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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE MEGAN LATHAM

PUBLIC HEARING

OPERATION VERDI

Reference: Operation E13/0955

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON MONDAY, 21 JULY, 2014

AT 2.03PM

Any person who publishes any part of this transcript in any way and to any person contrary to a Commission direction against publication commits an offence against section 112(2) of the Independent Commission Against Corruption Act 1988.

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

THE COMMISSIONER: Yes, could Mr Dennehy come back into the witness box, thank you.

<GRAEME ALLAN DENNEHY, on former oath

[2.03pm]

THE COMMISSIONER: Yes, thank you, Mr Dennehy. Take a seat. Yes, Ms Mitchelmore?

10

MS MITCHELMORE: Mr Dennehy, I wanted to ask you some questions now about the UNE Union and UNE Limited. Just going back to 2005 when those entities were still in existence, was the UNE Union a controlled entity?---No, it wasn't.

And what about UNE Union Limited?---No, it wasn't.

20

Are you able to explain briefly the relationship if any between the UNE Union and other student organisations at the University?---Yes. Ah, at UNE at the time they had three main student bodies ah, one was the UNESA, the UNE Student Association, that was primarily focussed on advocacy for the students, the other was Sport UNE, they looked after the sporting facilities, and UNE Union was one that looked more ah, the commercial activities such as running the hospitality arrangements. It also held a number of the assets on behalf of the students.

And what about the relationship between the UNE Union and UNE Union Limited?---You're testing my memory now.

30

Yes?---I understand, I do believe that UNE Union was the incorporated association whereas UNE Limited was one limited by guarantee and I think that they set that structure up so that that could be the vehicle that would hold the assets from memory.

Yes. So is it the case that UNE Union Limited was the entity that held the Tattersalls Hotel, the asset of the Tattersalls Hotel?---That's my recollection.

40

Right. And what about, I think there was a cinema, they had an interest in a cinema. Is that right?---That's correct. They, they owned the cinema in the, Armidale, in the city.

Right. And then as you said, various hospitality, was that on campus hospitality services?---On, on campus services ah, so they ran the cafeteria, hospitality services and ah, often any catering services that were required on campus as well.

I see. Now, you'll recall that in May of 2005 Mr Stephen Hall who was a registered liquidator of Forsyth's, the company Forsyth's in Armidale, was appointed the receiver and manager of UNE Union and the administrator of UNE Union Limited?---Yes.

Do you recall that?---I do recall that.

Now, you were involved in the events leading to Mr Hall's appointment. Is that right?---Yes, I was.

10

Are you able to outline for the Commission to the best of your recollection the circumstances that led to that appointment or appointments?---It was, it was around the time of the Government change in policy regarding student fees. The, there was an ability to charge service fees, general service fees to the students that would provide quite a significant revenue line for the operation of the Union and the student associations generally, but the Government was changing it such that they wouldn't be able to do that in future so it meant a major revenue line was disappearing and so there was a need for all student associations to restructure to cut back on their overheads to make sure they were able to live within their, to be sustainable and live within their means.

20

Right. So just stopping you there. You've mentioned the general service fee, so was that a fee that was paid by students?---Yes, it was.

And that was then used to fund the student organisations on campus. Is that right?---Yes, to, to provide a particular revenue line to those student associations. Some of those associations had other revenue lines such as the Union that would have revenue from the Cinema and the Hotel and catering.

30

But the general service fee from what you said was a significant component of- -?---Significant component.

- - -of the Union's income- - -?---Yes.

- - - as it were?---Yes.

Yes. And the issue that arose around this time was that the Government had announced a policy of introducing voluntary student unionism. Is that right?---That's correct.

40

And what was to be the process pursuant to voluntary student unionism insofar as the general service fee was concerned?---In the, in the - leading up to that the, it was a compulsory fee that students when they enrolled would be required to pay that, that fee.

Yes?---Under voluntary student unionism they had a choice to do so. So it was up to the student associations to provide an argument as to why those

students would pay, but the bottom line was the majority of students, if they could save money, wouldn't pay the fee.

Yes. So it's the case then at this time that you as part of the University Executive was looking at ways to address the loss of that general service fee for the student organisations. Is that right?---We, we were actually working with the associations because we knew that was going to put a lot of pressure on their operations, the overheads that they had in place, and so we were working with them to try and assist as we could. We were  
10 independent from them- - -

Yes?--- - - - but remembering they, they did have our brand in the, in the name and so anything that would have gone wrong would have reflected badly on the University so we wanted to provide as much assistance as we could.

And is that the context in which Mr Hall came to look at the affairs of the UNE Union and UNE Union Limited?---Yes, it is. It's, we, we were very worried about the UNE Union with their very high overheads and whether  
20 in fact that they could be sustainable, financially sustainable in the future, and so there was an agreement both at the University Council level and at the Union Board level to engage Mr Hall to initially look over the books and provide some recommendations.

I see. And did it lead from there to the appointment of Mr Hall as a receiver/manager of UNE Union and administrator of UNE Union Limited?  
---It did.

You mentioned in the course of your evidence in relation to this issue – you  
30 were saying, We were concerned, are you able to indicate who you were discussing these issues with at this time?---Particularly the Vice Chancellor at the time. Ah, I was, um, looking at – we, we, we in general had been discussing the impact and I think at Council they would've been aware of the policy change and as part of our responsibilities to, to Council we need to make sure that we identified all risks and that was certainly a risk and so I was talking to the Vice Chancellor in particular about some of the things that we ought to do in helping the Union out here.

And you said the Vice Chancellor, that was Professor Moses at the time?  
40 ---That's correct.

Is that right?---Yeah.

Okay. So, after Mr Hall's appointment, did you have ongoing interaction with him while he was the receiver, manager and administrator?--- Yes, I did.

How frequent was your interaction with Mr Hall? Can you recall?---Um, it's a bit hard to say. It, it was over that period, again, I can't recall exactly when Mr Hall was appointed but there was a sequence of events of recommendations Mr Hall came forward with and it meant that I was – attempted to be in reasonable communication with him on a weekly basis.

Right. And what was the nature of your interaction with Mr Hall? Were you assisting him with inquiries that he had?---Mr Hall was reporting to me as a representative from the, the University of New England - - -

10

I see---? - - -on, on these outcomes. We, we conditioned Mr Hall.

Yes?---And, ah, so, ah, he was putting forward recommendations.

I see. Now, do you recall that Mr Hall produced a report on the affairs of the UNE Union and UNE Union Limited?---Yes.

20

If I can show you page 13 – it's a document starting at page 13. Now, do you recognise that document as the report that you received from Mr Hall? ---Yes, that does look like the report.

And do you recall seeing it around the time of 2 June 2005?---Yes, off the blue that'd be about the time.

If I can just show you, Mr Dennehy, at the footer of each of the pages after the title page there's the date 2 June 2005?---Yes.

30

Do you see that? So, you recall seeing it around that time?---Yes, I believe so.

Yes. Now page 15 of the report, page 15 as in the top right hand corner pagination?---Yes.

It lists a number of annexures. Do you see that?---Yes, I do.

And one of the annexures at 2.5 is a valuation of the Tattersalls Hotel prepared by Manenti Quinlan. Is that right?---Yes, that's correct.

40

Now do you recall seeing a valuation report at that time?---Yes, I do believe I did see the valuation report.

Yes. If I could perhaps show you another document which is page 87 – do you recognise that, Mr Dennehy, as the valuation report from Manenti Quinlan that you saw at about the same time as receiving Mr Hall's report?--Yes, from my recollection I do recall this.

Now the cover page has the photograph of the Hotel. Is that right?---That's correct.

That's the Hotel?---Yes.

And if I can take you to the executive summary which will be a couple of pages in?---Yes.

Do you have that? And that had stated that the market value of the Hotel was \$2.35 million. Is that right?---That's correct.

10 And do you recall that – being told that that was the value of the Hotel by Mr Hall?---Yes, I do.

Prior to your receipt of the valuation?---Yeah.

Commissioner, can I tender those two reports? First the report of Mr Hall 2 June 2005?

THE COMMISSIONER: Yes. That report will be Exhibit V3.

20

**#EXHIBIT V3 - REPORT TO THE UNIVERSITY OF NEW ENGLAND COMPILED BY MR STEPHEN HALL DATED 2 JUNE 2005**

MS MITCHELMORE: And secondly the valuation report of Manenti Quinlan on 25 May 2005.

THE COMMISSIONER: Yes. Exhibit V4.

30

**#EXHIBIT V4 – HOTEL VALUATION REPORT OF TATTERSALLS HOTEL ARMIDALE DATED 20 MAY 2005**

MS MITCHELMORE: Thank you. Now just going back to Mr Hall's report, Mr Dennehy, it's right, isn't it, that in summary Mr Hall recommended that the University establish a new entity for the purposes of entering into a deed of arrangement to transfer existing assets and liabilities of the UNE Union to that entity?---That's correct.

40

And is it the case that you remember being present at a special meeting of the Council where the Council resolved to establish a new company that was capable of taking those assets?---Yes. I believe I was at that meeting.

That was at – on or about 24 June 2005?---Yeah. I – from my recollection I think I was there, yeah.

Yes?---Yeah.

Mr Hall also recommended – and this is on page 28 of his report if it assists your recollection – that the Union seek approval from creditors of the UNE Union Limited to enter into a deed of company arrangement which included the sale of the Hotel and distributions of the proceeds to discharge the loan to the National Australia Bank that was secured over the Hotel at the time?--  
-Yes. That's correct.

10 And there was also as I understand it a loan of some \$255,000 to – from the UNE Union to UNE Union Limited?---Yes.

So both of those loans would be discharged from the proceeds of the sale. Is that right?---That's correct.

And then anything that was left would be funds for that company or the new entity to, to deal with. Is that right?---Yes. That's correct.

20 In mid-July of 2005 do you recall receiving a further letter from Mr Hall about the sale of the Hotel?---Yes. There was further correspondence in regard to the sale of Hotel.

Yes. Perhaps if I can show you this document. That's a letter addressed to you from, from Mr Hall. Is that right?---That's correct.

And it's dated 14 July?---Yes.

Do you recall receiving that letter?---I do, I do.

30 And you'll see on page 1, the first page of the letter, there's a reference to enclosing a letter from Manenti Quinlan. Do you see that?---Yes.

Do you recall seeing a letter from Manenti Quinlan at or around the same time?---Um, I, I, I may have, I, I just can't remember what it looks like.

Yes. Perhaps if I can show you this document. Now, that's a letter from Manenti Quinlan to Mr Hall of 13 July 2005?---Yes.

40 Is that right?---Yes. That's correct.

And do you recall seeing that document?---Yes, I, I do recall the, the auction results that's included in that letter, yes.

Yes. And that was the letter to which Mr Hall was referring, to your collection - - -?---Yes. Yes.

- - - in his letter of 14 July?---That, that's correct.

And there was reference in that letter of Mr Quinlan that the market evidence was that the country market had started to cool. Do you remember reading that?---Yes, yes I do.

Commissioner, can I tender perhaps those two documents together given that the Manenti Quinlan letter is an enclosure?

THE COMMISSIONER: Yes. The letter of 14 July 2005 and the attached letter of 13 July 2005 Exhibit V5.

10

**#EXHIBIT V5 – LETTER FROM STEPHEN HALL TO GRAEME DENNEHY DATED 14 JULY 2005 ATTACHING LETTER FROM GERRY QUINLAN TO STEPHEN HALL DATED 13 JULY 2005 14 JULY 2005**

MS MITCHELMORE: Thank you. Mr Dennehy, do you recall discussing that correspondence and perhaps the report and valuation with other persons within the University Executive?---Yes. Um, yes, I do. We, um, I, I'd spoken with our University lawyer.

20

And that's, that was Mr Fox?---Mr Fox.

Yes?---Yes, about it, um, and I, I'm not sure whether I mentioned it to the Vice Chancellor at the time.

Right?---I think I might, might have.

Right. Do you recall being part of what might loosely be described as a working group or a working party in relation to advancing the implementation of the restructure and potential sale of the Hotel?---I do.

30

Do you recall how that group came to be formed?---I understand it was discussed at the Council meeting when the decision was made to look at creating Services UNE Structure.

Yes?---And that it had – I, I think its origins came from that, that there would be a working party that would look at receiving the advice from Mr Hall and start to develop the appropriate instruments documentation to allow that transfer to occur.

40

I see. So your recollection is that that was something that was discussed in that meeting of 24, the Council meeting of 24 June when the approval was given to establish a new entity?---I, I do, I think so because it was one that would report to, um, Council eventually. Now, whether that was Council or whether that was one of the committees of Council I just can't recall at this stage.



Right. And perhaps if I can show you this document. I just want to show you – there's a bundle, Mr Dennehy, but if I can show you tab 3?---Yes.

Now, do you recognise that document as notes of a meeting that was held on 20 July, 2005?---Yes.

And you – that was held in your offices, is that right, or your office?  
---That's correct.

10

And do you know who prepared the notes?---I believe Helen Arthurson, the secretary to Council would have prepared the notes.

I see. The notes of the meeting record Ms Arthurson as being present, is that right?---That's correct.

And you'll see, Mr Dennehy, that there is sort of a round point or paragraph numbered 4 on the first page, page 37, that there's some handwriting there?  
---Yes.

20

Do you know whose handwriting that is?---I think it might be mine.

I see. And do you recall or are you able to decipher what, what that says?  
---Mmm, I believe decide to sell the Hotel or to keep the Hotel to the controlled entity of new Board after asset transfer and the group noted, no, I'm not sure what, what I've got there, the group noted that for Mr Hall was required to decide, I'm having trouble.

30  
No, that's okay. You've helped us with the first - - -?---My, my handwriting's not terribly good.

Now can you recall if this group met on more than one occasion?---It was either one or two occasions and I just, I just can't recall. I have a feeling it might have been two.

I see?---But I can't be sure.

40  
Right?---The, the, the official notes would have gone to Council so there would, there would have been a, a record of the, the meetings I would imagine.

Right. Okay. Now according to the notes there were a number of issues that were discussed at this meeting. Sitting here now without looking at the notes do you have any independent recollection of this meeting?---Um, it was, it was meeting in regard to the Services UNE structure. There were a number of decisions that need to be made in terms of the timing of the sale of the Hotel um, I think that's, that's, that's all I can think of just at the

moment. Basically the, the Services UNE structure and the, and the timing of the, the sale of the Hotel.

Yes. Now if I can take you page – on the first page down at, there's a heading "Stamp duty."?---Yes.

10 Do you see that, and there's a reference to the Chancellor saying he'd discussed the issue with Mr Torbay and the view is expressed that the University would have a good chance of obtaining an exemption, do you recall him saying something along those lines at the meeting?---Yes, I, yeah, I, I do recall that.

And stamp duty having to be paid by the Union limited company on transfer or vice versa by the new entity, that was a concern insofar as the decision to sell now or to, to wait for the new entity, is that right?---Yes, it was a consideration in terms of whether to sell this at this point in time or whether to wait until the new Board is established and transfer it and then sell it after that.

20 Yes. Do you recall whether Mr Cassidy indicated how many times he'd spoken to, to Mr Torbay about this issue?---No, I can't, I couldn't.

Do you recall, Mr Dennehy, meeting with Mr Torby about this issue after the meeting or after this meeting of 20 July?---The – about the stamp duty?

Ah, yes, or the restructure more generally?---No, I don't recall meeting with Mr Torbay.

30 Is it possible that you met with Mr Torbay?---I don't believe I did. It's certainly possible, I mean Richard would have been around.

But you don't have a recollection of doing so?---I don't have a recollection of it, no.

40 If I can take you the next page of this minute, page 38, there's a reference to the group agreeing, and this is down the bottom of the page, that pending a favourable response in relation to stamp duty the recommendation would be for the Hotel to be retained and transferred with other assets of the UNE Union, do you see that?---Yes.

Do you recall the discussion about that issue?---Yeah, the Hotel to be retained, yes, I do, I do recall.

Was it a lengthy discussion, Mr Dennehy or - - -?---Oh, there was, it was a reasonable discussion. I think the recommendation from Mr Hall was that to sell the Hotel straightaway - - -

Yes?--- - - - and then to use the proceeds from the sale to address the outstanding loans so that the new Board could have, have a start afresh as such.

Yes, yes?---But the, the proposition put forward that it would be better to allow the new Board directors to make the decision on the future of the Hotel itself.

10 Yes. And do you recall what your view was at the time?---Yeah, I, I was certainly in favour of, of selling it at that point.

So you were supporting Mr Hall's recommendations?---Mr Hall's recommendation, yeah.

I see. Do you recall what Mr Cassidy's view was?---Well, I think Mr Cassidy had a preference for the, for the latter, to, to have the new Services UNE Board.

20 Right. And - - -?---And that was on the basis of course that there was a new strategic direction, they may have been able to bring in other factors that we weren't considering at the time.

Yes, of course. And do you recall whether there was any discussion in the course of the meeting about the valuation?---No, I can't recall that.

30 Or the correspondence that you'd received from Mr Hall about – which attached the letter from Manenti Quinlan about the market starting to cool? ---Um, no, I, I can't recall the valuation itself coming up as a, an issue but it possibly it might have, I, I just can't recall.

Do you recall Mr Cassidy ever commenting on the valuation, either at this meeting or on other occasions?---No.

Now do you recall that shortly after this meeting, Mr Dennehy, Mr Hall received a letter or an offer from a company called Camtrad Pty Limited in which that company offered to purchase the Hotel for \$3 million?---Yes.

40 What can you tell me about that offer?---Mr Hall received that and it was around that same time that we'd had this meeting - - -

Yes?--- - - - and I can't recall whether it was raised during that meeting or at another time and his recommendation was that we enter into a conversation with that person because of the fact that it was such a large amount compared to the valuation.

Yes. And what was your view about that at the time?---I was certainly supportive of that.

And was that, you said it happened around the time of this 20 July meeting. Do you recall whether it was discussed at that 20 July meeting?---Look, I can't remember, I really can't remember because it was very close. He may have signalled during the meeting. I don't know that we, we had any formal  
- - -

Yes?--- - - - paperwork at that time but he may have signalled during the meeting that he'd received it.

10 Right. And do you recall discussing that offer with Mr Cassidy?---Yes, we, I think we, we would have discussed it as a group at some point.

Right. Perhaps if I can show you the letter from Camtrad, it's dated 22 July and from what you've said, Mr Dennehy, it may be that Mr Hall flagged in the course of the meeting - - -?---Yeah.

- - - that he'd had discussions about this offer and then a formal offer was made - - -?---Yes.

20 - - - on the 22<sup>nd</sup>?---Yes.

Do you remember seeing that letter?---Yes, yes, I do remember seeing that.

And you've indicated that you discussed that offer with Mr Cassidy and the others who were members of the working party, is that right?---Yeah. I'm sure it was with the working party, I don't recall speaking with Mr Cassidy just one on one.

30 Individual?---I think it was with, with the group as such.

And those other members of course were Mr Fox?---Mr Fox.

And, and Mr Hall, is that right?---And Mr Hall, that's correct.

So it was quite a small - - -?---Yeah.

- - - a small group?---Yes.

40 And there was reference in the minutes of the meeting to Ms Paini attending at some point?---Oh, Ms Paini would have been in there as well, yes.

Was she a member of the group?---Yes, she, she was, yes.

Right. Do you recall discussing the offer with people who were external to the working party?---Oh, no.

No, so it was just something that was - - -?---Yeah, yeah.

- - - kept within the working party?---Yeah, certainly, absolutely, yeah.

Right. Was there a degree of confidentiality in respect of the - - -?---Yes.

- - - discussions that you were having?---Yes, there was.

And was that understood - - -?---Yes.

10 - - - as being the discussions were confidential?---Yes, certainly, when we're talking about valuations and, and tenders, absolutely.

Yes, yes. Commissioner, can I tender the letter from Camtrad of 22 July.

THE COMMISSIONER: Yes, that will be Exhibit V6.

**#EXHIBIT V6 – LETTER FROM ARCHIE CAMPBELL TO  
STEPHEN HALL DATED 22 JULY 2005**

20

MS MITCHELMORE: Now, Mr Dennehy, there was a meeting of the Standing Committee on 4 August, 2005 on the subject of the restructure. You've indicated that you can't recall whether or not you attended Standing Committee meetings but do you remember attending that particular Standing Committee meeting?---I, I, I just, I just can't recall at this stage but - - -

Yes. Perhaps if- - -?---I would imagine the – my presence, even if in attendance, would have been noted on the, on the minutes of that.

30

Yes. So perhaps if I can show you the minutes?---Yeah.

It's page 53 and it's tab – there's another bundle. Yes, if I can just show you this bundle, Mr Dennehy, and it's tab 5. Is that right, have you got minutes there of the- - -?---No. This is the meeting of Directors of Service UNE.

Oh, I'm sorry. Perhaps if I can – tab 5 of that bundle that you've got there? ---Yeah, yeah. That's the one.

40

Yes, I'm sorry?---Yeah.

So is that, you've got there meetings, Minutes of the Meeting of the Standing Committee?---Oh, yeah, yeah.

Is that right?---Yes, yes, that's correct, yes.

And that was held on 4 August?---Yeah.

And you'll see in attendance your name is there. Is that right?  
---That's correct.

With Ms Arthurson?---Yes.

And so you're in attendance but as an observer. Is that right?---That's correct.

10 And is it the case consistent with Council meeting that you only spoke when you were asked to answer a question or - - ?---That's correct.

- - -otherwise invited to comment. Is that right?---That's correct.

Now, on the first page there's a reference, you'll see tabled documents business paper?---Yes.

20 Can I show you this document. Mr Dennehy, is that a copy to your recollection of the business paper that was tabled at the meeting?---Yes.

And do you recall who prepared the business paper?---I would, I've got a thought that the Secretary to Council, Helen Arthurson would have- - -

So she prepared all of the papers for Council, is that right?---With assistance, yes.

30 Did you assist at all in the preparation of this paper?---This paper Helen may have drafted it based on the understanding of what needs to go in and may have run it past me for checking- - -

I see?--- - - -prior to- - -

And Ms Arthurson of course was at the meeting on 20 July?---Yes.

So she had been present for the discussions?---Yes, yes.

40 Now, the Standing Committee, if I can take you back to the minutes, Mr Dennehy, the Standing Committee resolved – and this is on page 54, that the Constitution and Deed of Company Arrangement be approved with some minor amendments. Do you see that?---Yes.

There were some minor amendments being made to the Constitution?---Yes.

But otherwise it was approved?---Yes.

And you'll see there that the, it was indicated at the bottom of the page that you were to advise the administrator and receiver/manager and the

University lawyer of the outcome of the meeting. Do you see that?---Yes, that's correct.

And do you recall that you did that?---Yes, I believe I would have done that.

And Mr Cassidy or the Chancellor, being Mr Cassidy, was by agreement to advise the three persons or potential directors of the new entity. Is that right?---Yes.

10 And do your recollection, and it's noted in the minutes at about halfway down the page, the new directors or the directors of the new entity would be Mr Rod Watt, Mr Andrew Murray and Ms Ann Maurer?---Yes.

Is that right?---Yes, that's correct.

Were you involved in any discussions with anyone prior to that meeting as to who might be appropriate directors of that new entity?---No, I wasn't, although there may have been – a member of Council may have asked my opinion on that, who could have been suitable for the role.

20

I see. Were you ever approached about potentially being a director of the entity?---Yes, yes, I was, I was going to be a director just for the first 12 months?

Right?---Just while it settled in, just to get some continuity.

And who approached you about that to your recollection?---I was, I think I was approached by the secretary of the Council asking to provide details that could be registered as a director at the time.

30

I see. Is that something to your understanding that the secretary would have done uninstructed?---Um, it may have even been something that I would have instructed at the time.

I see?---I can't recall at the moment, but my intention had been to be part of that to start off with and I might have suggested that. It would have needed to get Council approval of course.

40 Yes?---And that's why I do recall just getting a notice asking for details. That might have been in anticipation of- - -

Yes?--- - - -Council agreeing to me being on the, on the Board.

Yes. Now, once Services UNE was up and running, did you have anything further to do with the running of the entity?---No.

As you held the position, I think you've indicated previously that you were responsible for monitoring controlled entities, Services UNE was a controlled entity. Is that right?---Yes, that's correct.

Did you keep yourself informed as to its activities?---Over that period I just kept myself informed just by noting what reports were going to Council et cetera on what was happening there.

10 Did you speak to the CEO of Services UNE which remained Ms Paini?  
---I don't recall speaking too much with Ms Paini after the decision to establish the company, the Service UNE company.

Mr Dennehy, did you have anything to do with the sale of the Hotel?---No.

Were you aware that in or around November of 2005 the directors of Services UNE had decided to put the Hotel up for sale by tender?---Yes.

20 How did you become aware of that?---I think it may have been a press release. I just can't recall at the moment.

Right. Do you recall discussing with any other members of the University Executive around that time- -?---The sale of the- - -

The sale, yes?---No, I can't recall.

Is it possible that you may have?---With one of the other executives?

30 Yes. Well, for example the Chancellor or the Vice Chancellor?---Um, I, I may have, I just, I have no recollection of it though.

Yes. What about Mr Fox, the University's lawyer?---Mr Fox, I could have spoken with Mr Fox, although once Services UNE was set up it was really the new directors that were responsible for that.

Yes?---And when you say in terms of my oversight, I wouldn't interfere with what was happening as far as the directors were concerned.

40 With decisions, no, of course?---So I was really, knowing that they'd made that decision I was ah, sitting back allowing them to proceed accordingly.

Yes. Were you aware of a Standing Committee meeting held on 21 November, the purpose of which was for the Council to approve the sale of the Hotel?---Ah, yes, I think I was aware of that, yes.

Do you recall the reason – the minutes don't have you attending the meeting?---Yeah.



Do you recall not attending?---Yeah. It was very close, I'm just trying to think when I went on leave. I was, I was, whether it was then or maybe a little bit later in December.

Yes?---But I, no, I don't recall. I do recall not attending if you like.

Yes. You went on leave, Mr Dennehy, I think around 20 December, 2005?  
---20 December, okay, yeah.

10 Now, to your recollection had the Hotel been sold by then?---I, I had heard that, that they, there was an agreement to sell the Hotel.

I see. And it's the case you were on leave for some time, I believe you returned in early February 2006?---That's correct, yeah.

Do you recall attending a meeting of the Audit and Compliance Committee on 10 February, 2006- - ?---Yeah.

20 - - -at which a letter from Mr Cassidy was tabled?---Yes.

In which he stated he'd recently acquired a shareholding in the Hotel?  
---Yes.

Is it the case that you had a phone conversation with Mr Cassidy before that meeting in which he raised that issue with you?---Yes.

30 Did the call deal with other matters as well as that issue to your recollection?---Yes, yes, I think it was a – I'd just got back from leave and I think he called to discuss a variety of things.

Did you make a note of that phone call?---I did.

When did you make the note?---Straight after the conversation.

40 And can you tell me what you can recall of that phone call insofar as it related to Mr Cassidy acquiring an interest in the Hotel?---He mentioned to me that had I heard that he had acquired an interest in the Hotel and I said I'd only heard from rumours when I, since I got back from leave. And he said, he told me that he was going to be reporting that to the Audit and Compliance Committee and I said that I was very pleased about that because it was concerning me that with the rumours as they were- - -

Yes?--- - - -it could have been a bit of a problem for John himself and for the University.

Yes?---And he said that was fine, he had, his lawyer were preparing that letter. And I said, "Well, just to be absolutely clear, make sure that you do, your lawyers do mention the fact that you'd been involved in the working

group and that you had access to certain information and also you had influence in terms of some of the issues that were raised.”

Yes. And what did he say in response to that?---I, I think he, he had said he would check the records and, and take that on board.

Yes. Can I show you some handwritten notes, Mr Dennehy? It’s page 775.

Is that your handwriting?---Yes, it is.

10

And do you recall or recognise that as notes that you made of that meeting, or, sorry, the telephone call with the Chancellor?---Yes.

Now, are you able – just given your handwriting – just to take us through what it says?---Re to the conversation with Chancellor 12.15 to 2.00pm Wednesday 8 February 2006, Chancellor called to advise me that he had approved the proposal from (not transcribable) to provide the musical interludes at graduation for - - -

20

Sorry to interrupt. Perhaps if I can just ask you to go from the second bullet point?---Chancellor then asked if I was aware that he had bought Tatts, then corrected and said he was a shareholder. I did not raise the issue first. I responded by saying that I was thankful that he had raised this matter because I was aware of rumours in the local community and I had been approached by people. It had concerned me because the Chancellor could be perceived as gaining an advantage in the purchase due to his role and involvement in its sale. He stated there was no advantage because it was the Service UNE Board that had made the decision to sell and had put the Hotel on the market. He had no involvement and reminded me that he was the one who said the Board should make the decision. He did not believe that there was much concern in the community and that a few people were stirring things. Those people were Greg Clark, Archie Campbell, Col McCallum and Jenny Crew. He stated that he had legal advice and was preparing a report toward a Compliance Committee. I suggested that he ensure that the legal advice covered the two further points, firstly that he had access to the report from the receiver manager containing commercial in confidence information including the valuation of the property and that he had influenced the decision to delay the sale of the property by not agreeing with the receiver manager’s recommendation to sell it.

30

40

That’s immediately?---Immediately, but to leave it to the new Board to decide. Secondly he had not allowed the receiver manager to consider the offer of \$3 million for the property. In regard to this point he said that it needed to go through the approval process. I informed him that the process may allow direct negotiation if the price offer is so much higher than the valuation. He said that if people, in particular Mrs Crew, was to continue to stir up trouble he would be prepared to sue.

I think then that's the – perhaps if you can go on and just have a look, rather than reading, Mr Dennehy – is that the conclusion of that part of the, the discussion?---Yes.

It's the case that you then attended the Audit and Compliance Committee meeting on 10 February. Is that right?---Yes. That's correct.

And at that time did you read the letter Mr Cassidy had prepared and which was tabled at that meeting?---Yes, I did.

10

Can I perhaps show you this document? Do you recognise that, Mr Dennehy, as the letter that you received in relation to that 10 February meeting?---Yes.

I note that it's dated 5 February. Had you seen a copy of the letter before the meeting?---No, I don't think I did.

And had you seen it before your phone call with Mr Cassidy on 9 February?---No, no I didn't.

20

Do you recall anything of what occurred at that meeting of 10 February?--- Only that the Chancellor gave the outline and the explanation – John gave the outline and it was, um, it was accepted.

Can I take you back to your handwritten notes, that little bundle there, Mr Dennehy, just to page 778? Using the top right hand corner, can you see that?---Yes.

30

Now is it the case that you took a note of the, of this particular meeting and in particular this issue?---Yes.

Do you recall when you made that note?---That would've been after the meeting.

So, after the meeting had occurred?---Yes.

40

Are you able to read the note?---Record of Audit and Compliance Committee discussion regarding the sale of tax, Chancellor opened meeting and something that the deputy councillor had a prior commitment and he would be chairing the meeting. He tabled a paper outlining his involvement or non-involvement in the sale of tax. He emphasised he had no involvement prior to deciding to invest on 19 January 2006. He mentioned he was aware of people in town, in particular Mrs Crew, who were spreading rumours about his involvement and if he became aware of any further reports of people - - -

Spreading?---Spreading rumours he would, Sue the ass off them.

And you're saying, Mr Dennehy, that you took that note shortly after the meeting occurred. Is that right?---Yes.

Do you recall that that's the only note that you took at that meeting or of that meeting?---I, I believe so.

There were other items on the agenda for that meeting, do you recall?---I can't recall.

10 Can you recall why you decided to take a note of, of – or that particular note?---I think it was in case the issue came up about the, the paper that he did table and it was a sort of extension, if you like, on the earlier note where I'd sort of had advised him to include some of those other matters and make sure they were clear, crystal clear.

Yes?---And I just don't believe that they, they were as clear as they could've been.

20 Yes. So, just returning to his letter of 5 February if you've still got that in front of you, that's page 773 – you just indicated that it didn't, to your mind, address the matters that you'd considered Mr Cassidy should address. Is that right?---That's correct.

30 Did you subsequently discuss that omission with anybody?---Yes. I had a meeting possibly a week later with the Acting Vice Chancellor and during we were discussing a number of things and that particular meeting came up and I had mentioned to Robin that I thought it would've been wise to incorporate some additional information into that, mainly because of the – obviously the impact and perception – if things are not fully sort of transparent and clear, and so we – Robin and I had a discussion about that at the time.

All right. Perhaps if I can again take you to your bundle of notes, Mr Dennehy, and show you page 779. You'll see that there's two file notes at 17 February and, and that's again your handwriting, Mr Dennehy. Is that right?---Yes.

40 Now there are two notes there that you've made. I'll just ask you to have a look at them?---Yes.

Now they both appear to deal with the sale of the Hotel. Is that right?---Yes. That's correct.

Now can you recall the circumstances that prompted you to take the first of those two notes?---I just heard a rumour, um, and, so, um, I thought, oh, we'll include it in here because of the – just to be, be thorough.

Oh, I see. And can you just read what you've said there?---With respect to the sale of Tatts there is some notion there was an agreement to allow the successful tenderer a section chance to put in a price for the purchase.

I see. Can you recall who you, who you heard that from?---No, I can't.

And the second of the notes is a file note. Is this the meeting that you were referring to of your - - -?---Yes.

10 Sorry, a note of the meeting with the then Acting Vice Chancellor?---That's correct.

Professor Pollard?---Yes.

And are you able just to read through that note for us, Mr Dennehy?  
---Acting Vice Chancellor Robin Pollard walked into my office at about 5.30pm to discuss a matter relating to the federal government's transition fund. At the conclusion of the discussion he made a comment about the Tattersalls Hotel. We had a general discussion relating to the Chancellor's  
20 investment in the property. During the discussion I raised the matter of the Chancellor's report to Audit and Compliance and mentioned that he did not include the three matters that I suggested should be included in our telephone conversation on 9<sup>th</sup> of the 2<sup>nd</sup>. After discussing the matter further, Professor Pollard decided that he needed a report from me and the University lawyer. We went to the office where he constructed the email and sent them on.

I see. So he sent an email to you?---Yeah.

30 Did he send an email also to Mr Fox?---Yes. Oh, well, I, I, I assume so, I'm not sure whether he did or not.

No. Now is it the case that you then prepared a note in accordance with the Vice Chancellor's request?---Yes, I did.

Can I show you this document. Now the date of that appears to be the 25<sup>th</sup> or the 26<sup>th</sup>, is that right?---That's what it has there, yes.

40 And do you recognise that - - -?---Although, yes, okay, it's on here, sorry.

And do you recognise that as the note that you prepared for Professor Pollard in response to his request to you?---Yes.

And is it dated the 25<sup>th</sup> or the 26<sup>th</sup>, it's just not very clear?---I'm, I'm not sure to tell you the truth, it, it looks as if it's the 26<sup>th</sup> but it - - -

All right. It looks more like the 26<sup>th</sup> than the 25<sup>th</sup>?---Yeah, it looks more like the 26<sup>th</sup>.

Yes. Commissioner, can I tender that document.

THE COMMISSIONER: That's the letter of 26 February, yes, that'll be Exhibit V7.

**#EXHIBIT V7 – LETTER ADDRESSED TO ROBIN DATED 26 FEBRUARY 2006**

10

MS MITCHELMORE: Thank you.

In between speaking Professor Pollard and preparing this note do you recall participating in an interview with someone from Minter Ellison in relation to the events concerning the sale of the Hotel?---So in between?

20 So in between your discussion on the 17<sup>th</sup> and preparing this note on the 26<sup>th</sup> do you recall participating in an interview with some external solicitors?  
---I do recall being interviewed by some external solicitors but I thought it was post this.

I see. It may have been but - - -?---Yes, I think it was - - -

- - - your recollection is it was after?--- - - - post this, my recollection was, yeah.

30 Now is it the case, Mr Dennehy, that you had a further telephone call with Mr Cassidy on 23 February, 2006?---Yes.

Now sitting here today do you recall much of that conversation?---Ah, yes, yes, some of it, without reading through here um - - -

Yes, it's the case that you, you made a handwritten note of that conversation?---Yes.

40 And if I can, again with your handwritten bundle there, page 781 in the top right-hand corner, is that a note of the, of the conversation that you had with the Chancellor on the 23<sup>rd</sup>?---Yes.

And is it the case that you, as you had with previous notes, took that at the end of the conversation?---Yes, that's correct.

Is it the case that you also typed up a copy of, of this particular file note, do you recall doing that?---Yes.

And perhaps if I can show you page 800 of the brief. Is that a copy of the document where you've transcribed your notes?---Yes, yes, it is.

If I can, if I can just ask you to look at the two for a moment, it may be a while since you've seen them, is it the case that they're largely in the same terms?---Yes, they appear, appear to be the same.

Yes?---Similar.

Thank you. Commissioner, can I tender the, what is a stapled bundle of Mr Dennehy's handwritten notes together with the transcription of the last of those file notes from 23 February, 2006.

THE COMMISSIONER: Yes, so the bundle of notes which is from page 775 to 782 inclusive is Exhibit V8 and the transcript of the file note of 23 February Exhibit V9.

**#EXHIBIT V8 – HANDWRITTEN NOTES OF GRAEME DENNEHY**

20 **#EXHIBIT V9 - FILE NOTE OF GRAEME DENNEHY DATED 23 FEBRUARY 2006**

MS MITCHELMORE: Thank you. Commissioner, it may be that page 780 is not in the bundle. It appeared to - - -

THE COMMISSIONER: No, it's not in the bundle.

MS MITCHELMORE: It appeared that there was not anything relevant to the Hotel on that page so - - -

THE COMMISSIONER: Thank you.

MS MITCHELMORE: - - - with the exception of page 780 the numbers are consecutive.

40 You've indicated at the end of that note that you received Mr – sorry, the note that you made, Mr Dennehy, that there was a reference to a Petersons Wine deal, do you see that?---Yes.

And you perceived the reference to that wine deal as a form of veiled threat, you see you've written that?---Yes.

Do you recall anything further arising either from Mr Cassidy or otherwise in relation to that wine deal?---No.

Just pardon me a moment. Yes, Commissioner, I omitted to tender the business paper for the meeting of 4 August.

THE COMMISSIONER: August.

MS MITCHELMORE: Yes, if I can tender that.

THE COMMISSIONER: Yes, the business paper 4 August, 2005 is Exhibit V10.

10 **#EXHIBIT V10 – BUSINESS PAPER OF MEETING DATED 4  
AUGUST 2005**

MS MITCHELMORE: Thank you, and that's all the questions that I have for Mr Dennehy.

THE COMMISSIONER: Thank you. Does anyone have any questions of Mr Dennehy? No.

20 Thank you, Mr Dennehy?---Okay.

You may step down, you're excused.

**THE WITNESS EXCUSED**

**[2.56pm]**

THE COMMISSIONER: Yes.

30 MS MITCHELMORE: Yes. Commissioner, the next witness I call is Mr Roderick Watt.

MR GRIFFIN: Commissioner, Mr Watt seeks a section 38 declaration.

THE COMMISSIONER: Oh, yes.

MR GRIFFIN: And he will give evidence on oath.

40 THE COMMISSIONER: Yes, thank you, Mr Griffin. Where is Mr Watt?

MR GRIFFIN: He has been outside the room so as not to - - -

THE COMMISSIONER: All right. Yes, Mr Watt, just come forward over here if you, if you won't mind. Thank you. Just take a seat.

MR WATT: Thank your, your Honour.



THE COMMISSIONER: Could I just explain, Mr Watt, I know that you've probably been told about this but the order that I can make under section 38 which operates as a blanket exemption or sorry, a blanket objection rather which relieves you of the obligation to object to each and every question that you were asked, that order protects you against the use of your answers against you in any civil or criminal proceedings but it doesn't protect you if it should be found that you've given false or misleading evidence to the Commission. You understand that?

10 MR WATT: Yes, your Honour.

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

20

**PURSUANT TO SECTION 38 OF THE INDEPENDENT  
COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT  
ALL ANSWERS GIVEN BY THIS WITNESS AND ALL  
DOCUMENTS AND THINGS PRODUCED BY THIS WITNESS  
DURING THE COURSE OF THE WITNESS'S EVIDENCE AT THIS  
PUBLIC INQUIRY ARE TO BE REGARDED AS HAVING BEEN  
GIVEN OR PRODUCED ON OBJECTION AND ACCORDINGLY  
THERE IS NO NEED FOR THE WITNESS TO MAKE OBJECTION  
IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR  
30 DOCUMENT OR THING PRODUCED.**

THE COMMISSIONER: Yes, could we have the witness sworn, please.

MS MITCHELMORE: Mr Watt, can I have your full name please?  
---Roderick James Watt.

And your occupation?---Solicitor.

10 How long have you practised as a solicitor?---I was admitted in 1978.

And is it the case that you're a partner with the firm Watson McNamara and Watt in Armidale?---That's correct.

And how long have you worked for that firm?---Ah, since 1969.

Do you recall in August or September 2005 that you were approached to be a director of a new company being established at the University of New England?---Yes.

20 Prior to that time what had been the level if any of your involvement with the University?---I had done some conveyancing work for the University but I had not been involved in any administrative type work or work connected with the University itself to my memory.

Had you had any involvement with the restructure of the UNE Union that led to the establishment of the company for which you were then appointed a director?---No.

30 Can you recall who contacted you to ask you if you would be interested in taking on the role?---Mr Cassidy.

And was Mr Cassidy known to you at this time, so, August or September 2005?---Yes.

How was he known to you?---I'd carried out legal work for him since about 1999 and I've probably known him prior to that date, but certainly since 1999 I'd known John.

40 And you were aware that he was the Chancellor of the UNE at that time that he spoke to you about this directorship?---I was.

Can you recall Mr Cassidy offering any explanation as to why he approached you?---Um, look, I can't remember anything in detail but I certainly knew that the purpose of this new organisation was to take over the assets and liabilities of what had previously been the University Union.

Yes?---And, and also to then administer those assets.

Yes?---Certainly there was a brief of that nature but I can't be any more definite than that.

At the commencement of the company's operations the other directors were Ms Ann Maurer?---Yes.

And she was a chartered accountant?---She was.

10 And did you know of Ms Maurer before you appointed to the Board?---Yes. I had known her for many years. She worked across the road from me at Robertson Maurer.

Right. And had you had any dealings with her in a professional or other capacity?---Yes.

In both capacities?---I believe so, certainly I had many dealings with her in a professional capacity, we shared clients, and I think that I probably did some personal work for her but I'm not certain about the second part.

20 And the other director was Mr Andrew Murray?---Yes.

And did you know of Mr Murray before you were appointed?---I knew of Mr Murray and I've probably met him but I didn't know him very well.

I see. And what did you know of Mr Murray? Can you recall?---He'd been a successful businessman around Armidale, he had a number of businesses and that he was high profile in the town. I think at the time he may have been the chairman of TAS Old Boys and things of that nature. He's a well-known citizen of Armidale.

30 I see. And the CEO of the company to which you were appointed the director at the outset was Ms Sue Paini. Is that right?---Yes.

And did you know Ms Paini before you were appointed to the Board?---I don't think so.

40 Can you recall how long you remained on the Board of Services UNE?---Yes. From the time I was appointed 'till last year when the, the Board was, when the organisation was basically handed back to the University.

I see. And taking you back to when, when you first started on the Board, can you recall how often the Board was meeting?---Yes. We met every fortnight for some time and then monthly and thereafter two monthly, but in the early part there was a lot of things to be discussed and we met each fortnight – I don't say that's every fortnight but regularly fortnightly.

I see. And do you recall where the Board meetings were held at this, at this initial time?---Yes. At that stage they were usually held in Booloominbah,

the administration centre of the University of New England and I'm not certain about the name of the room but it was certainly in a meeting room within the University.

Within that building?---Yes.

Can you recall who prepared the minutes of the meetings?---Ms Paini, Sue Paini I think generally did the minutes, um, there may have been some slight exceptions to that but generally it was Ms Paini.

10

And do you recall if she took notes during the meetings?---I believe so, yes.

Were the meetings recorded?---No.

Were draft minutes circulated by Ms Paini to, to the directors at some point after each meeting?---Um, I don't know, I can't remember with that one or not.

Do you recall seeing the minutes of each meeting at least in the course of the next meeting?---Yes.

20

And did you review the minutes when they were given to you either at that meeting or circulated to you beforehand?---Yes.

And was it your purpose in reviewing them to check that they accurately reflected what had occurred at the meeting?---Yes.

And to check that they accurately reflected what, for example, you had said?---Yes.

30

And what decisions had been made?---Yes.

And if there was some aspect of the minutes that you considered didn't accurately reflect what you'd said or material had to be added or otherwise qualified, what, what would you do?---We would've asked them - I would've asked them to be amended.

And, and you would've asked at, in the course of the next meeting. Is that right?---Yes.

40

And would the minute taker, Ms Paini, most of the time - - -?---Yes.

Would she then amend the minutes?---I think so, yes.

And the minutes were then adopted with, with such amendments as necessary. Is that right?---Yes.

I wanted to show you, Mr Watt, some of those early meeting minutes?  
---Yes.

And I've got a, a bundle for that, for that purpose?---Thank you.

Now if I can just take you to tab, tab 1 which I think is page 89 of the brief?---Yes.

10 And this is minutes of the meeting of 27 September 2005. Is that right?---  
Yes.

And to your recollection is that the first meeting of the, of the new Board?---  
I think it was, yes.

Yes. If I can take you to page 90, Mr Watt, at item 7. Do you see there's a  
reference to a confidential business plan?---Yes.

20 Do you have any recollection of whether that document said anything about  
the Tattersalls Hotel?---No, I can't remember whether it did or not.

You were aware that the Hotel was an asset of Services UNE?---Yes, I was.

And that had been transferred from a company or, known as UNE Union  
Limited?---Yes.

And did you understand that the issue of selling the Hotel would be one that  
you would have to deal with as the new Board?---Yes.

30 You'll see motion 4 - - -?---Ah hmm.

- - -has you seconding the motion that the CEO be authorised to commence  
negotiations for the sale of the Hotel for \$3 million or greater?---Yes, I do.

Do you see that at the end of the motion?---Yes.

Do you recall any discussion around that resolution?---Look, I can't recall  
it, obviously there was because the minute details some of the things that  
were discussed but I can't remember the, the discussion itself, sorry.

40 Yes. Did – what did you know at this time, if anything, about the position  
of the Hotel, the financial position of the Hotel?---I'm pretty certain at that  
stage we knew that there was a debt of \$700,000 on it.

Yes?---And I'm pretty certain that we knew that it had travelled at a loss for  
some time.

Yes?---And I think – and I'm not certain about this – the loss in the  
preceding year had been somewhere in the vicinity of \$70,000, but I think

the losses – the Hotel had been trading at a loss for some three or four years at that stage.

I see. And, and what about the physical condition of the Hotel? Did you know anything about that?---Um, we had an inspection – I’m not certain whether I knew, whether it was before or after this but certainly the Hotel is only about 150 yards from where I work.

10 I see?---And I could see that it had deteriorated. I think that it had previously been a very high class Hotel but over a period of time it had deteriorated its physical condition from the outside. I hadn’t – I may not have been inside at that stage, but it was not good.

Yes. Yes. Now, did those matters, the financial position and the physical condition factor into your thinking, do you recall, about whether the Hotel should be sold?---Yes, that and the fact that there was a substantial debt upon it. Yes.

20 Yes. So, accommodation of the financial position and the - - -?---Yes. - - - physical condition?---Yes.

And do you recall whether matters of that nature were discussed at this Board meeting?---Look, I can’t say so but I would imagine they would’ve been discussed at those meetings.

It’s possible that they were discussed. Is that right?---Oh, yes.

30 And, and the motion – just looking at the earlier part of the, the motion, it refers to the Board considering the report of the administrator, Mr Hall?---Yes.

Do you see that?---Yes, I do.

And the valuation from Manenti Quinlan?---Yes.

Was the report of the administrator part of the papers for this meeting, do you recall?---Look, I can’t recall.

40 And what about the valuation?---The valuation, again, I, I would imagine that it would’ve been but I can’t recall having read it now at this stage or what actually occurred at the meeting.

Yes. But do you recall seeing a report from Mr Hall?---No.

Perhaps if I can show you – it’s now Exhibit V3 – page 13 of the brief?---I believe I saw that report.

Yes. And you may have seen it at this meeting or at some other meeting. Is that right?---Yes, yes.

Yes?---Yes.

And can I also show you probably the next exhibit, Exhibit V4, it's page 887 of the brief. That's the valuation prepared by Manenti Quinlan, Mr Watt. Do you recall seeing that document at some point?---Yes.

10

And it could have been in this meeting or at some other point?---Yes.

If I can just take you back, Mr Watt, to the minutes?---Yes, certainly.

And there's a reference in that motion to a sale price of \$3 million or greater?---Yes.

Do you recall that by the time of this meeting a conditional offer had been made by a company called Camtrad- -?---Yes.

20

- - -to purchase the Hotel for \$3 million?---Yes.

And were you familiar with that company?---Yes.

Did you know Mr Archie Campbell?---Yes.

How did you know Mr Campbell?---He ran a motel in town and I subsequently did legal work for him. I'm not certain whether I did before that, but I know Archie, he had the Moore Park Motel in Armidale.

30

I see?---There was a restaurant there and I'd known him socially as well.

Right. Can I take you, Mr Watt, to the next set of minutes behind tab 2? ---Yes.

Which is page 93 of the brief or page 92 I'm sorry. And that's minutes of meeting of 13 October, 2005. Is that, do you see that?---Yes, it is.

40

And motion 2 you'll see that the minutes have been confirmed, you've moved the motion?---Yes.

And they've been confirmed as circulated. Is that, that's right?---Yes.

And that reflects your earlier evidence that the minutes were confirmed at the beginning of each of the next meetings?---Yes, that's right.

Now, page 2 of the document, so page 93- -?---Ah hmm.

--and motion 3, you've moved a motion that subject to the final contract being approved by the directors, the CEO be authorised to sign a contract of sale for the Tattersalls Hotel for \$3 million?---Yes.

But that was conditional on the purchaser having 14 days from exchange to arrange finance?---Yes.

And the exchange was expected on 17 October, 2005. Is that right?---Yes.

10 Now, given that exchange was anticipated for a specified date, is it your recollection that negotiations had progressed with Mr Campbell and Camtrad between 27 September and 13 October?---Yes.

And were you and other directors kept informed by Ms Paini about those negotiations?---Yes.

20 Was there any discussion in the course of this meeting or in any other discussions you had with the directors about opening the sale up and testing the market?---I don't believe so, not at this stage I don't think that had been the case. The negotiations had continued in respect of the offer to purchase.

And was there any discussion about, about \$3 million being a reasonable price for the Hotel?---I would imagine there would have been, I can't specifically remember those but I would imagine it would have been a matter that was discussed.

30 Do you recall what happened to the Camtrad offer and why it didn't proceed?---I understand that finance wasn't approved or that the offer was varied, I'm not exactly certain now, but basically it didn't proceed on the, at the election of the purchaser as I understand it, you know.

I see. So sometime before 17 October or around that time?---Yes, I would imagine so.

Now, do you recall receiving an email from Mr Murray in relation to another offer to purchase the Hotel? And perhaps I'll show you a document?

---Yes, certainly.

40 This is page 95?---I obviously received it but I can't remember having received that.

Yes. Your name is one of the recipients of the, on the email?---Yes, it is.

Is there any reason you wouldn't have received it?---No, not that I'm aware of.

But you just don't have a recollection of the, the email?---No.



You'll see in the last paragraph that Mr Murray states he'd like to read the valuation?---Yes.

Is it possible that the valuation was provided subsequently to the first meeting?---It is, yes.

In the final sentence Mr Murray says he was also in favour of a tender process. Do you see that?---Yes.

10

Do you recall whether up to this point, and this is 25 October, there had been any discussion about negotiating with a single interested purchaser and that being the best way to sell the Hotel?---No, I can't recall the exact nature of what the discussions were but obviously we were dealing with one purchaser at that stage.

Yes. So when Mr Murray says he was also in favour of a tender process, can you recall if that was an expression of his agreement with discussions which had already occurred?---It may have been, yeah.

20

So there may have been discussions- - -?---Yes.

- - -before the 25<sup>th</sup>?---Yes.

During this period do you recall speaking to Mr Cassidy at all about how things were progressing?---No, I don't.

Commissioner, can I tender the email?

30 THE COMMISSIONER: Yes. That email will be Exhibit V11.

**#EXHIBIT V11 - EMAIL FROM ANDREW MURRAY TO ANN MAURER AND ROD WATT AND ANOTHER DATED 25 OCTOBER 2005**

MS MITCHELMORE: Mr Watt, can I take you to the next set of minutes?---Yes,

40

Tab 3, which is the minutes of 27 October, 2005?---Ah hmm.

And again the first motion is confirmation of minutes?---Yes, sorry, what date was that again, sorry?

27 October?---Yes, I see that, yes.

So motion 1 is the confirmation of the minutes?---Yes.

And you'll see that they were confirmed following an amendment to motion 3- - -?---Yes.

- - -clarifying finance by the purchaser?---Ah hmm.

So it's the case then that – or that's an example of the minutes being clarified where someone's raised an issue about the previous minutes. Is that right?---Yes, it is.

10

And that's in accordance with your recollection of what the practice was? ---Yes.

And that's what you would have done had you read something in the minutes that you didn't agree with or thought needed to be changed? ---That's correct.

On the same page there is discussion of a further offer having been received - - -?---Yes.

20

- - -if I can take you over the page.

THE COMMISSIONER: What page of the brief are we on, Ms Mitchelmore?

MS MITCHELMORE: Oh, I'm sorry, page 99 and 98. I'm on page 98 I'm sorry, using the top right-hand corner numbering, Mr Watt. Now, there's discussion, as I say, of a further offer having been received for \$2.65 million. Do you see that?---Yes, yes, I do.

30

Do you recall being told that Mr Hall had received an offer in those terms? ---I can't remember the exact disclosure that occurred there.

Yes?---Obviously we were told but I can't remember now- - -

Yes?--- - - -who, who that was from or what the terms of it were.

Yes. Can I show you this document?---Yes.

40

Have you seen that letter before or do you recall it?---Look, I believe I have but I can't say so with certainty. I believe I have seen that now that I've read it, but I can't- - -

Yes?--- - - -say so completely.

Yes. If I can take you, Mr Watt, back to the minutes?---Yes.

There's reference to – and we're still dealing with this item for the Tattersalls Hotel, there's reference to a discussion with Mr Quinlan - - -?---Yes.

- - -on his valuation- - -?---Yes.

- - -and potential changes in value over recent months?---Yes.

10 Do you recall having that discussion?---Yes, I think that was a telephone linkup.

With Mr Quinlan?---Yes.

And, and he indicated what's recorded in the minutes. Is that right?--- Yes.

Do you recall what he said about the changes in value?---No, I don't.

20 There's also a reference in the minutes to a discussion with Stephen Hall of Forsyth's- - -?---Mmm.

- - -on how we might achieve best value from the asset?---Mmm.

And can you recall – I see that a closed tender was the preferred option, but do your recall if any other options were canvassed?---I think, with Mr Hall I think it was also a telephone linkup.

30 Yes?---Look, I can't recall but I would imagine there would have been some discussion about whether it was to be sold by public auction or by closed tender, I can't say that for certain but certainly in the end we decided to deal with it by way of closed tender.

Can you recall why the closed tender option was the preferred option? ---Um, no, except the Board decided that way and I can't give any reason why it was referred over and above the, the auction situation.

Now, Mr Watt, you seconded the motion that the CEO market the Hotel by a closed tender process - - -?---Yes.

40 - - - over a three week period?---Yes.

Was proceeding by way of a tender process one that all the directors agreed with to your recollection?---I believe so.

And - - -?---One of the benefits was that, having looked at that was that it happened quickly as opposed to an auction. If you had a auction then it would make sense to extensively advertise the sale.

Yes?---And the three week period that was, you know, that was selected in the end would bring about a result very quickly. There would - - -

As - sorry?---There would be less expense as well.

I see. Was it the view of the directors that the Hotel needed to be sold quickly?---Yes, I believe so.

10 And can you recall what the basis for having that view was or what - - -?  
---Well, that it was, it was, it was carrying on at a loss - - -

Yes?--- - - - and it was carrying a debt of 700,000.

I see. Now the motion refers to the requisite documentation being prepared with assistance from Mr Hall. I'm back on this motion, Mr Watt, and, and Mr Atkinson?---Yes.

20 And circulated to the directors for approval - - -?---Yes.  
- - - prior to distribution?---Mmm.

Do you recall the directors engaging Mr Hall of Forsyths to, to manage the tender process?---Yes.

And Mr Atkinson was a solicitor with your firm?---That's correct.

And was he retained to prepare the contract of sale?---Yes, he was.

30 And the conditions of tender?---Yes, he was.

And there was also an information memorandum that Mr Hall prepared, do you recall that?---I don't.

Perhaps if I can show you, and I won't have these documents here but on the screen, Mr Watt, if I can show you page 102. Do you recognise that document as the conditions of tender that were prepared for the sale?---Yes.

40 And I don't need to take you through that now, if I can next show you page 106 and is that the contract for the sale of land for the Hotel?---Yes.

And vendor's solicitor is listed as, as your firm?---Yes.

And that was Mr Atkinson dealing with that?---Yes, it was.

And you weren't dealing with that as the, the client in effect?---No.

And if I can show you page 187, do you recall this document being the information memorandum to which I referred in relation to the sale, perhaps

if we can scroll down to the executive summary, do you recall seeing this document, Mr Watt?---No, I can't. No doubt I did but I can't recall seeing it.

Do you recall reviewing some or all of this material before it was released as part of the tender process?---Yes, I would have, yes.

And do you recall a press release being issued in relation to the sale?---Ah, yes, I, I remember there was a press release.

10

If I can show you this document. It's page 101?---Thank you.

Mr Watt, is that the, the terms of the release that you recall?---Yes, I believe so.

And did you see the terms of the release before it was issued?---I believe so.

And was Ms Paini responsible for putting out the release?---Yes.

20

Commissioner, I tender the release.

THE COMMISSIONER: Yes, that will be Exhibit V12.

**#EXHIBIT V12 - PRESS RELEASE – SERVICES UNE LTD  
ANNOUNCES SALE BY TENDER OF TATTERSALLS HOTEL  
DATED 31 OCTOBER 2005**

30

MS MITCHELMORE: Now, Mr Watt, do you recall that an issue arose before the close of the tender about whether Services UNE required the approval of the Council in order to sell it?---Yes, I do, that's the University Council?

Yes, I'm sorry, the University Council approval - - -?---Yes, I do.

- - - was required. Perhaps if I can show you looking at the next set of minutes, Mr Watt, behind tab 4?---Yes.

40

Are they minutes of a meeting of 17 November?---They are.

And if I can take you to item 4 on page 279?---Yes.

You will see that you are recorded as having advised that the Chancellor had informed you that he had advice from UNE legal officer Anthony Fox the Council approval was required to sell the Hotel?---Yes.

And that this could be done by the UNE Standing Committee?---Yes.

Do you recall speaking to Mr Cassidy about that issue?---I recall speaking to him. I can't remember the exact detail but that was the import of the advice that I received from Mr Cassidy.

And do you recall whether that was speaking to him over the phone or did you see him at some point?---No, I can't say whether it was on the phone or whether I've spoken to him.

- 10 Before the conversation had you spoken to Mr Cassidy about the Board's decision to sell the Hotel by tender?---I can't remember, I don't know, I don't know, I can't say whether I have or not.

It's possible that you may have?---Oh, yes, yes, it's possible.

And do you recall in this conversation that Mr Cassidy indicated he was aware that the Hotel was in the process of being sold?---Oh, yes, he, yes, he would have, yes, he knew that it was being sold at that stage, yes.

- 20 So it was your understanding from this conversation that he, he was aware of that?---Oh, yes.

And he was aware that it was being sold by tender?---Yes.

And can you recall what he said to give you that understanding?---Well, that, that before we could proceed with the sale that we would have to obtain the permission or the approval of the UNE Council in the manner he, he set out in the minutes.

- 30 Yes. And did he say how he came to be aware of the sale?---Um, again I can't remember the exact words but he's obviously spoken to Mr Fox about the matter - - -

Yes?--- - - - from the minutes that are before me saying that, that was necessary, that is the approval of the UNE Council was necessary.

Yes, and you've indicated that it may be the, that you had, had indicated to him previously that the, the sale was going ahead?---Oh, yes.

- 40 Can you recall other than what's in the minutes what he said to you about the need for Council approval, sorry, University Council approval?---No, I can't.

And it appears from the minutes as I've indicated that he said approval could be given by the Standing Committee?---Yes.

Did you know at that time what the Standing Committee was?---No, no, I'd had no connection with the University or the University Council at all.

Yes. Did he explain to you what the Standing Committee was?---He may have but I can't remember whether he did or not.

Now it appears from the minutes that follow, Mr Watt, that Ms Paini – I'm sorry, I'm still on that page?---Yes.

That Ms Paini didn't agree with, with that analysis, od you see that?---(No Audible Reply)

10

She's advised that only purchasing a property required Council approval, can you see that? I'm still in that paragraph dealing with the Tattersalls Hotel?---Yes.

And do you recall her expressing that view?---No, I don't but she obviously did, I can't - - -

And there's an indication that she decided, it was decided to follow up with the secretariat of the University as soon as possible?---Yes.

20

And to seek the approval of the Council?---Yes.

And do you recall that Ms Paini wrote to the Council asking that the tender and the sale be approved?---Yes, your, your office has given me a copy of that letter that Sue wrote to the University Council.

I see and she asked that that be approved before 25 November which was the closing date for the tenders?---That's correct.

30

And to your recollection did the Standing Committee approve the sale?---I believe so.

And do you recall how you came to know that?---No, I would imagine that Ms Paini would have told us but I can't remember with any, I can't be any more definite than that.

I see. Do you recall that being informed that in addition to approving the sale the Standing Committee requested that the closing date for tenders be extended?---No, I can't recall that.

40

If I can show you a document, its page 286 of the brief. If I can take you to the email starting towards the bottom of the page?---Yes.

And actually over the page, you'll see that that email, so, starting at the bottom of page 286 - - -?---Yes.

- - - was an email from Ms Paini to Ms Arthurson?---Yes.

Do you know who Ms Arthurson was at that time?---Yes, I do.

Who – do you know what position she held at this time?---She was – held an executive position preparing, as I understand it, matters to go before the Council. I'd imagine she was the executive administrative officer of the University Council.

I see. And there's an email address there, Jenny@wmwsolicitors.com.au. Do you see that?---Yes.

10

And is that the address to which emails were sent to you?---Yes. She's my secretary, I can't use a computer so they, they go to her.

I see. Now do you recall seeing this email, Mr Watt?---I can't, but I would've received it.

20

Do you see that it's – if we can just go down to page 287 – it's responding to an email from Ms Arthurson to Ms Paini in which you'll see at the bottom there was a request that the close of tenders be extended for a further two weeks?---Yes.

Until 9 December 2005?---Yes.

And Ms Paini is responding in the email 286 to 287 declining to extend the tenders?---Yes.

30

Do you recall being involved in any discussions about responding to that request from the Standing Committee?---No, but I would've been, I would imagine, I can't remember that particular matter but I, obviously it would've been a matter discussed, I think, with all of us. Sue would've been in touch with us I think.

I see. And would that email have been sent by Ms Paini with the agreement of the directors?---I would imagine so.

Now the tenders closed – or were to close – on 4 – sorry, 25 November at 4.00pm and that was a Friday?---Yes.

40

Do you recall that a meeting was organised to review the tenders?---Yes.

Do you recall when that meeting was?---I think it was 28 November at about 2.30 at my office, in the library of my office.

Yes. Can I show you an email at page 296?---Thank you.

And that's an email to the directors including yourself?---Yes.



And that's confirming the meeting for 28 November at 2.30 in your offices consistent with what you've just told us?---Yes.

Yes. I tender that email.

THE COMMISSIONER: Yes. Email 23 November is Exhibit V13.

10 **#EXHIBIT V13 - EMAIL FROM SUE PAINI REGARDING  
TATTERSALLS TENDER DATED 23 NOVEMBER 2005**

MS MITCHELMORE: Now, after Ms Paini sent that email, Mr Watt, do you recall speaking to Mr Cassidy about the closing of the tenders?---No.

Can I show you this document, page 294? It's an email from Ms Paini to the - to your address?---Right.

20 Or, through your secretary?---Ah hmm.

Is that right?---Yeah.

And is it the case that your secretary would print your emails for you?---Yes.

Is that right?---Yes.

And then give them to you?---Yes.

30 So, there's no reason to think that you wouldn't have seen that email?---No.

Now, you'll see by reference to the previous email that that email was sent on the same afternoon - - -?---Yes.

- - - as Ms Paini had informed Ms Arthurson that the Board wasn't going to extend the date for tenders. Do you see that?---Yes. Yes.

40 And it conveys a request from Mr Cassidy through Ms Arthurson that you ring Mr Cassidy about the closing of the tenders?---Yes.

And it gives you his mobile number?---Yes.

Do you have a recollection of ringing Mr Cassidy in response to that message?---No, but I have no doubt I would have, if that's what I was requested to do, I would've done it, but I can't remember doing it.

And so if you don't remember doing it, you accept it's possible that you did so?---Oh, yes.

But you can't now recall what the terms of the conversation was?---No, I cannot.

In the course of that conversation, would you have a recollection of mentioning to him that the directors were meeting on 28 November?--- Look, I, I just can't remember that conversation at all. I may have, but I can't, I can't say whether I did or not.

10 I tender that email.

THE COMMISSIONER: Yes. That will be Exhibit V14.

**#EXHIBIT V14 - EMAIL FROM SUE PAINI TO ROD WATT RE  
TATTERSALLS TENDER DATED 23 NOVEMBER 2005**

MS MITCHELMORE: Turning, Mr Watt, to the meeting on 28 November,  
20 and there's no particular document for that meeting, but do you recall attending it?---Sorry, 28 November?

Yes. There's no, there's no minutes, Mr Watt. As I understand - - -?---Oh, yes, I remember that.

Yes?---I remember that meeting. That was in - - -

Do you recall attending that meeting?---Yeah. That was in, in our, at the  
30 office.

In your offices?---Mmm.

And were Ms Maurer – was she present to your recollection?---Yes.

Was Mr Murray present?---Look, I'm not certain whether her was or was not.

Yes?---I can't remember him being there.

40 Yes. Was Ms Paini there?---Yes.

Was Mr Hall there?---Yes.

Mr Atkinson?---He was there for part of that time, I don't think he was there for the whole of the meeting but he was certainly in, in, in the library for some part of that meeting.

I see. And do you recall for approximately how long the meeting went?---I don't. It lasted, it lasted – it was – I'm not certain. It wasn't a short meeting or it wasn't a terribly long meeting but it, it – we had to open the, the tenders and then there was some discussion about the tenders and - - -

Yes?---Yes. Um - - -

Do you recall being present for the whole of the meeting?---I believe I was.

10 Do you recall how many formal tenders there were?---I think there were four or, four formal tenders, I'm not certain. There was - - -

So, if I was to suggest there were three formal tenders, the highest of which was two and a half million?---Yeah. I think that's right, and then there was one from Costello Hotels which was in the form of a fax, and there was another one from Mr Hendry that was - - -

Yes?---It was conditional.

20 Now, that was a conditional tender?---Yes, it was.

Is that right? And what was the amount of that tender, do you recall?---It was over 3 million, I read it recently, but it slipped my mind now. It was - - -

Yes. If, if I was to suggest three and a half million would that sound about right?---That'd be right, yeah.

30 And do you recall that when you submitted the tender, Mr Hendry asked for an extension to put in a formal tender?---Yes.

And what was your attitude to that request?---It was reflected in what we instructed. We basically wrote back and gave him a few days, I think it was 'till the 2<sup>nd</sup>, I'm not certain about that.

Yes?---But 'till 2 December - - -

Yes---? - - -to put in a proper tender.

40 Yes. Was your view of the tender that he had put in that it wasn't a tender? ---Yes.

And why was that?---Because it was conditional on too many things, that if we'd accepted that tender that the tenders that were before us were, were, were for a considerable amount.

Yes?---And if we'd accepted that tender that Mr Hendry basically created an option only he could've pulled out very easily and we would've been left

with having rejected tenders that were proper tenders that were before us.  
That was my memory of why we gave him a very short period - - -

Yes---? - - - to put a proper tender in.

Yes. And, and at that point you just held the other tenders until you  
received that proper from - - -?---Yes.

The further tender, if any, from Mr Hendry?---Yes.

10

And do you recall whether Mr Cassidy attended your offices on the same  
day?---My memory is that he came into the library for a short period after  
the tenders had been opened.

I see. Do you recall what the purpose of his visit was?---He just came in to  
see whether we'd received any tenders, I understand.

20

I see. And was he present when the tenders were opened or they had  
already been opened?---My memory is they'd already been opened when he  
arrived.

And do you recall that you or someone else informed him about the number  
of the tenders?---I'm certain we did but I don't know, I don't know who it  
was.

And did you or someone else inform him of the amount of the tenders?---I  
don't believe I did, I don't believe I did, I'm not certain. I can't remember  
us having told him of the amounts of the tenders.

30

But you told him there were a number of tenders?---Yes.

It's possible that someone may have said what the amounts were?---It's  
possible but I, I can't remember what, I can't remember someone doing it  
but it's possible, yes, obviously it is.

40

Do you recall whether you or anyone else who was present told Mr Cassidy  
that you had a conditional tender from Mr Hendry?---I don't think we did  
but it is possible we did, I think that as soon as - my memory is he was only  
in the room for a short period of time, he then left and we had a - the  
meeting continued then discussing what we would do in respect of Mr  
Hendry's tender.

I see. It's possible that he was informed in the course of that meeting?---It's  
possible but I can't remember doing it and I can't remember anyone else  
doing but it's possible, after this time I can't say.

Yes. It's the case, isn't it, that by 5 December 2005 when the Board of  
Services UNE next met - - -?---Mmm.

- - - that Mr Cassidy had spoken to you about his relationship with Mr Hendry?---Yes.

Can you recall what Mr Cassidy said to you?---I've read in the minutes what he - - -

Perhaps I take you to the minutes which is that – again 332.----Yes.

10 And it's Tab 5 – and they're the minutes of 5 December?---Yes.

Now in addition to yourself Ms Maurer, Mr Murray and Ms Paini, Mr Adrian Robinson was also present?---Yes.

And who was Mr Robinson?---I'm not certain of the exact title but he was the chief financial officer at the University of New England – he was appointed by the University to the Board.

20 I see.---After the three of us were appointed the University then continued to appoint a senior, a senior staff member to the Board and that continued on up until 2013.

I see. Now the just on page 332 the minutes were again approved?---Yes.

Subject to name correction in item 4.---Yes.

30 And on the second page – page 333 – there is a reference to a motion three and it looks to have been the chair moving that the highest tender for the Hotel from D F Hendry at \$2.65 million be accepted.---Yes.

And contracts exchanged as soon as possible?---Yes.

Now before so resolving – the minutes record that the you informed the meeting that Mr Cassidy had informed you that the highest tender from the former accountant with Abigroup - - -?---Yes.

- - - who had no former – no on-going connection with him?---Yes.

40 Do you recall saying that?---Well, I recall reporting to the meeting and in my interview with your officers, the last part who had no on-going connection with him – I may well have said it and that may be a true reflection of what I said but certainly my memory was that Mr Hendry was still doing accounting work for Mr Cassidy and whether that's been reported correctly I can't say so but certainly, I reported that Mr Hendry had certainly been, that sorry, that Mr Cassidy had to told me that Mr Hendry was his accountant. But again, that may be correct but my memory now is that I still knew that Mr Hendry was his accountant at the time.

Now there's a reference to the Abigroup – did you know what Mr Cassidy's connection with Abigroup was?---Oh yes.

And what was it?---Mr Cassidy had been – as I understood it – you know the chief executive officer of the Abigroup before he came to Armidale.

I see. So he's indicated to you that Mr Hendry was the former accountant within that business organisation?---Yes.

10 Now in accordance with your usual practice did you review the minutes when they were circulated to ensure that they accorded with your recollection of what occurred at the meeting?---Well um, in respect of that I probably did – you know – I'm not certain about that at all but I probably did.

You've indicated in your evidence earlier that that was your practice?---Oh no not – I accept that, yes.

20 And that would have included looking at the terms of what you'd said or reported to the Board about Mr Cassidy's knowledge of Mr Hendry?---Yes.

And his on-going association?---Yes.

And it was a significant disclosure wasn't it?---Oh yes, it was, yes.

And you would have wanted to make sure that you were accurate about what Mr Cassidy had told you?---Yes.

30 And you would have wanted to be accurate about what you told the Board? ---Yes, I would have been.

And you accept that your recollection of the conversation with Mr Cassidy would have been better at the time of the meeting than it is now?---Yes, I would have.

And you'd also accept that your recollection shortly after the meeting about what you told the meeting would have been better than it is now?---Yes.

40 And you were at the subsequent meeting Mr Watt when these minutes were approved, if I could show page 696 on the next tab?---12 January, was the one.

MR GRIFFIN: Commissioner, I don't think that's correct on the documents that I have. There's a meeting on the 12<sup>th</sup> where Mr Watt is absent.

THE COMMISSIONER: We're looking at the minutes for the 11<sup>th</sup>, sorry 12<sup>th</sup> of January yes. Mr Watt is actually recorded as in attendance but that may or may not be correct?

MR GRIFFIN: I thought we were dealing with 5 December where he made the comment about what Mr Cassidy had told him and the next minutes that I have of 12<sup>th</sup> of December one week later where he's recorded as being absent. I can show Counsel Assisting what I've got. I don't have Counsel Assisting I only have the documents that I have - - -

10 THE COMMISSIONER: Well, I understand that. If you look at the minutes of 12<sup>th</sup> of January it refers to the fact that the meeting of 5<sup>th</sup> of December was reconvened on the 12<sup>th</sup> – so it seems to be a continuation of the earlier meeting?

MR GRIFFIN: That appears to be the case but there is a meeting on the 12<sup>th</sup> of December.

THE COMMISSIONER: Yes.

20 MS MITCHELMORE: Yes, I hadn't those minutes, I'm grateful to Mr Griffin for - - -

THE COMMISSIONER: We can come back to that if we need to.

MS MITCHELMORE: Yes. But if I can just take you Mr Watt to the minutes of 12<sup>th</sup> of January.---Yes, certainly.

That's page 696.---12<sup>th</sup> of January, yes.

30 And there's an indication as the Commissioner has indicated looking at the confirmation of the minutes, that the minutes of the meeting held on 5<sup>th</sup> of December and reconvened on the 12<sup>th</sup> of December be accepted?---Yes.

So you were present when that motion was carried?---I was.

And that's been done without any change to the terms of what you were said to have told the meeting of 5<sup>th</sup> of December about Mr Cassidy's involvement?---That's correct.

40 So it's the case then, that as at the 12<sup>th</sup> of January you had no issue – this is the 12<sup>th</sup> of January 2006 – you had no issue with how, what you reported to the Board about what Mr Cassidy told you was recorded in the minutes?---Yes.

And do you accept then that it's possible that the terms of your conversation with Mr Cassidy are accurately reflected in the minutes?---Oh yes.

And it's likely that the minutes are more accurate as to what Mr Cassidy told you than your recollection now?---That's correct.

Did you pass the information about Mr Cassidy's relationship with Mr Hendry onto anybody within the University?---No, I never had any connection with anyone at the University in that I was only on the UNE Services Board and I can't ever remember having any connection with any part of the University itself.

Just going back to the minutes of 12<sup>th</sup> of January page 696, there's discussion of the revised contract of sale and the deed of release. Do you see that?---Yes.

10

And there was a revised settlement date by this time of the 31<sup>st</sup> of January?--  
-Yes.

And you've noted that the purchase is now a company and not Mr Hendry?--  
--Yes.

20

Did you have any concerns about that?---Just a general concern, the general concern that I expressed there that we were going from a personal purchaser, a man, you know, to have assets to a company that was, that had a \$2 value. Of course there was a deposit of \$265,000 that made a difference but that was the general advice I'd give any person that was asked to swap purchasers.

Yes. It's subsequently the case Mr Watt, that there was a deed of rescission of the existing or the contract that was signed back in December - - -?---Yes.

- - - together with a direction from Mr Hendry that the deposit be on-paid, do you recall that?---That's correct.

30

And a new contract was signed with Services UNE and the company which was Armpub No 1 – do you recall that?---Yes.

If I can show page 683 just on the screen, that's the contract for the sale of land – do you see your signature on that document?---Yes.

Is it on the right hand side of the two signatures?---It is.

And you're signing that as a director of Servicers UNE, is that right?---I am.

40

Yes. Commissioner, can I tender the bundle of minutes of Services UNE.

THE COMMISSIONER: Yes. Can I just make sure we're looking at the same.

MS MITCHELMORE: Yes, it's a bundle titled Minutes of Meetings Services UNE.

THE COMMISSIONER: Yes, that will be in Exhibit V15.



**#EXHIBIT V15 – MINUTES OF MEETINGS -SERVICES UNE**

MS MITCHELMORE: That's all the questions I have for Mr Watt, Commissioner.

10 THE COMMISSIONER: Thank you. Any questions of Mr Watt? No, thank you Mr Watt you may step down you're excused.---Thank you very much your Honour.

Sorry that we kept you.---Thank you your Honour.

**THE WITNESS EXCUSED**

**[3.50PM]**

20 THE COMMISSIONER: I'm just noting the time Ms Mitchelmore, is there any point in starting another witness and perhaps seeing if we can finish at least witness if we sit a little bit beyond 4 o'clock?

MS MITCHELMORE: Perhaps Commissioner, Ms Arthurson who's come down from Armidale, I appreciate both Ms Arthurson and Ms Maurer have travelled down from Armidale for the day but I anticipate Ms Arthurson might be - - -

THE COMMISSIONER: Short.

30 MS MITCHELMORE: Shorter.

THE COMMISSIONER: Shorter. All right. All right. Is Ms Arthurson here? Could she come forward? Thank you.

MR GRIFFIN: Commissioner, might I be excused?

THE COMMISSIONER: Yes, certainly.

40 MR LEWIS: Commissioner, I've been given leave to represent the witness.

THE COMMISSIONER: Yes.

MR LEWIS: I can indicate she seeks a declaration under section 38.

THE COMMISSIONER: Thank you.

MR LEWIS: And she'll take an affirmation.

THE COMMISSIONER: Thank you. Ms Arthurson, just take a seat. You may have heard me explain this to other witnesses. The section 38 order protects you from the use of your answers against you in civil or criminal proceedings but it doesn't protect you if you should be found to give, to have given false or misleading evidence to the Commission. You appreciate that?

MS ARTHURSON: Yep.

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

20 **PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT, I DECLARE THAT ALL ANSWERS GIVEN BY THIS WITNESS AND ALL DOCUMENTS AND THINGS PRODUCED BY THIS WITNESS DURING THE COURSE OF THE WITNESS'S EVIDENCE AT THIS PUBLIC INQUIRY ARE TO BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON OBJECTION AND ACCORDINGLY THERE IS NO NEED FOR THE WITNESS TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT OR THING PRODUCED.**

- 30 THE COMMISSIONER: Yes, could we have the witness affirmed, please.

MS MITCHELMORE: Yes, Ms Arthurson, can you state your full name please?---Helen Ursula Arthurson.

And what is your current occupation?---Semi-retired, I'm in a partnership with my husband, do occasional cultural heritage management advice stuff and, yeah, and some, some policy work for the University.

10

THE COMMISSIONER: Ms Arthurson, you might have to speak up a bit so that, so that we can record your evidence?---Okay.

Thank you.

MS MITCHELMORE: I'm sorry, you were saying some policy work? ---Policy work, I get casual work occasionally with the University of New England still, yeah.

20 I see. You were previously formerly employed with the University of New England. Is that right?---That's right, yep.

And it's the case that you were the secretary to the Council?---Yes.

And head of the Office of the Secretariat?---Yep.

Is that from approximately 1999 to 2008?---It was, yes.

30 And you held a number of positions with the University before that time? ---Yes.

If I can take you back to when you were in the position of secretary to the Council- - -?---Ah hmm.

40 - - -in 2005/2006, can you tell the Commission what the role of the Office of the Secretariat was at that time?---It was a multi sort of purpose role but ah, one of the key roles was to provide support to Council and Council committees and also to the academic Board and some of its committees and to other academic services committees, for example academic study leave and stuff like that, yeah.

Right. And how many people worked in the Office of the Secretariat at that time?---Um, I think five at that stage.

And what were your day-to-day responsibilities as secretary to the Council? ---Well, I was also head of that office- - -

Yes?--- - - -so I managed the other personnel.

Yes?---And as secretary to Council um, I reported to Council through, like, to the Chancellor and to Council, to the Chairs of those Council committees and I reported to the Vice Chancellor as well and to the Executive Director, but it was basically to support the production of documents, be the go-between to seek the relevant information that Council or its committees requested from other parts of the university through the Executive Director who was my administrative boss and just manage the process of production of papers and taking minutes and provision of, you know, the support documents to Council.

Yes. So in your role did you work closely with the Chancellor?---Fairly, but it depended on, you know, who, what, what sort of work was required, so reasonably closely.

And during your period as secretary to Council were there two or three Chancellors?---Two.

So the first was Magistrate O'Shane?---Yes.

And then Mr Cassidy?---Yes.

And did Mr Torbay become Chancellor during your time or was that after? ---No, that was after. I left in August 2008. I think Richard Torbay became Chancellor in December, November/December that year.

I see. And it's the case that Mr Cassidy lived on a property outside of Armidale. Is that right?---Yes.

And can you recall how often he attended the University campus?---Ah, once again it depended what was happening.

Yes?---And sometimes once a fortnight, sometimes more often, dependent what Council meetings were on and whether there was anything urgent that needed to be dealt with, and it also depended on whether he was in town to deal with other issues and he could come up and sign documents or check things or, you know, just talk to various people around the place. But it was, it wasn't a regular thing, he wasn't there all the time.

Yes. How did you generally communicate with him when he wasn't at the University?---Phone conversations often.

So mostly by phone?---Yes, generally, yeah, or fax, but mostly by phone. His access to Internet was pretty poor so not a lot of email.

I see?---Yeah.

And apart from the Council you've indicated there were a number of committees that were established to deal with various aspects of the University's administration?---Yes.

Such as the Standing Committee?---Yes.

And the Finance Committee?---Audit and Compliance.

10 Yes?---Buildings and Grounds, which became Infrastructure, Tender Committee, Remuneration Committee, Honorary Degrees, Titles and Tributes Committee, yeah.

And did you have to attend all of those committee meetings?---I can't remember which ones I had sort of given off to someone else in my office to take care of at that stage but I think that while we were trying to save funds, I tended to be the person who, who was providing support to most of the committees at that stage.

20 And in relation to the committees for which you were responsible, did your role include putting together the agendas and papers for meetings?---Yes, yeah.

And were you responsible for preparing the minutes of meetings as well? ---Yes.

Is it the case that you were called on to take minutes of more informal meetings as well?---Yes.

30 Was that a regular occurrence?---As people thought it was necessary, yeah, yeah.

So if I could show you just by way of example of that this bundle, and can I just ask you to go to tab 3, Ms Arthurson. You'll see that they're notes of page 37 of the brief?---Yes.

They're notes of a meeting of 20 July. Now, is that an example of a more informal meeting that you've taken notes at?---Yes, yeah.

40 And it's marked draft. Do you ever recall producing a version that didn't have a draft stamp of those minutes?---No, I don't, and that may have been, I mean I don't remember how many times this group met- - -?

Yes?--- - - -but there would be, you know, notes of that.

Yes?---And, yeah, it may have been because it wasn't going, I don't know, I don't know whether I did.

Yes, no, no, that's okay?---Yeah.

So just asking you a question about your practice with minutes?---Yeah.

Would you take a handwritten note of what occurred during Council or committee meetings?---Yes.

And would you take a detailed note of discussions or would you take a note in summary form?---Probably in summary form because I couldn't write very quickly. I would try to get the gist of the most important points- - -

10

Yes?--- - - -and in Council meetings, not the confidential sections but in Council meetings a tape would be recording the whole thing and so that if there was any doubt or any concern about a certain part I could go back to that.

I see?---Yeah.

But that was only in the case of open meetings?---Yes.

20 Is that right?---Yeah.

So there were times when there were confidential- - -?---Meetings.

- - -meetings- - -?---Yes.

- - -or parts of meetings?---Yep.

Is that right? And is it the case at those times that the tapes weren't recording, is that- - -?---That's right.

30

Did you have a notebook for the purposes of taking the notes of meetings? ---Yes, probably, yes.

Or, or- - -?---I would have, yes.

Yes. And did you take the notes in longhand or shorthand?---Longhand.

And when you came to prepare the meeting minutes, what was your general approach in terms of the level of detail that you would include?---Not too much detail, theoretically enough detail to be able to work out what the basis for a decision was.

40

Yes?---And enough to, yeah, enough for the future to be able to look back and see what happened- - -

Yes?--- - - -without going into detail of Mr X said this and Ms X said you know, no, that's rubbish or whatever.

Yes, yes?---Yeah.

So you obviously took care to be accurate about the terms of any particular resolutions that were made?---Yes, and I made, well, I, I more often than not would check if I was in doubt. I mean if I was in doubt I would check with the Chair or whoever put the motion that that's what they wanted recorded.

10 I see. And if someone disclosed a material interest as to which they may have a conflict in relation to what was being discussed, is that something you would always record in the minutes?---Yes, unless Council decided in discussion when that person declared a potential, there was a potential conflict of interest, if Council said we don't consider that that's going to impact on the discussion, there may have been an agreement not to record that, but if some, usually if someone declared a conflict of interest it was recorded and usually if Council decided that that conflict of interest was significant or, you know, could, could be significant, it would ask the person not to be present when that part of the meeting was discussed or a decision made- - -

20 Yes?--- - - -depending on the level of interest.

Yes?---Yep.

Now, as a general rule, how soon after the meetings would you prepare the minutes?---As soon as possible.

And the confidential material that might've been dealt with in a meeting were dealt with in separate minutes. Is that right?---Yes.

30 And once you prepared the minutes what was your process in terms of having them adopted?---Ah, well first of all they go to the chair - - -

Yes---? - - - of the committee that the minutes were taken from.

Yes?---And they would have first go over it, and then I'm not sure whether they would – if, if there were passengers in the minutes that were perhaps a little bit doubtful or, you know, just wanted to check, they'd go to the person who, who was putting, covering that item.

40 Yes?---Just to make sure that I'd covered the right points for them, for example in the Council minutes there'd be reports from the different committees, Finance Committee, Audit and Compliance, and often the chairs, well, the chairs would speak to – make a report on the past meetings of those committees, and if I wasn't certain about something that they'd said they'd get a copy of the minutes before they went to the rest of the Council members in circulation prior to the next meeting so that any typographical issues could be raised beforehand or any more substantive issues could be sorted out.

Yes. And so they went first to the chair of, of the committee or, or Council?---Committee, the relevant committee, yeah.

So in the case of the Council and the Standing Committee was the chair the Chancellor?---Chancellor, yes.

He wasn't the chair of all committees. Is that right?---No.

- 10 Where the Chancellor attended other meetings is it the case that he acted as the chair if the chair was not present?---Yes. He had the right to, yeah.

And so after you sent them to the chair of the meeting or the particular person that had an interest in a particular item, did you then circulate them to the rest of the members of the committee or Council?---Prior to the next meeting, yes.

Yes?---Yeah.

- 20 And was that part of the business papers for the next meeting?---Yes. Yes.

Or were they circulated other than as part of the business papers?---I think usually as part of the business papers at that stage.

Right?---There may have been a time at which the practice changed to, you know, get more feedback before they went into the business papers, you know, just to check certain things but I think it was basically in the business papers.

- 30 And, and when they were so circulated were they marked as a draft?---Yes.

And then was it the case at the next meeting of the Council or committee the minutes were adopted?---Yes.

Either with or without amendments?---Amendments, yeah.

And if changes were suggested you would make the changes. Is that right?---Yes.

- 40 And in your experience were changes often suggested to the minutes?---Not a lot.

What was your practice in relation to the minutes once the meeting had adopted them?---Um, they were trimmed. They, they, the draft was removed, it was confirmed minutes, so the draft statement was removed from the minutes.



Yes?---And they were trimmed the relevant file for that Council meeting and trimmed on the – by trimming I mean put on the University’s record.

Yes?---Information management system.

Yes?---And so that there was, sort of in the older days, I’m not, not sure when the, whether the practice still continues but there were hard copies as well as electronic copies that were put into the University’s record management system.

10

I see?---Yeah.

And from what you’ve said there generally wasn’t much of a discrepancy between your draft and - - -?---The draft, and - - -

- - -and the final?---Yeah.

Is that right?---Yeah.

20

And was it noted as part of the adoption of the minutes at the next meeting what the amendments to the draft were?---Yes.

And was that always the case, that that was noted?---Yes. Yes.

So, if you had the draft you would be able to know - - -?---Yeah.

- - - by reference to the next set of minutes what changes, if any, there had been to the draft?---That’s right. And it – that – those suggested amendments should’ve been recorded in the minutes of the next meeting.

30

Yes?---Yeah.

Now, you – the document, or, the bundle in front of you is a, a – various agendas and minutes which have been obtained from the University. Can I just take you back to tab 1?---Ah mmm.

And that’s an agenda for a special Council meeting for 24 June 2005?---Right.

40

What is a special Council meeting?---A special Council meeting is one that’s called when there’s an issue that has arisen that requires discussion and resolution by Council outside of the normal Council meeting - - -

Oh, I see---? - - - set times.

Yes?---And so that there, there’s a process – and I can’t remember what it is, it will be in the standing orders - - -

Yes---? - - - for how a special meeting of Council - - -

Is convened---? - - - is convened. Yeah.

Now, did you prepare this agenda?---Yep.

And your name in fact is on the, the first page as - - -?---That's right.

- - - convening a meeting?---Yes.

10

The second item is titled Conflict of Interest Declarations. Do you see that?---Yes.

Was that a standard agenda item for meetings at the Council?---From 2004, 2005 onward, yes.

All right?---It's part of the national governance protocol requirements, yeah.

20

I see. Yes. And was it also a standard agenda item for meetings of committees?---I think so.

All right. And can I take you then to tab 2? And they're the minutes of a meeting, of that meeting of 24 June?---Yes.

Do you see that?---Yes.

Do you have – sorry, did you prepare the minutes of the meeting?---Yes.

30

And you're recorded as being in attendance?---Yeah.

And do you have an independent recollection of this meeting?---No.

Now, is it generally the case that if you were present, you would prepare the minutes?---Yes.

You've noted that on the – further down there was some conflict of interest declarations. Is that right?---That's right.

40

And consistent with what you've said, they were generally – it was the practice to note those unless the Council considered that there wasn't any potential for conflict?---Yes. Yeah.

And page 7 has a, a resolution or, or page 7 deals with future proofing organisations. Do you see that?---Yes.

And there's a resolution over the page. And if I can just take you back to page 7, is that page symptomatic of your style of minute taking, so, highlighting key points and ensuing discussion?---Yes. Yes.

Now, that's titled a Draft Confidential Minute?---Ah hmm.

Consistent with the practice you've identified they would've been put to the Council at the next meeting. Is that right?---Yes.

And is that why the pagination at the bottom starts at page 5, if you look at the first page?---Yes.

10 That – because it forms part of the business papers for the next meeting?---  
That's right. Yeah.

If I can then take you to tab 4, and that's confidential minutes of the Finance Committee of Council held on 25 July?---Yes.

And again you were in attendance at that meeting?---Yes.

Is that right? Yes. And do you have an independent recollection of it?---  
No, sorry.

20 But do you recall taking the minutes?---Yes. If my name's there, I was  
there, I took the minutes. Yeah.

Okay. Tab 5 is a meeting of the Standing Committee held on 4 August. Do  
you see that?---Yes.

And again you're identified as being in attendance?---Yes.

30 So, you would've taken the minutes?---Yes.

And these are the minutes that you would've prepared. Is that right?---  
That's right.

Can I take you to tab 6? That's confidential minutes of a meeting of the  
Council?---Right. Yeah.

On 8 August?---Yes.

40 And again you're identified as being in attendance?---Yes.

But am I right in thinking you don't have an independent recollection of the  
meeting?---No.

There's a resolution about the minutes on that page, and is that in  
accordance with how the minutes from the earlier meetings were adopted?  
---Yes. And I, yes, I guess the second – the fact that there were two there  
meant that the second meeting took place too soon after the first meeting.

Yes?---For the previous confidential minutes to have been adopted at 24 June meeting.

If I can take you then to the next tab, Ms Arthurson, that contains confidential minutes of a meeting of the Council on 8 December?---Sorry.

Tab 8?---Yes.

10 Is that right, 8 December and you're identified as being in attendance?  
---That's right.

So you would have taken these minutes?---Yes.

Can I just take you to point 14.6 in the minutes, there's a reference there to the Standing Committee minutes?---Yes.

Was that the way of keeping the Council informed that the minutes of committee meetings would be provided?---Yes.

20 That was the way of Council being - - -?---Yeah.

- - - kept informed as to what was happening with various committees?

---That's right and when some, when things hadn't been confirmed by the following committee meeting the minutes, the draft minutes from the, that unconfirmed, the unconfirmed minutes would be provided to Council for their information so that they were kept up to date, yes, exactly.

Yes, okay. Tab 9 contains the open minutes of the same meeting?---Yeah.

30 And do you recall taking those minutes?---Yes.

There's a reference to an administrative assistant also being present?---Yes.

But you recall that you're, you were the person who would have taken the minutes?---Yes.

And tab 10 is minutes of a meeting of the Audit and Compliance Committee on 10 February, do you see that?---Yes.

40 Do you have an independent recollection of this meeting?---No, no.

But again you're identified as being present?---Absolutely, yeah.

And you would have taken the minutes?---Yes.

There's a reference on the first page to two documents being tabled, do you see that?---Yes.

What was the process for tabling documents?---If they hadn't – they, they may have been circulated by email to members beforehand but um, usually hard copies would be tabled. Um, if the Chair asked that they be tabled or if the committee accepted their, their tabling, sometimes if documents were too um, complex, too dense and required a lot of reading they, they wouldn't be accepted, you know, they'd have to wait till the next meeting unless it was urgent or something.

I see?---But, yeah.

10

Commissioner, I tender that bundle.

THE COMMISSIONER: Yes, that bundle is Exhibit V16.

**#EXHIBIT V16 - BUNDLE MINUTES OF MEETING AND AGENDA OF UNE COUNCIL AND COMMITTEES**

20 MS MITCHELMORE: I just wanted to ask you some, some further questions, Ms Arthurson, about the Chair. Are you able to say what the role of the Chair was at the various meetings?---Ah, they, well, like a Chair of a Board.

Yes?---They, they control the meeting, they introduce all the items and they just make sure that the meeting continues to move on smoothly - - -

30 Yes?--- - - - allowing members of the committee to have their say as necessary and then making sure that it's, you know, kept on track with the agenda.

And in your experience does the manner in which a meeting is run depend on the chair?---Yes.

And in your experience to what extent can the chair direct the course of the meeting?---Um, they may be able to but with the University of New England Council and Council committees it's more likely that people will say what they think - - -

40 I see?--- - - - and said what they thought.

Now you would have seen Mr Cassidy chair a number of meetings?---Yes.

Having seen him in that role are you able to describe his style as a chairperson?---I think that he was, he was reasonable inclusive. He, he kept things moving, perhaps not as well as the previous chair but he kept the items going and made sure that different people around the table had a

chance to speak and would often sit back and let discussion take place rather than putting his view - - -

Yes?--- - - - until it was over, yeah.

Right. Now Services UNE Limited, the company Services UNE, do you have any recollection of the circumstances in which it came to be formed?  
---I mean, basically I, I know that it came out of the UNE Union and the need for some changes to deal with the voluntary student unionism that was coming in.  
10

Yes. And did you understand that that company was a controlled entity?  
---I did I think at the time, yes.

Did the, did the secretariat have any responsibilities in relation to controlled entities?---None whatsoever, no, except to receive reports from them that went onto Council.

Right. And was there a protocol in place for reporting requirements of controlled entities?---Yes, I think so, they, they had um, annual reports and there would have been financial reports to the Finance Committee of Council and, you know, with risk management issues going to Audit and Compliance Committee there were times when different, the different bodies that were controlled in the entities or associate entities were expected to report on their risk profile to that committee.  
20

I see?---Yeah.

I just wanted to ask you some questions about the, the sale of the Hotel?  
---Yeah.  
30

You recall that the Hotel was previously owned by UNE Union Limited?  
---Yes.

And it was transferred to Services UNE and the Board of that company decided to sell it. Do you recall receiving a letter in November 2005 from Ms Paini who was the CEO of Services UNE about the sale of the Hotel?  
---I do and basically because of the documents that I was provided by ICAC  
- - -  
40

I see?--- - - - jogged my memory.

Yes, perhaps I can show you a copy of the letter, it's page 282?---Thank you.

And is that the letter that you recall receiving from Ms Paini?---Yes.

And do you recall showing that letter to Mr Cassidy as the chair of the Council?---Um, I'm sure I would have and it would have gone in to the next meeting that, you know, required action from this.

Yes. So perhaps if I can show you, well, actually, first, Commissioner, I'll tender that document.

THE COMMISSIONER: Yes, the letter of 18 November 2005 is Exhibit V17.

10

**#EXHIBIT V17 – LETTER FROM SUE PAINI CEO, SERVICES UNE LTD TO HELEN ARTHURSON, UNE SECRETARIAT DATED 18 NOVEMBER 2005 RE SALE OF TATTERSALLS HOTEL**

MS MITCHELMORE: And if I can show you page 283 of the brief and you'll see that's an email, Ms Arthurson, from you to the Standing Committee for an urgent meeting?---Yes.

20

And it was sent on the 18<sup>th</sup>, so the same day as you received the, the letter from Ms Paini?---That's right, yeah.

Do you recall sending the email?---I sent it, yeah, yeah.

You don't have any reason to believe that you didn't send it?---I don't, yes.

And it indicates that the Chancellor had asked that the, the meeting be called?---Yes.

30

So it's the case isn't it that or its likely that you showed him the letter on the same day as you received it, is that a fair assumption?---Yes, yes. And there's a faxed, you would've noticed a, a faxed stamp I think at the bottom of that letter which meant I would've faxed it off, maybe.

Oh, I see, so that was your - - -?---Possibly, I think.

Indicating that you'd faxed that to Mr Cassidy?---It should've, it should've had a date in it, too, but yes.

40

I see?---Yeah.

Commissioner, I tender the email.

THE COMMISSIONER: Yes. That email is Exhibit V18.

**#EXHIBIT V18 - EMAIL FROM STANDING COMMITTEE TO HELEN ARTHURSON RE URGENT MEETING DATED 18 NOVEMBER 2005**

MS MITCHELMORE: Now, Ms Arthurson, that meeting proceeded on 21 November and you've already said you attended and you took the minutes. If I can just take you back to those minutes which is tab 7 of that bundle. Now just looking at the first page, that there's no record of any disclosure  
10 by anyone of a conflict of interest?---No.

Would it have been on the first page if there had been such a disclosure made?---No. I have a feeling that that process may not have occurred at that meeting because it was squished in between two other normal committee meetings.

I see?---And so it was a very quick meeting.

I see. So your recollection is that there may not have been - - -?---A conflict  
20 of interest declaration required formally.

A formal – but that, that wouldn't have stopped anybody making a declaration - - -?---No.

- - - if they considered that there was a conflict?---That's right.

Indeed that was the obligation of members of the Council - - -?---Yes.

- - - to declare such conflicts?---Yes.  
30

Now there's a reference to a proposal in the resolution about the sale, that the tenders be extended for two weeks until 9 December 2005. Do you see that? It's on the second page?---Yes.

Do you recall who advanced that proposal?---I don't. Yeah.

After the meeting, you notified Ms Paini of the, the outcome. Do you recall doing that?---Yes.

40 And did Mr Cassidy instruct you to do that?---That would be normal, um, practice.

Yes?---Because she wrote the letter requesting that advice.

Yes?---And requesting Council's approval, so normal practice with or without the chair's instruction - - -



Yes---? - - - would be to inform the person who had requested that permission.

Yes. So, if I can show you page 287, that's an email towards the bottom there from you?---Yeah.

To Ms Paini?---Yes.

10 And that's notifying her of the outcome of, of the meeting. Is that right?  
---Yes.

So, that's in accordance with, with sending, as you've said - - -?---Yes.  
Protocol.

Part of your practice?---Yep.

And that's copied to the Chancellor. Is that right?---Yes.

20 And in that email you've included the request about extending the close of  
tender date. Do you see that?---Yes.

But you can't now recall what the circumstances of that request were?---No.

Do you recall receiving a response from Ms Paini about that request to  
extend the tenders?---Well, yes, prompted by the, yeah, documentation, yes.

Yes. And that's the email, isn't it, that is on towards the top of the page and  
back over onto page 286?---Yeah.

30 Is that right?---That's right.

And you don't have a recollection of this email apart from when it was  
given to you by the Commission. Is that right?---No.

Commissioner, I tender that email exchange.

THE COMMISSIONER: Yes. That's Exhibit V19.

40 **#EXHIBIT V19 – EMAIL FROM SUE PAINI TO HELEN  
ARTHURSON DATED 23 NOVEMBER 2005**

MS MITCHELMORE: Ms Arthurson, do you remember what you did with  
that email from Ms Paini when you received it?---Um - - -

Perhaps I can ask is it likely that you would've passed it onto the  
Chancellor?---It is very likely that I would've passed it onto the Chancellor.

He being the chair of the committee that made the request?---That's right.

And you would've wanted to let him know what the director's response was to that request?---Yes.

Now do you recall later the same day making contact with Ms Paini to convey a request from Mr Cassidy?---I don't.

10 Well if I can show you page 294 of the brief?---Yeah.

You'll see there's an email that is not, not to or from you but it's in relation to a message coming through from you?---Yes.

To ring Mr Cassidy?---Yeah.

Is it the case that Mr Cassidy was not in the office that day? Looks to appear he's been in Sydney?---He, he must've been in Sydney.

20 From the email?---And so I would have read him the contents of the email that – most likely read him the contents of the email from Sue Paini to me and - - -

And was it in response to that, that he's made this request to your recollection?---I, I can't recall when exactly, what happened but if it's in the email I must've done it, yeah.

30 And it's the case, isn't it, that this email came after the response that you received from Ms Paini in terms of time? On the same day but later in the day?---Yeah. Yeah.

I believe that one's already been tendered. Yes. That's V14. Yes. That's all the questions I have for Ms Paini – I'm sorry.

THE COMMISSIONER: Ms Arthurson. Does anyone have any questions of Ms Arthurson? No. Thank you, Ms Arthurson, you may step down, you're excused.

40 **THE WITNESS EXCUSED**

**[4.24pm]**

Thank you. That's an appropriate time. I understand alternative arrangements have been made for Ms Maurer to be called tomorrow morning.

MS MITCHELMORE: That's right.

THE COMMISSIONER: All right. Thank you. I'll adjourn.

**AT 4.24PM THE MATTER WAS ADJOURNED ACCORDINGLY  
[4.24PM]**