that the invoice is issued. That doesn't seem right does it?---No, it doesn't seem right.

20

All right?---No, I don't, I don't know. I don't know gone on.

Then the same day as the works are completed, at least according to the claim processing worksheet, you authorised payment of the invoice. Accept from me that's what the documents say?---Ah hmm.

30 And, see, what's strange is that after you'd authorised payment of the invoice and after, according to the claim processing worksheet, the works had been completed you made a recommendation for the A&DJ quote to be accepted. So the day after everything seems to have finished you recommend acceptance of the tender. And then, that's 25 November, 2009. Then the following, then the following month, 8 December, 2009 Mr Cole-Clark signs on, off on your recommendation that the A&DJ tender be accepted. And by that time of course the horse had bolted. The, the work had been done. It seem strange doesn't it?---Oh look, I can't explain all the date change. I don't know what's gone on there.

40 Well I want to suggest an explanation to you that you were just trying to cover yourself that you, you were embarked upon a process to obtain a secret commission and you wanted to try to make the documents look as though that the tender had been properly approved but you were careless in the way that you were doing it and you, you, you should have, you should have backdated things but you didn't. In fact what happened was you, you got Mr Cole-Clark's approval after the fact and after the fact was just demonstrated that you were not complying with the procedures and doing so for the purpose of obtaining a secret commission. That's right isn't it?--- No.



All right. Let's go on to the next property, 18 Fraser Street, Tahmoor. It's a very small job. June, 2007 Mr Culbert had prepared a claim investigation report estimating the cost of repairs to be \$1200. You approved the claim. Mr Salmon's evidence is that he ultimately rendered, he, he got, he got the job and he ultimately rendered an invoice for \$4,532 including GST. So \$4,120 plus GST. Now, it's curious at the outset that that's a long way ahead of the estimated cost of repairs, isn't it?---Yes.

10 And one explanation for that, sir, is that Mr Salmon had been asked by you to include a secret commission in that invoice?---No.

And the amount of the secret commission I want to suggest to you was either \$920 or \$3,200. That's right, isn't it?---No.

All right. Let's move on. The next property 3 Stuart Place, Tahmoor. There are two jobs within this file, sir. There were repairs which were done in 2010 and there were repairs which were done in 2012. And I'll take each of the, each of them in turn. See, initially there was a claim application lodged back in 2007. For whatever reason it didn't become attended to until  
20 2010 for the first time. 20 August, 2010 you sought quotes from Plantac and A&DJ for urgent repairs and then according to the file the works commenced six days later, 26 August, 2010. And then the next month you get a quote from Plantac, \$15,880. You approve the claim. A bit strange isn't it that you get a quote and approve the claim after works had commenced. It doesn't seem right, does it?---No.

No. So let's just, pardon me for a minute. I wonder if please, you can be provided with, this is volume 2 of Exhibit T54, page 846?---Okay.

30 That's a claim processing worksheet, yes?---Yes.

That's your handwriting on the worksheet?---Yes.

Right. See the commencement date towards the bottom of the page? I might be misreading it but it looks to me like 26/8/2010. That's right?---I looks like that, yeah.

And look above that, claim report section. This is approval of the claim, you've approved the claim, the date you've approved the claim is 2/9/2010.  
40 So you've purportedly approved the claim after the work's commenced. Well, that's just completely the wrong way round, isn't it, according to the procedures? I'm just asking you whether you're going to agree or disagree with the proposition I've just put to you, sir?---Based on those dates if those dates are correct.

Right. So you've filled out the form in a way which was false or misleading, didn't you?---I might've just made a mistake on the form.

Right. Now and it gets stranger in one sense because it's not till after you've approved the claim according to this document, 2 September, 2010 that the claim investigation report gets prepared, which was the following day. And you can see that if you like at page 866. You can't approve a claim, can you, without a claim investigation report?---Pardon?

You can't approve a claim if there's no claim investigation report?---No.

10 No. And, see according to, according to the claim investigation report which is at 866 to 868, you've signed off on it. See Mr Culbert seems to have executed his signature on 3 September and you seem to have executed your signature on 6 September. See that?---I do, yeah.

And that date 6 September, doesn't correspond with what's on the claim processing worksheet, does it, 2 September?---No.

No. Can you explain the - - -?---I can't explain it. I don't know.

20 - - - the difference?---I don't know what's happened, I can't work it out.

Is one explanation, sir, that you were intending a reader of the claim processing worksheet to be deceived?---No.

All right?---No. No. I just can't work out what happened there.

30 You see, this was a job according to the claim – the estimated costs three quotes were required. Quotes – a quote was obtained from A&DJ for \$17,440 and back on 1 September, at least according to the document which is, you know, before the claim investigation report gets prepared, you receive a quote from Plantac for \$15,880. There's no third quote on the file so it looks like there's a failure to comply with the requirement for a third quote doesn't it?---Based on that, yeah.

Yeah. And it's not in the tender book so that looks like another failure to comply with the, the rules. Yes?---Yes.

And Mr Salmon has given evidence that the quote that he sent was a cover quote, a backdated cover quote. You agree with that don't you?---No.

40 All right. So really what's happened is that there's only one quote that might be genuine and that's the Plantac quote and it's been received after work has commenced on 26 August and before the claim investigation report gets prepared. So this, this is really just an attempt, sir, isn't it to manufacture a file so that it tries to catch up with the reality of the situation which is that you just gave the job to Plantac?---No.

You didn't go through any semblance of a process. You just gave the job to Plantac and then you tried to create a file afterwards to make it look as though you had gone through a tender process?---No.

Right. And were you doing all of that because you were embarked upon a process to obtain some kind of secret commission or benefit from Plantac? ---No.

10 All right. Let's go to the next part of the file, the 2012 repairs. 22 March, 2012 you prepare a claim investigation report estimating the cost of repairs at \$15,000 so what happens is that there's a new claim lodged?---Ah hmm.

I think by new owners actually. That was on 12 March, 2012?---Ah hmm.

You can find that if you like at 844?---Yeah. Yeah.

And there was no reviewing officer for, for this particular claim and you purportedly approved it?---Based on this, yes.

20 Yeah. And you didn't have a financial delegation to do that did you? ---Based on this, no.

No. You knew didn't you that your financial delegation to approve claims where there was – where you were not the reviewing officer, where you were the only investigating officer was \$10,000. You knew that didn't you?---Yes.

And you deliberately flouted your financial delegation limits and purported to approve this claim?---I've approved it, yes.

30 Yeah. And you did that so that you could obtain a secret commission? ---No.

You see there are no invitations – you've prepared the scope of works on 22 March. You can see that at 832 if you like?---Ah hmm.

You needed to get three quotes. You agree with that?---Yeah.

\$15,000?---Yeah.

40 Not a single quote on the file. That's a failure to comply with the procedures?---Yes.

Not in the tender book. That's a failure to comply with the procedures? ---Yes.

Mr Salmon says that you imposed upon him to – and this was by way of exchange of text messages, to add a total of \$6,000 to his invoice. That's,

that was, that was your intention, wasn't it, to have him add \$6,000 to his invoice so that you and he could share in a secret commission?---No.

And ultimately he did render an invoice and you authorised payment of that invoice. That's right isn't it?---I authorised the payment, yes.

Yes. You authorised payment of an invoice in respect of which you knew included a secret commission of \$6,000?---Not that I remember.

10 Not just a secret commission of \$6,000 but one which you had orchestrated, that you had initiated. That's right?---No.

It wasn't done at Mr Salmon's initiative, it was done at your initiative?  
---Mr Salmon was the initiator.

20 See this is really a, this is a job unlike the other job that I've just taken you to, this was a job in relation to which you just decided from the outset Mr Salmon was going to get the work and you were going to use it as an opportunity to obtain a financial benefit for yourself. That's right isn't it?  
---No.

And you would just completely flout or circumvent the rules that might have, that did require you to go to tender and to get three competitive quotes. That's right?---No.

And you did that for the purpose of working towards that outcome, that secret commission outcome?---No.

30 Okay. Let's go onto the next file, please. You can return that volume, please. 286 Douglas Park Drive, Douglas Park. Just for people's information that's in Exhibit 254 at 486 and following. Sir, you had prepared on 1 December, 2006 the claim investigation report as the investigating officer and estimated the cost of repairs to be \$8,000. Accept that from me?---I do.

40 Right. No issue, sir, that you had a financial delegation to approve that claim without anyone else being involved, however you were required to seek three competitive tenders, even though you may not necessarily have received three tenders. That's right isn't it, according to the rules that were in place at the time?---Correct.

And you obtained a quote from Plantac, \$10,800 plus GST, and you got another quote from A&DJ, \$12,140, both incidentally in excess of the, considerably in excess of the estimate that you had put on the job. The file reveals, sir, that no third quote was sought to be obtained by you and accept from me that's what seems to be - - -?---Ah hmm.

- - - indicated from the file, and you deliberately didn't seek a third quote, did you?---No.

All right. And you deliberately didn't seek a third quote because you didn't want a third tenderer coming in at a price which was less than those of Plantac and A&DJ. That's right isn't it?---No.

This job is not in the tender book, that would seem to be another breach of the rules, yes?---Yes.

10

Right. You imposed upon Mr Salmon to send a backdated cover quote in relation to this job. That's right, isn't it?---No.

You sent him the Plantac quote, asked him to send a backdated cover quote. That's right?---No.

Right. And that's because you decided that the job was going to go to Plantac?---No.

20

Right. So it's a situation where once again you, you the rules suggested that you needed to go and get three quotes, or try to get three quotes even if you couldn't get three quotes but the reality of the situation is there was only the quote from Plantac, they were, they were going to get the job because the quote that you'd sought from the only other tenderer, A&DJ, that wasn't a genuine quote, that was a cover quote?---No.

And did you have an arrangement with Mr Inskip in relation to this matter to obtain a secret commission from him?---No.

30

Because you, you did receive an invoice from Plantac on the, it seems on 22 December, 2010 and that payment was authorised by you the following day. You're saying you didn't receive, or you didn't have an arrangement with Mr Inskip to, to include a secret commission within that invoice, which incidentally was \$10,800 plus GST?---No.

All right. Let's go onto the next property. 31 Park Street, Tahmoor. This is a similar situation, sir, to the previous property that I've just asked you some questions about. 3 December, 2010 you prepare the claim investigation report and you estimate the cost of repairs to be \$30,000. That obviously  
40 invoked the requirement to get three quotes, not just to seek but to get. That's right isn't it?---Yes.

All right. Now, you've prepared the scope of works some days later, 15 December. You get a quote, or you appear to get a quote from Plantac on 22 December for \$36,080 and then Mr Salmon also, Mr Salmon's evidence was that he submitted a cover quote in relation to this which was \$38,560. So it exceeds the quote that was submitted by Plantac. That's his evidence.

That's right isn't it? Do you accept that evidence?---I accept that that's what he said but it's not right.

Right. It's true isn't it?---No.

All right. And there's no third quote on the file so that would be a breach of the rules wouldn't it?---Yes.

And it's not in the tender book. That would be a breach of the rules?---Yes.

10

So this looks like a job in which you'd decided that Plantac was going to get the job and you facilitated that in two ways, one by telling Mr Salmon to send a cover quote which was not a genuine quote and the other was by not seeking or obtaining a third tender. That's right isn't it?---No.

All right. And did you deliberately inflate the cost of repairs in the claim investigation report so as to include an amount for a secret commission?---No.

20

All right. Did you obtain from Mr Inskip a secret commission - - -?---No.

- - - in respect of this particular matter?---No.

Because on 8 February you received an invoice from Plantac for \$36,080 consistent with their quote and the same day you authorised payment of it?--  
-Ah hmm.

30

You deny do you that you had made some kind of arrangement with Plantac to receive a financial benefit for yourself as part of this particular matter?---I deny it, yep.

Okay. The next one, next property, sir – it's in a similar category - - -?---Mr Naylor, I probably need to go the toilet if that's okay.

All right.

THE COMMISSIONER: We can take a short morning tea adjournment.

MR NAYLOR: Sure.

40

THE COMMISSIONER: So we'll resume at 25 pat 11.00, thank you.

**SHORT ADJOURNMENT**

**[11.10am]**

THE COMMISSIONER: Yes, Mr Naylor.

MR NAYLOR: Thank you, Commissioner. Mr Bullock, moving onto the next property please, 336 Moreton Park Road, Douglas Park. I've already asked you some questions about this in relation to cover quoting. Let me just deal with the balance of the issues. Claim investigation report prepared by Mr Culbert on 27 October, 2009 estimating the cost of repairs at \$20,000. The claim was approved by you according to the documents. That – there was a requirement of course was there not for three quotes to be required in relation to a works of that value. That's right?---Correct.

10 All right. Quotes were received from Plantac and A&DJ. The Plantac quote was 23,080 and the A&DJ quote was 27,040. There's no evidence, sir, that there was a third quote received. That would be a breach of the procedures would it not?---It would, yes.

And nor is it in the tender book. That's another breach of the procedures? ---Yes.

Yeah. And you've heard Mr Salmon's evidence already that you've imposed upon him to provide a backdated cover quote and I've already put 20 to you, sir, that that's in fact what occurred. That's right isn't it?---No.

All right. And so this is another example of a situation where by your design you had intended that Plantac get this job. The only other quote that you got was not a genuine quote and you didn't bother to get a third quote. That's because you really just wanted Plantac to get the job. That's right isn't it?---No.

And did you have an arrangement with Mr Inskip from Plantac to obtain a secret commission in relation to this job?---No.

30 All right. See, it's a little bit like one of the other files we looked at as well because Mr Inskip submitted his invoice for the, for the works, in fact the entire value of the works \$23,080 on 16 August, 2011 and on 22 August you authorised payment of it but it wasn't till 22 May, 2012 that Mr Cole-Clark approved that Plantac's quote be accepted. How do you explain that, how do you explain the fact that the work was done and you authorised payment for the work before Mr Cole-Clark had approved acceptance of the Plantac tender?---I might have spoken to Greg on the phone. That's the only way I can explain it but I'm not sure.

40 In which case you would have expected that there would be some note on the file recording the fact that Mr Cole-Clark had given verbal approval for acceptance of the quote?---Possibly.

Well, it's pretty important isn't it. This is an essential part of the process. There are financial delegations in place and the whole purpose of the process is to record the approval not just of claims but of the acceptance of tenders and that needs to be properly documented does it not?---Yes.

Right. And there doesn't appear to be any document approving the acceptance of Mr Inskip's quote prior to Mr Cole-Clark's note on 22 May, 2012. That's what the file shows?---If that's what it says, that's what it shows.

And the explanation I want to suggest is that again, but in a slightly different way, you just said to Mr Inskip basically, "You go ahead and do the work." That's right, isn't it?---No.

10

You had no regard whatsoever to complying with any form of tender process. That's right, isn't it?---No.

And you tried to obtain, and indeed Mr Cole-Clark has signed off on, on the acceptance of the tender but a much later date, so you're trying to make the documents catch up with what occurred. That's right, isn't it?---No.

20

All right. Let's move on to the next property, 23B Abelia Street. Mr Rawes prepared the claim investigation report on 22 August, 2011. Estimated the cost of works to be \$20,000. That required three quotes, yes?---Ah hmm.

On the same date you approved the claim, that's according to the claim investigation report which you signed off on, yes?---Yes.

And incidentally, just before I move on, the claim processing worksheet, I can take you to it if needs be. But the claim processing worksheet records that you approved the claim on 5 August, not 22 August. Was that designed to mislead?---How would I know, I don't know. It's not, I haven't tried to mislead, no.

30

All right. And so the other curious aspect of this is that you prepared the scope of works, that's at page 1608 of exhibit T54. You prepared the scope of works on 25 August, 2011. So that's a few days after Mr Rawes prepares the claim investigation report. Did you actually prepare the claim investigation report, not Mr Culbert?---Not that I remember, no.

Did you ask Mr Culbert to sign it after you'd prepared it?---Mr Rawes, do you mean?

40

Mr Rawes, I'm sorry?---No. No, not that I remember, no.

And quotes are received from A&DJ, that quote's for 19,680. A quote is received from Plantac for 22,400. There's no third quote and it's not in the tender book. So they're both breaches of the rules, are they not?---That's correct.

And you recommend that Mr Salmon get the job because he comes in lower than Mr Inskip. Mr Salmon's evidence is that you imposed upon him to add



a secret commission to his quote in an amount of \$2,000. That's correct, isn't it? That's what's happened?---No.

Right. And, sorry, I don't mean to mislead you at all, that's in respect of a variation not in respect of the original quote. Because on 13 September you were issued a variation after the, after the original quote it seems have been accepted, you issued a variation to Mr Salmon or instruction rather that he provide a quotation and attend to various other specified works. And Mr Salmon's evidence is that by subsequent exchange of text messages with  
10 him that you asked him to add \$2,000 to his quote for that variation so as to increase it from what the true value of 2,780 up to 4,780 plus GST. You accept, do you not, that that's what occurred?---Not that I remember.

All right. You don't, so you're saying it's possible that it did occur that you asked Mr Salmon - - -?---No I didn't, no.

- - - to add \$2,000 to - - -?---No. No. I didn't ask him to do it.

- - - to this variation quotation?---No. No.  
20

Right. Okay. And then you approved the variation on 30 September, 2011. So the documents would seem to suggest that, the various policies and procedures, that you had no authority at that time to approve any delegations – sorry – any variations. Do you agree with that proposition?---If that's what's in the procedures manual.

Right. So if you did purport to approve a variation and you didn't have authority to do so, a financial delegation to do so then you've, that purported approval, it was invalid and a failure to comply with the rules wasn't it?---  
30 Yes.

And the reason that you took that step of purporting to approve that variation was because that variation contained a secret commission for you?---No.

Right. It might have been shared with Mr Salmon as well but it certainly included a component for you didn't it?---No.

Okay. Let's move on to the next property, 19 Courtland Avenue, Tahmoor.  
40 Just pardon me for a moment. So this job has come complexity. If you need the file let me know but I'll try and deal with it as efficiently as possible. So initially on 7 April, 2010 you prepared a claim investigation report as the investigating officer and you estimated the cost of repairs to be \$95,000 and Mr Cole-Clark approved the claim several days later. He at that time had a financial delegation to approve claims up to \$100,000 so it was just below - - -?---Yep. Yep.

- - - his limit but within the, within his remit. You then prepared the scope of works and it's apparent from the file that you invited three tenders, or at least that's what appears to have occurred. Tenders were invited from Vari Plan Homes and Plantac and A&DJ. They appear to be recorded in the tender book and you appear to have received tenders from each of them. One from Vari Plan Homes for 97,300, one from Plantac for 95,300, and also one from A&DJ for 93,250. You recommended acceptance of the A&DJ quote because it was the lowest. And it seems the secretary at the time, of the Board, which was Mr Clark I think - - -?---Ah hmm. That's correct I think.

- - - accepted your recommendation for that tender to be accepted. Now, just before I move on was the quote by Vari Plan Homes a genuine quote?--  
-Yes.

All right. Now, some time later, several months later you issue an instruction to A&DJ they're the successful tenderer. They've already issued a progress payment invoice, and you ask them to quote and to carry out other specified repairs. There doesn't appear to be a quote in fact on the file. But what does occur is that on 7 September Mr Cole-Clark approves a contract variation of \$5,500 that has been submitted by you. So the total amount that gets approved in relation to building works is \$98,750 excluding GST, but if you add on GST it's \$108,625.29. But when you do the maths the total amount that gets paid to A&DJ exceeds that amount, so the total amount that gets paid to A&DJ is 112,420. That's above the 108,625. There's an excess of \$3,794. Can you offer an explanation as to how that occurred?---I couldn't remember. I don't know.

No?---I don't know.

See, there are two explanations aren't there, one is that the overpayment of A&DJ was deliberate on your part and the other explanation is that you were careless. They're two possible explanations?---No.

Well, you had carriage of this matter, sir. You were responsible for the file and I would have thought that as the person responsible for the file and with, with fiduciary duties as you had, it would have been part of your responsibility to make sure that money that was expended was properly approved and it looks like what's happened here is that money was expended that wasn't approved, that is, an excess of \$3,794?---How can I approve it without an invoice?

You signed off on the invoices, sir. That's my point. You've signed off on invoices the total value of which exceed that which was approved by a combination of Mr Clark as the secretary and Mr Cole-Clark as the CEO. How could that have occurred?---What was the commitment on the job?

Sir, if you can just answer - - -?---I'm asking you - - -

- - - my question?---Sorry, if it's within the commitment it could have - - -

Just answer my question?--- - - - it could have been approved.

The commitment including GST was \$108,625.29. That was, that was what was approved including GST. What was – what you authorised payment of was \$112,420. How did that happen?---I don't know.

10 Right. Let's move on. A bit later in time, in fact the following year – this work goes on for a while it seems. See, what, what happens on 22 November, 2011 is that A&DJ renders an invoice for \$3,060. Now, Mr Salmon's evidence is that there was an exchange of text messages between you in which you told him to add \$2,000, 1,000 for the electrician and 1,000 for the plumber, to a, to works the total value of which – their true value was 1,060 so that brought the total up to 3,060. You imposed upon Mr Salmon to add a secret commission to that invoice that he rendered didn't you?---No.

20 All right. Moving on. Next file 8 Stuart Place, Tahmoor. 21 December, 2010 you prepare a claim investigation report as the investigating officer. Estimate the cost of repairs to be \$35,000. Mr Cole-Clark approves the claim. You then prepare the scope of works. Three quotes obviously were required in relation to this job because of the magnitude of the estimated cost of repairs. That's right, yes?---Yes.

And quotes are received from Plantac, \$40,000 plus GST, Vari Plan Homes a bit less, \$39,800 plus GST and A&DJ even less still, \$37,960 plus GST. Was the Vari Plan Homes quote a genuine quote?---Yes.

30 Right. And you recommend the A&D tender to be accepted, it's the lowest, and the secretary who I think is still at that time, Mr Clarke, approves your recommendation. That's the sequence of events. Now this is not in the tender book, it should've been in the tender book, shouldn't it?---Yes.

Right. And you'd take responsibility, wouldn't you for it not being in the tender book?---No.

40 Well, you were the manager of that Picton District office, sir?---It wasn't my job to put things in the tender book.

No, but you're responsible for what occurs in the office, aren't you?---I'm the head of the office but I guess, how can you be responsible for everything that happens in the office?

Do you decline to take responsibility for that, do you?---It wasn't my role to check what was in the tender book.

I see.

THE COMMISSIONER: So Mr Bullock, your title was Manager of the Picton office, wasn't it?---Correct.

Well, you're responsible for the actions of your staff, aren't you?---Yes. But I'm not checking every single move they do every moment of the day.

10 Well, whether you check it every moment of the day or not, ultimately if there were problems in the processing of matters within the office, the buck stopped with you, didn't it? Because ultimately, if the staff weren't doing the right thing it had to reflect on your capacity to both train and manage the staff in the observance of Board procedures. Isn't that right?---Yes.

MR NAYLOR: Sir, on 27 January, 2012, you issued an instruction to A&DJ, this is of course later in time after they, after their tender has been accepted and indeed after they've commenced the works. You'd issued an instruction for them to supply a quotation and to carry out further repairs and Mr Salmon's evidence is that after that occurs he exchanges text  
20 messages with you in which he says, "Look, the value of the works in relation to this job for me is \$1,280." And you replied by saying, "1,000 each." Which means to say add to 2,000 to the cost of the works as a secret commission and we'll share in it equally. That's what that exchange of text messages meant, wasn't it?---No.

And so what happens was that Mr Salmon does indeed comply with your direction and renders and invoice for 3,280 which of course includes the \$2,000 that you had asked to be added. Do you agree with that?---No.

30 All right. And you have then on the same day as the invoice is rendered, 29 February, 2012, authorised payment according to the records. Do you disagree with that proposition, at the very least, you've authorised payment?---Yes.

You disagree with that?---No, I, if you're telling me I've authorised the payment, I have.

That's what the claim processing documents would seem to indicate?---  
40 Mmm.

All right. And by doing so, you approved payment to yourself from the Mine Subsidence fund which you were helping to administer, payment to yourself of a secret commission - - -?---No.

That's what happened?---No.

Next property, sir. 435 Brook Point Road, Appin. This is house number 5. There are two houses, house 5 and house 6 which are relevant to this

enquiry. I'll deal with them separately. 3 November, 2011, Mr Culbert prepared a claim investigation report and he expressed the opinion at that time that the property wasn't affected by Mine Subsidence. Now that was November, 2011. Something happened. By January, 2012, 27 January, 2012, it seems a view had been formed that some repairs should be affected. And you issued an instruction to Mr Salmon of A&DJ to arrange for specified repairs and you did it, just so you're aware, on the basis of the Board's Benefit of Doubt policy?---Yeah.

10 You're familiar with that policy?---I am, yeah.

Right. And that's a policy which is, basically it's to the effect look, if there's some ambiguity about whether or not repairs are caused by mine subsidence there's a discretion within the Board to say yes, we'll meet the cost of the repairs?---Yeah.

And that's a discretion which on the Board exercised, is that right?---Um, I'm not sure.

20 Did you purport to exercise that discretion at all?---I don't remember.

It's kind of pretty important don't you think. It's a discretion that is not mentioned in the documents as being one of your responsibilities as district manager?---Well, we used to write lots of claims up and say under benefit of the doubt claim should be approved, or whatever, and whoever had the delegation at the time approved it.

I see?---That's my recollection.

30 And you get a quote from A&DJ for \$8,640 plus GST. That happens it seems on 2 April, 2012. That's what the documents seem to show. Mr Salmon's evidence is that he had an – and this is what the documents show as well – there was an exchange of text messages between you and he later on 8 May, 2012. He sent a text to you saying, “5,640 plus,” and you replied, “8,640 plus,” and Mr Salmon's evidence is that that meant that he was instructed by you to add a secret commission of \$3,000 to the cost of that job which was intended to be shared between he and you. That's right isn't it?---No.

40 So when he rendered his quotation on 2 May, 2012 that was in fact a backdated quotation which took account of the direction that you'd given him on 8 May by way of text message. That's right isn't it?---No. No.

All right. Because you'd asked him obviously to render a backdated quotation for that job which was consistent with your instruction?---No.

All right. And the following day, 9 May, in fact he renders an invoice which is for the amount of, in fact the same amount that appears in the

quotation and that appears in the text message sent from you to him on 8 May - - -?---No.

- - - being 8,640 plus GST. That's what the invoice says. That includes the secret commission of \$3,000 doesn't it?---No.

All right. And then the following day you approve payment of the invoice. That's what the records show?---Well that's what it shows, I've approved the payment. Yep.

10

And the effect of you approving payment of the invoice was to, for you as district manager of the Picton District Office to defraud the Mine Subsidence Fund of \$3,000 so that it could be shared between you and yourself (as said), that's right isn't it?---No.

All right. Let's go to the next, 435 Brooks Point Road, Appin property. House number 6. 12 April, 2012 you prepared a claim investigation report as the investigating officer estimating the cost to be \$6,000. There was no reviewing officer but didn't need to be, you had an appropriate delegation to approve that claim which is what the records seem to show occurred, and the evidence is, sir, that there was an exchange of text messages, that was on 20 12 April, 2012 – 21 May, 2012 an exchange of text messages took place between you and Mr Salmon. He sent a message to you saying, "████ 920 plus." █████ is a reference to the name of the property owner, and I would ask, Commissioner, if it's not already covered for the non-publication order to - - -

THE COMMISSIONER: Yes, I think that was made in relation to that person's name?

30

MR NAYLOR: I think so.

THE COMMISSIONER: Yes, thank you.

MR NAYLOR: I think so, Commissioner. Just for abundance of caution. And you reply just a few minutes later to Mr Salmon's text message, "4,920," and the import of Mr Salmon's evidence that that meant that was a direction by you to him to add a secret commission of \$4,000 to the invoice that he was going to render. That's right isn't it, that's what you did?---No.

40

And the following day an invoice does indeed get rendered by Mr Salmon in precisely the amount that appears in your text message 4,920 and that included the secret commission that was the subject of your instruction to Mr Salmon?---No.

No. Your answer is no?---No.

Right. And the same day you approved payment of the invoice and, sir, by doing so you were authorising payment from the Mine Subsidence Fund of a \$4,000 secret commission to be shared between you and Mr Salmon?  
---No.

10 All right. Next property, 25 Tickle Drive, Thirlmere. Sir, there's no claim investigation report on this file. I suspect because it is a relatively small job. What there is though is there is an instruction issued by you to A&DJ requesting a quotation and attendance to specified repairs. It seems from the records that one quote was indeed required but there's no quotes on file. That would appear to be a breach of the procedures wouldn't it?---Yes.

20 Yeah. And so your instruction gets issued on 16 July, 2012. In September, 2012 on the 6<sup>th</sup> you have an exchange of text messages with Mr Salmon and he sends a message to say "25 Tickle \$600 plus" and you reply a very short time later "T 1,000 ea" each, and what you were intending to convey by that text message was that Mr Salmon should add a total of \$2,000 to the true value of the works and that you would each share \$1,000 and that would be secret commissions for both of you. That's what you meant to say by that text message?---No.

So the same day an invoice gets rendered by A&DJ for the amount of 2,600 which happens to be the \$2,000 that you had told Mr Salmon to add plus the real value of the works and so that invoice included the secret commission that you had intended to be added to the invoice. That's right?---No.

30 THE COMMISSIONER: Mr Bullock, can I just ask you what was meant by the addition of the term "each" to the figure 1,000?---Like I explained before, Commissioner, it was Dave's initiation and it was a jumbled up way of – it didn't matter if it was each or electrician or plumber or whatever it happened to be, the total figure was the estimated cost of the job.

Yes, but I'm just struggling with why, why would he say, why would he say to you, which is what you seem to be suggesting, why would he say just say 1,000 and put each after it, why would he say that?---I don't know. I can't speak for him.

MR NAYLOR: Well, the answer is - - -

40 THE COMMISSIONER: I think we're having a bit of a problem with the recording. Well, could I just pursue this. You see, did it not occur to you that if Mr Salmon instructed you to put the term "each" after the amount that that in fact suggested that you were receiving some funds?---He, he instructed me to just jumble everything up and that was jumbling in my interpretation.

Oh, I see. So he didn't actually instruct you to put the term "each", he just said to you jumble everything up?---Yeah, different whatevers, yeah.

So it was your choice or your decision to construct the text message in that way, 1,000 each?--- I can't remember at the time but it might have been, yeah.

Well, all right then. In doing that did it not occur to you that it would give the appearance that you were receiving \$1,000 and he was receiving \$1,000?---In hindsight now, probably yes.

10 It didn't occur to you at the time?---It didn't really, no.

MR NAYLOR: Are all of the answers that you've just given to the Commissioner not, not true answers?---No, they're true answers.

Are they. Just move on to the next property, unless there were other questions, Commissioner?

THE COMMISSIONER: No.

20 MR NAYLOR: The next property is 5A Huen Place, Tahmoor. Sir, on 4 July, 2012 you prepared a claim investigation report as the investigating officer estimating the cost of repairs to be \$10,000. That was the outer limit of your financial delegation to approve without the involvement of a district supervisor and it does appear that you exercised that delegation. You prepared the scope of works the following day. You were required though to seek and obtain three quotes. There's one quote, sorry, pardon me for just a moment. Can I just pause. Commissioner, can I indicate this. There is something of a lack of clarity in the Board's documents concerning the threshold at which three quotes were required. There are documents that  
30 seem to suggest that from the beginning of 2012 to 2014 the threshold fluctuated from 10,000 to 15,000. I can indicate this, I've had some discussions with Mr Hogan-Doran. She's seeking to clarify the issue and I'll provide some more information about that in due course. Let's proceed if we may, sir, on this basis that as at the relevant time in relation to this job, 4 July, 2012, where the cost of repairs was estimated at 10,000 your requirement was in fact only to obtain one quote. The rules had changed?--- Okay.

40 That's an issue that's being clarified but let's make that assumption - - -?--- Okay.

- - - for the present purposes. It would appear, sir, that the rule may have changed in about May, 2012, so just before this. But let's make that assumption. You only needed to get one quote. There are no quotes on the file. And if that rule is right that only one quote was required and there are no quotes on the file then that's a breach of the new rules, isn't it?---Yeah.



And then a couple of months later you have an exchange of text messages with Mr Salmon, 6 September, 2012, Mr Salmon sends you a text message to say, "5A Huen, \$3,770 plus." And you reply within a matter of some minutes, "H 2,000 EA." And Mr Salmon's evidence is that what that meant to him was that you were directing him to add \$2,000 for you and \$2,000 for him to the cost of the job as he has estimated at, 3,770. So that is he had to add \$4,000 and that was the purpose – that's what you meant when you sent that text message, isn't it?---No.

- 10 Right. And the same day he renders an invoice for \$7,770 plus GST which if you do the maths is the 3,770 plus 2,000 for you and 2,000 for him. It would appear therefore, sir, that the invoice includes the secret commission that you had directed Mr Salmon to add to his invoice. That's right isn't it?--No.

All right. And then what happens is you approve payment of the invoice, accept that from me, according to the documents – and by doing so you authorised the payment of a secret commission from the Mine Subsidence Fund to be shared between you and Mr Salmon. That's right?---No.

20

All right. Next property, sir, 20 Milne Street, Tahmoor. There are two series of works in this file. So I'll take you to the first of those which was in 2012. 18 July, 2012 you prepare a claim investigation report and you estimate the cost to be \$15,000. Now, it would appear that \$15,000 is the bottom of that new threshold which requires you to obtain three quotes. Yes?---Yeah, I'll take your word for it.

Take my word for it, that's - - -?---Yeah, no, I'll take your word for it.

- 30 That's what appears - - -?---I haven't got a problem with that.

That's what appears - - -?---What you tell me I believe.

That's what appears to be the procedures at that particular point in time. You prepared the scope of works the following day. There are no quotes on the file. That would be a breach of those procedures requiring three quotes wouldn't it?---Yes.

- 40 Yep, and it's not in the tender book. That's another breach of the procedures?---Yes.

All right. Then 6 September, so it's the same say that we're talking about in relation to Huen Place and indeed Trickle Drive because it's actually all part of the same exchange of text messages that you have with Mr Salmon. So he sends a text message to you which says, "20 Milne, \$4,890," and you reply back, "M 4,000 EA," and his evidence is that that means that you have directed him to add a secret commission totalling \$8,000 to be shared equally between you and him. That's right isn't it?---No.

All right. Then that day an invoice gets rendered by A&DJ for 12,890 which is the 8,000 that you had asked to be added and, or you directed him to add and the 4,890. So that invoice includes the secret commission. That's right isn't it?---No.

And then that same day you authorise payment of the invoice and in so doing you authorise a payment from the Mine Subsidence Fund which includes the secret commission intended for yourself as well as Mr Salmon.  
10 That's right isn't it?---No.

And you see, what happened by not seeking any quotes and by not complying with the requirement to put the quotes into the tender book and to go through that process you were circumventing the tendering process so that you could obtain that secret commission. That's right isn't it?---No.

And the same applies actually to the previous job that, the previous two jobs that were the subject of the same series of text messages on 6 September, that is 25 Tickle Drive and 5A Huen Place. In relation to each of those three  
20 jobs there are no quotes on the file and you deliberately didn't seek any quotes because you wanted Mr Salmon to get the work and you wanted Mr Salmon to get the work so that you could earn some secret commissions for yourself. That's right isn't it?---No.

All right. Let's go to the second part of the Milne Street file, the 20 Milne Street file. This is for works in 2014. So on 28 April, 2014 what would appear to have happened is that a claim investigation report was prepared by Gareth Davies who you know to be a District Supervisor who worked at the Mine Subsidence Board office at Picton. That's right isn't it?---That's  
30 correct.

And he – the, the value of the repairs estimated in this claim investigation report was \$15,000 and it would appear, sir, that although – let's, let's make this – yes, we can make the assumption, sir, that at this particular point in time, April, 2014, three quotes were required in respect of works the value of which was \$15,000. Make that assumption for me?---Ah hmm.

And you approved the claim according to the claim investigation report. Now, quotes were submitted by – or at least it would appear that a quote  
40 was submitted by A&DJ on 29 May for 14,280 but there is an absence from the file of any other quotes so what looks to have happened is that there was a failure to comply with getting the two other quotes that were required. That would be a failure of that procedure wouldn't it?---Yes.

Right. Or that requirement. And it's also not in the tender book so that would be another breach of the rules that had applied at the Mine Subsidence Board wouldn't it?---Yes.

Yeah. Mr Salmon's evidence is that on 12 July, and indeed this is recorded in the records showing exchanges of text messages, that – I'm sorry. I'm sorry. No, I withdraw that, sir. An invoice gets rendered rather by A&DJ for \$14,280 plus GST and that occurs on 12 July, 2014 and you authorise payment of that invoice a couple of days later. Mr Salmon's evidence is that you have instructed him to bring the value of the invoice up to something under \$15,000. That's what you did wasn't it?---No.

10 All right. See, if you can be provided with volume 6 please of Exhibit T54 and go please to, go please first of all to 2674 and this is a document that Mr Salmon has produced to ICAC. That's the first page of the scope of works that have been prepared by you on 29 April, 2014 for these 2014 works at 20 Milne Street?---Ah hmm.

20 And the following page there's some handwriting and you will have heard the evidence that he gave about this. His evidence was that the \$15,000 in handwriting towards the – underneath all of the handwriting in numerals that are much easier to read than other parts of the handwriting, that \$15,000 was written by you. That's right isn't it?---It looks like my writing, yes.

Yeah. And you see, his evidence was that the real value of those works was \$5,080 and that includes a profit margin incidentally and you can see that – it's very difficult to read, but it's on the right-hand side of that page. There's some - - -?---Yeah.

30 There's some text, there's Milne written at the top, there's some numbers down the right-hand column and there's 5,080 which includes apparently a profit margin for Mr Salmon. That's his evidence. So the – and when you wrote that you intended to convey to him that he was to add an amount to bring his invoice to under \$15,000. That's right isn't it?---No. That was just the estimate of the job. He asked me what the, what, what the estimates were on the job.

Why would he do that?---I don't know. That's what he asked me.

Well he's just worked out what his estimate of the job was?---I can't speak for Mr Salmon.

40 It just doesn't make any sense though that you would be providing an estimate. Because you're the one who's trying to save public money. You're the district manager of the Picton office responsible for administering in part the Mine Subsidence Board funds. Why would you suggest to him that he should – that the value of the works is in fact 9 or \$10,000 more than what he has valued it at?---I don't know whether he's written that after that or before it. I can't, I can't remember. How would I know?

I'm just suggesting to you, sir, the answer you give makes no sense?---Well, that's the answer I've given.

All right. And so what he's done is he's, at your direction, and your direction is, is conveyed by you having written \$15,000 there. He's added \$9,200 to the job, the real cost to bring it up to 14,280 and that was a secret commission that was to be shared between the two of you. That's, that's correct, isn't it?---No.

10 All right. All right. Next property, sir, 16 Castlereagh Street, Tahmoor. So you prepared a claim investigation report on 4 October, 2012 estimating cost of works to be \$6,000. You only needed to get one quote it seems according to the procedures in place at the time. There are no quotes on the file. That would suggest a failure to comply with that requirement?---Yes.

And the same day as that report gets prepared you issue an instruction to David Salmon's A&DJ Building Services requesting a quotation and attendance to specified repairs. And according to the claim processing worksheet, works get commenced and on 10 October, 2012 and completed  
20 on 22 October and then on the same day that the works gets completed, according to the file, there's an exchange of text messages between you and Mr Salmon. And Mr Salmon sends you a message to say, "16 Castlereagh's 1,640." And his evidence is that that means to say that was the value of the works. That the real value of the works including a profit margin and you reply about twenty five minutes later saying, "5040." And Mr Salmon's evidence is that, that he construed that to mean that it was a direction from you that that was to be the amount that he should invoice for that job including a secret commission to be shared between you and he. That, that evidence is correct, isn't it?---No.

30 And so that's what actually happens. On the same day he renders an invoice for \$5,040 which included that secret commission, yes?---No.

And the same day you approve payment of it, that's what the records show?---Yes.

And in so doing you authorised the defrauding of the Mine Subsidence fund by the difference between 5,040 and 1,640 as a secret commission to be shared between you and Mr Salmon. That's right, isn't it?---No, no.

40 And you see, you avoided the requirement to get a quote because you were embarked upon a process to get that secret commission and had you, had you got a quote then it might've meant that you might not have earned that financial benefit so you just avoided the need to get the quote altogether and just arrange for Mr Salmon to do the work and send the invoice, yes?---No.

All right. The next property, sir, 71 Greenacre Drive, Tahmoor. 30 October, 2012 you prepare the claim investigation report, you estimate the

cost of repairs to be \$25,000. That exceeded your financial delegation didn't it, to approve claims?---Yes.

And you deliberately failed to comply with your financial delegation limits didn't you, in order to approve this claim?---No.

Because, I'll come to suggest in a moment, sir, you did that so that you could earn a secret commission?---No.

10 All right. See, not only did you purport to authorise the claim and thereby exceed your delegation but this was a job worth \$25,000 on your estimate and you needed three quotes and you got a quote from Mr Salmon and you got another one from Plantac but you didn't get a third quote and that's a breach of the rules isn't it?---Yes.

And you didn't, it's not in the tender book and that's another breach of the rules isn't it?---Yes.

20 And then on 30 November you have an exchange of text messages with Mr Salmon and he sends you a text message to say, "14,370 plus," and then about four minutes later you send a reply to say, "5,000" – and Mr Salmon's evidence is that was meant by you and interpreted by him to mean that he should add \$5,000 intended as a secret commission for you and \$5,000 intended for him. A total of \$10,000. So he says that what you mean by that and what he construed it to mean was that he needed to add \$10,000 to the true cost of the works so that the value of the works to be invoiced was \$24,370. That evidence is correct isn't it?---No.

30 And that's indeed what happened that he rendered an invoice in that amount. That's what the records show. Accept that from me?---Yes.

And that you approved payment of that invoice. That's what the records show?---Yes.

And by doing so you authorised payment from the Mine Subsidence Fund of a secret commission of \$10,000 to be shared between you and Mr Salmon. That's right isn't it?---No.

40 All right. And you see, the various failures in the process that I've taken you to according to exercise of financial delegation that you didn't have, not getting a third quote, not putting it in the tender book, they were all in aid of you obtaining a secret commission. That's right isn't it?---No.

All right. Next property – 100 Brundah Road, Thirlmere. 13 December, 2012 you prepare the claim investigation report, you estimate the cost of repairs at \$6,000. You could approve that claim, that was within your financial delegation, and that's what you did. You needed to get one quote

but there is absent from the file any quote, and that would be a breach of the rules wouldn't it?---Yes.

And there's an exchange of text message between you and Mr Salmon on 21 January, 2013 – so that's the month after you've prepared the claim investigation report – and what he said was, "100 Brundah – 2,310," and you've heard his evidence that a reply came back, "1,200 both ways," and what was meant by that when you sent that text message was that \$1,200 secret commission was to be added for him and 1,200 for you, a total of  
10 \$2,400, and that was to be added to the invoice that he was to render. That's right isn't it?---No.

And so indeed an invoice does get rendered for \$4,710 which happens to be the 2,310 which is the subject of his SMS and the 2,400 which was the subject of your SMS so taking the total invoice to 4,710 and you authorised payment of that invoice. That's what the records show. Yes?---Yes.

And by authorising payment of that invoice, sir, you authorised a defrauding of the Mine Subsidence Fund so that both you and he could share in a secret  
20 commission. That's right isn't it?---No.

And by not getting – not complying with the quote, the need to get one quote you were acting in aid of the attempt to obtain that financial benefit. That's right isn't it?---No.

See, the other aspect of this that is curious is – and I'll ask you to go to volume 6?---Is this the one I've got. Yeah.

Volume 6, page 2784. It's a bit hard to read. There's some printing  
30 underneath it?---Ah hmm.

And that and the following two pages are – they're handwritten pages. Do you see that?---I do.

And you heard Mr Salmon's evidence to the effect that this was his handwritten record of text – of exchanges of text messages between he and you. You heard that evidence?---I did, yeah.

Right. And he made – and his evidence was that the made this record after  
40 he'd had a meeting with you in a park at which time you requested that he delete these, the exchanges of text messages between you on his phone. That's, that's what you did didn't you?---I don't remember.

All right. And - - -?---I remember meeting with him but I don't remember telling him that.

All right. And the reason, the reason that – see, what he says was that ICAC was mentioned during the conversation and that the reason that he believed

you were requesting for the text messages to be deleted from the phone was so that evidence, evidence could be removed which demonstrated that you were embarked upon an arrangement with him to obtain secret commissions. That's right isn't it?---No

You were attempting to have evidence destroyed that would incriminate you in the process of obtaining secret commissions at the expense of the Mine Subsidence Fund?---No.

- 10 Let's go to the next property, 74 Hilton Park Road, Tahmoor. You can keep that document open, sir, that you've got there. The – on 19 December, 2012 you prepared a claim investigation report that estimated the cost of repairs in relation to this job at \$8,000 so you needed one quote according to the procedures. You don't disagree with that do you?---No. No.

20 And there was another exchange of text messages that you had and you can see that from Mr Salmon's handwritten record of the text messages that were on his phone. Go to 2785. Down the bottom of the page there's an entry there 21 January, 2013 and there's a line there "74 Hilton Park 4,860" and that was a message sent by Mr Salomon to you to say what the true value of the works there would be so far as he was concerned and Mr Salmon's evidence is that your reply in relation to the Hilton Park property was 1,000 each and that, that – you meant by that reply to say Mr Salmon, add \$2,000 to your invoice as a secret commission that we're going to share equally between us. That's right isn't it?---No.

30 And so that day an invoice gets received, or it gets sent rather from A&DJ Building Services to the Mine Subsidence Board, Picton. This is the date of the invoice, same day as the text messages. And the invoice is for the amount of \$6,860 which coincidentally is the same amount as the 4,860 plus the \$1,000 each, that is \$2,000. So that invoice included the secret commission that you had arranged for. That's right, isn't it?---No.

And when you, you authorised payment of that invoice on 23 January, according to the records. You don't disagree with that?---No. If that's what the record shows.

40 And by doing so you arranged for the Mine Subsidence fund to be defrauded to the tune of \$2,000 as a secret commission to be shared between you and Mr Salmon?---No.

And by not complying with the requirement for a quote, that was in aid that attempt to obtain a financial benefit, wasn't it?---No.

Next property, sir, 2 Abelia Street, Tahmoor. This is a bit more unusual. See initially on 25 August, 2011, you can return that volume, sir, thank you. On 25 August, 2011, Mr Colbert prepared a claim investigation report which estimated the cost of repairs to be \$19,500 and you approved that

claim and I don't suggest in any way that you didn't have a financial delegation to do so. See that's in August, 2011. Sometime later, 8 February, 2013, you made a recommendation that that amount of 19,500 be increased to 69,500 to cover additional rectification works. You accept from me that that is what appears from the file?---I do.

10 Now there's a lack of explanation on the file for that recommendation but let's just accept for the time being. You certainly didn't have a financial delegation, did you to approve either an additional claim in that amount or any additional expenditure in that amount. That's right, isn't it?---No.

Well your financial delegations didn't, didn't cover an increase from - - -?--- I'm just trying to calculate what the amounts were, that's all, sorry. I just need time to think about it.

It's, I think it's \$50,000?---No. If it's a variation, no.

20 No. All right. And you would ordinarily expect, wouldn't you, if there's going to be an increase in the size of the claim by \$50,000 that that would have to be both the claim and any tender, a successful tender in relation to the works, would have to be approved by someone higher up the chain than you?---Yes.

Right. And if there's a lack of evidence on the file that would seem to suggest that that didn't occur?---Well if it's not on the file, yeah, I mean, yeah. All I can do is believe what you're telling me.

30 And it didn't occur because you didn't arrange for it to occur?---Not that I can remember. I can't remember the job.

No. You deliberately avoided the need to obtain approval for the increase in the value of the claim, that is, obtain approval from Mr Cole-Clark who certainly would've had the delegation or perhaps the secretary. You just avoided any need to send the claim up the line in order to get the approval and just forged on with the job without the approval. That's right, isn't it?--- If that's what the file reflects, I must have.

40 All right. Because you prepared the scope of works on 18 February and tender invitations were sent out. Now tenders were submitted by A&D and Bowral Homes and Plantac. They do appear to be in the tender book. The issue is not so much, sir, with the original contract price but with the variation. You see, A&DJ was the subject of your recommendation that the tender be accepted and Mr Cole-Clark indeed seems to have approved that recommendation. So then there's - pardon me. So a variation instruction gets issued by you on 24 April, 2013. So this is after the tender process has occurred and after A&DJ has been engaged, and Mr Salmon's evidence is that you had instructed him in relation to the cost of the variation to add



\$4,000 – and I'll take you to the relevant document. Volume 6 again, if you wouldn't mind. I'm sorry. Go please, sir, to page 2841?---Okay.

That's the variation instruction that you issue. Go over the page there's Mr Salmon's workings for how much the variation is going to cost to do?---Ah hmm.

And when you add up those figures he comes up with a figure of 7,790 plus, plus GST?---Ah hmm.

10

And below that there's handwriting, "Plus two K plus two K," and his evidence is that that was your instruction to him to add a secret commission totalling 4,000, being 2,000 for him and 2,000 for you. That's right isn't it? ---No.

All right. And so when he renders his invoice on 12 July which includes not just the balance of the original contract price but also the variation, the variation is in the sum of 11,790. So that includes the \$4,000 secret commission. You understand that's what his evidence is?---Yes.

20

All right. And you authorised payment of that invoice, that's what the records show?---Yes.

And by so doing, and you knew this, you were authorising a payment of a secret commission from the Mine Subsidence Fund to be shared between you and Mr Salmon. That's right isn't it?---No.

By authorising payment of that invoice you were deliberately defrauding the Mine Subsidence Fund?---No.

30

All right. See, the other thing to note, sir, about this file is that at this time, April, 2013 according to the financial delegation records the limit on your capacity to approve a variation was \$10,000 or 15 per cent of the total value of the works, that is the original contract price, and when I do the maths at least this variation of \$11,700 is 20 per cent of the original contract price and it's certainly greater than \$10,000. So it exceeded your financial delegation didn't it, to approve this variation?---Yes.

40

Right. And you did that deliberately because you were embarked upon a process to get a secret commission?---No.

Let's go next, please, to 3B Tahmoor Road, Tahmoor. 30 October, 2013 you prepare a claim investigation report and you estimate the cost of repairs to be \$9,000. At this time, sir, according to the records one quote was required and the records in the file show that there was no quote obtained. So that's a failure to comply with the procedures, yes?---Yes.

Then October – going from August to October, 2013 there’s another exchange of text messages with you. In this case it relates to this particular property 3B Tahmoor Road, Tahmoor. Mr Salmon messages you to say “4,460 plus” and you reply within a matter of minutes “2,000 electrical and 2,000 plumbing” and Mr Salmon’s evidence is that that meant to him that it was a direction by you to add a secret commission totalling \$4,000, \$2,000 for you and \$2,000 for him. That’s what you intended by that text message. That’s right?---No.

10 And so the words “electrical” and “plumbing” that was code that you were using in your exchanges with Mr Salmon to hide the fact that you were asking for the inclusion of secret commissions within invoices to be rendered or an invoice to be rendered by Mr Salmon. That’s right isn’t it? ---No.

So the following day, sir, the records show that an invoice was indeed rendered by A&DJ and the amount is the 4,460 plus the 4,000 that Mr Salmon says you have directed him to add, being 8,460. That’s what the record shows the amount of the invoice to be. See that?---I haven’t got the  
20 invoice in front of me.

All right. Well, accept from me that’s what - - -?---I’ll accept what you - - -  
- - - the invoice says?---Mmm.

And you authorised payment of that invoice the same day according to the records?---Yes.

30 So what – in so doing, sir, you were authorising the payment of a secret commission to you and Mr Salmon from the Mine Subsidence Fund and thereby defrauding the Fund. That’s right?---No.

And you deliberately failed to comply with the need to get a quote because you were doing – that was part of your intent to obtain the secret commission?---No.

All right. Let’s go to the next property, 33 York Street, Tahmoor. 9 January, 2014 you prepare a claim investigation report estimating the cost of repairs to be \$20,000. Now, there’s, there’s, there’s no reviewing officer  
40 and the documents seem to show, sir, that you approved this claim and I’ll, I’ll take you to that document. Exhibit T54, volume 6. I’m sorry, volume 5 and go please, sir, to 2635. So that’s a claim, claim processing worksheet? ---I’m not, I’m not there yet.

Okay?---Yes.

And that’s your handwriting isn’t it?---Yes.

And see under “claim report”, the subheading “claim report” you – that you’ve, you’ve put your name there as the delegate?---Yes.

And there’s a date there and there’s a delegation number there and you just didn’t have a financial delegation to approve this claim did you?---No.

Your financial delegation stopped at \$10,000 where you were the investigating officer?---Yes.

10 So you’ve deliberately flouted the financial delegation limits?---Yes.

And I can indicate to you, sir, that there doesn’t appear to be any other record on the file of any approval of the claim by someone higher up the chain. There was a requirement of course to obtain three quotes. You had prepared the scope of works. You received quotes from A&DJ and Plantac. A&DJ 21,660. Plantac 22,460. No third quote. That would be a breach of the rules, yes?---Yes.

20 Not in the tender book. Another breach of the rules?---Yes.

Then in February, 2014 there’s an exchange of text message with Mr Salmon. 7 February, 2014 he sends a text message to you, “York 11,660,” and he writes this down as well on the handwritten record of the text messages which he makes after you ask him to delete the text message from his phone – that’s what he says – and then there’s a reply that comes back in response to his text message some minutes later, “5,000 both trades,” and he says that means that you instructed him to add a total of \$10,000 to the amount to be invoiced, being \$5,000 intended for you and \$5,000 intended for him as secret commissions – and that’s correct isn’t it?---No.

30 All right. So the invoice then gets, an invoice then gets rendered by him on 10 February, three days later in an amount of 21,660 plus GST which three days after that you then approve. That’s what the records show?---Ah hmm.

And by so doing, sir, you were defrauding the MSB were you not?---No.

You were arranging for the payment of a secret commission from the Mine Subsidence Fund to be shared between you and Mr Salmon?---No.

40 And you facilitated or aided in that enterprise by failing to comply with the financial delegation that I’ve just taken you to, not getting a third quote, and not putting the job in the tender book. It was all a design to have just A&DJ involved in the job because you were going to get a secret commission out of their involvement?---No.

That’s right isn’t it?---No.

Let's got to the next one. Tahmoor Town Centre. Now, it's a bit of a complex file but, sir, just let me – I'll deal with it as best I can orally. If you need to look at the file let me know. It in fact involves three small jobs at shops, or in and around shops at the Tahmoor Town Centre. So first of all 10 January, 2014 you send an instruction to Mr Salmon to attend to urgent repairs to the front façade of Woolworths, and there's a checker plate in the basement, has a problem with it, needs some repairs. Not suggesting to you, sir, that you needed to get quotes on this occasion. It was treated by you as an emergency job that involved elimination of danger and you didn't need quotes but - - -?---Ah hmm.

So you just issued this instruction, and you get this quote from A&DJ, 12 February, 2014 of \$3,270 to manufacture and install the checker plate and some other things. Now, next in time, 21 January – so let's just park that checker plate job off to one side at the moment Next in time, 21 January, so just – let's just park that checker plate job off to one side at the moment. Next in time, 21 January, 2014, you issue another instruction to Mr Salmon to attend to some broken tiles at the entrance to Woolies. Treated as another emergency job and then on 6 February, there's what is in effect another instruction. An email from you to Mr Bullock, sorry, an email, I apologise?---I know what you mean.

An email from, from you to Mr Salmon requesting that he repair a void at the front of Woolworths. So we've got three jobs. We've got a checker plate job in the car park, we've got broken tiles and we've got a void. And then what happens, the day after that email there's, there's a text message which gets sent from you, sorry, from Mr Salmon to you which says "Shops, 1270." And you replied by saying "1,000 both trades." And three days later, 10 February, an invoice gets submitted by Mr Salmon for 3,270 which would appear to be the 1,270 plus two times 1,000, 3,270 and that's for the checker plate job, so the first job. And Mr Salmon's evidence is that when you sent a text message to him "1,000 both trades", that meant that you were meaning to say that he should a secret commission to his invoice of \$2,000 which you would share equally. That's right, isn't it?---No.

And then there's more text messages a bit later, 20 February, 2014. There's two actually, there's several. So a text message from Mr Salmon to you. It says "Butcher and Woolies filler 2,250." That's at 11.21am. Ten minutes later he sends another one which says "Woolies, tiles, metal, et cetera, 1560 plus". And you send back four minutes later a text message to Mr Salmon which says "1,000 and 500 each trade", and the effect of Mr Salmon's evidence is that that was an instruction by you to add \$1,000 for each trade, that is, secret commissions for you and he, \$1,000 each to be added the Woolies filler job and \$5, \$500 rather intended as a secret commission for each of you in relation to the tiles job. That's his evidence, and that's right isn't it?---No.

And on 20 March he invoices, he invoices the Mine Subsidence Board in relation to the tiles job and just bear in mind the tiles job he said was 1,560 and when you add 1,000 – and I might have these the wrong way around I'm sorry. The tiles job he said was 1,560 and so that meant you needed to add – your text message meant you needed to add 1,000 to that to make it 2,560 so the – one of the invoices that he sends on 20 March is for 2,560 which is I think for the tiles job and that invoice includes, and you're aware of this, it includes the \$1,000 secret commission to be shared between yourselves. That's right isn't it?---No.

10

And the other invoice that gets submitted on the same day is for the Woolies filler job and your instruction was to add \$1,000 each trade, total of \$2,000 to 2,520 bring the total to 4,520 and you knew that when you received the invoice did you not, you knew that the invoice when it was received by you included the secret commission of \$2,000?---No.

And you authorised payment of both invoices on 21 March according to the records. You don't deny that do you?---No.

20

And by doing so you were approving the payment of a secret commission from the Mine Subsidence Fund to yourself and Mr Salmon. That's right isn't it?---No.

All right. I note the time, Commissioner.

THE COMMISSIONER: Yes. We'll take a luncheon adjournment. Can I just make an idle inquiry, do we have an idea when we might conclude with Mr Bullock and whether or not Mr Inskip was going to be called this afternoon?

30

MR NAYLOR: I do intend to get to Mr Inskip this afternoon. There are – I have four more properties to deal with. I have a number of follow-up questions, Commissioner. I certainly do want to get to Mr Inskip.

THE COMMISSIONER: All right. Well, we'll – just remind you we're adjourning at 3.30 so I'll adjourn to 2 o'clock.

MR NAYLOR: Yes. Okay.

40

THE COMMISSIONER: Thank you.

MR NAYLOR: Thank you.

**LUNCHEON ADJOURNMENT**

**[1.01pm]**