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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE MEGAN LATHAM

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AT SYDNEY

ON TUESDAY, 22 JULY, 2014

AT 10.06AM

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

THE COMMISSIONER: Yes, good morning. Yes, Ms Mitchelmore.

MS MITCHELMORE: Commissioner, the first witness this morning is Ms Maurer.

THE COMMISSIONER: Yes, Ms Maurer. Is she in the room? Come forward Ms Maurer. Yes, just take a seat. Ms Maurer, you don't have anyone appearing for you today?

10 MS MAURER: No.

THE COMMISSIONER: No. All right. Can I just explain to you, if you haven't already heard me explain before, you are compelled to answer questions truthfully, you don't have the option of refusing to answer a question but because you don't have that option the Act provides that I can make an order under Section 38 of the Act. Effectively that order means that your answers to questions can't be used against you in 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 because there are
20 offences for giving false evidence to the Commission and your answers would be evidence of those false answers in the event of a prosecution. Do you understand that?

MS MAURER: Yes, I do.

THE COMMISSIONER: If I make an order under section 38 it operates as a blanket objection to the questions that are asked of you and that's the order by which the protection is extended to you. Do you wish to take
30 advantage of an order?

MS MAURER: Yes.

THE COMMISSIONER: 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
40 given or document or thing produced.

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.**

THE COMMISSIONER: Now, do you wish to be sworn or affirmed, Ms
Maurer?

MS MAURER: Affirmed, thank you.

10

THE COMMISSIONER: Affirmed, thank you.

MS MITCHELMORE: Can you state your full name for the Commission, please?---My full name is Shirley Ann Maurer, I'm known as Ann though.

And what is your occupation?---Well, I'm retired.

10 Is it the case that you were formerly a chartered accountant?---That's correct.

And what were your qualifications?---I, I had a Bachelor of Economics degree majoring in Accountancy and a Graduate Diploma and I was a Fellow of the Institute of Chartered Accountants.

And did you study for any of those qualifications at the University of New England?---Yes, I did my, I did my undergraduate degree and my postgraduate diploma there.

20 And did you work for a firm in Armidale?---Yes, I did.

What was the name of the firm?---Roberts & Morrow.

And how long did you work for the firm?---Ah, I worked there for a bit from 1983 to 2006.

And did you retire in 2006?---Yes.

30 Now, is it the case that you were invited by the University to be a member of the University Council?---That's correct, yes.

And you accepted that offer?---Yes.

And can you recall for how long you were a member of the Council?
---Um, I think it would have been maybe close to four years.

40 I see. And can you recall when that was?---Well, I, I, I don't know exactly but I think it was just before the time that I was appointed to the Board of Services UNE and I think that was about September 2005.

Yes?—So I think I was, became a member of University Council probably a few months before that. That's as far as I can recollect.

Right. And so until about 2008, something like that?---Yes. Something like that, yes.

Okay. And you've just indicated you were a director of Services UNE?
---Yes.

Is that right?---That's right. And I was the University Council representative on the Board of Services UNE.

I see?---Mmm.

And can you recall – you've indicated you were appointed a director in September 2005. Is that right?---Yes.

- 10 And, and how long did you remain a director of Services UNE?---Once again I can't – don't know exactly but I think I, I stayed on as a director of Services UNE probably for a year or two after I ceased to be a member of University Council, so, I'd say it was probably about 2009, 2010, something in that sort of region.

Right?---That's - - -

So, about four or five years?---That's right. Yes.

- 20 Within that region?---That's right.

And you were appointed at the time that the company was established. Is that right?---Yes.

And did - - ---?---Well, at, at the time they – I don't know whether it was the same company that continued but when the administration ceased and, and the responsibility for looking after the activities of the old University Union were, were handed over effectively from administration - - -

- 30 Yes---? - - - that was the time that I was appointed, yes.

Yes. I'm sorry, you're quite right. There was a, previously, a company called UNE Union Limited. Is that right?---Yes. I, I'm not – I'm a bit vague on that now.

Yes?---But I, I think there was a company and, and then - - -

There was an administration?---And, and then I think it might've been renamed or something.

40

Yes?---Yeah, something.

And, and so Services UNE was the renamed company?---Yes, I think.

To your recollection?---To my recollection, yes.

And it was at that point when there was a restructure and it was renamed that you were appointed to the Board?---That, that I was appointed to the Board.

Is that right?---Yes. It was a new board, yes.

Yes. And can you recall who approached you about being a director?---
About being a director of - - -

10 Of Services UNE, I'm sorry---? - - - Services UNE?

Yes?---Um, I, I imagine it was probably Richard Torbay. I think Richard was on University Council at the time, or somebody on Council.

Yes?---I, I can't remember who specifically said, you know - - -

Yes. Is, is it possible it was Mr Cassidy?---It could've been, or it may have been – a couple of people may have mentioned to me, you know, would you, would you take that?

20

Yes?---And – but I can't remember specifically who or how many people might've suggested that to me at the time. Yes.

Yes. And Mr Cassidy was known to you from your membership of the Council?---That's correct.

Is that right?---Yes.

30 And he was the Chancellor of the University at the time that you took on the directorship of Services UNE?---Yes.

And did you know Mr Cassidy before you became a member of the University Council?---No.

The other directors who were appointed to Services UNE at the same time as you were, were Mr Rod Watt?---Mmm.

And Mr Andrew Murray. Is that right?---That's, that's correct. Yes.

40 And before you came to work together on this board did you know Mr Watt?---Yes.

And how did you know him?---Um, well Rod has, had, had done some personal legal work for me and, ah, we had, ah, professional dealings with mutual clients where, you know, my, some of my clients were – Rod was their legal advisor, so, you know, we had, ah, you know, we had dealings at various time over several years.

Yes?---You know, in, in that regard.

And, and what about Mr Murray? Did you know Mr Murray before you came to be on the Board?---I, I knew who Andrew was, I probably had been introduced to him, you know, on a couple of occasions but I couldn't say that I knew him or he was a friend or I had any business dealings with him at all, no.

10 Okay. Do you recall in broad terms the purposes for which Services UNE was set up or rebadged?---Um, well, I think the, the looming issue of the loss of the general service fees when voluntary student fees were to be introduced, which was expected I think at the beginning of 2006, I think it probably became obvious that there were going to be huge financial problems in the activities of the old University Union because they – the, the business activities were, were not very healthy business activities.

Yes?---And of course were largely being supported by the general service fees.

20 Yes?---And I, I suspect – I wasn't involved at the time but I suspect that's what initiated concern in the University quarters as to how they were going to cope with, with the loss of the general service fee revenue and what that might mean in terms of the solvency of, ah, of those activities.

Yes. And do you recall as part of your membership at the Council hearing, or, dealing with issues relating to, um, future proofing of these organisations after voluntary student unionism was introduced?---Yes. I think a lot of that may have occurred – that sort of discussion may have occurred prior to my involvement with Council.

30 I see?---I think a lot of that and all the administration and dealing with that, it all had been done.

I see?---And, and I was sort of, you know, it, it had – I, I was – my directors were sort of handed over after all those discussions had had, I don't recall being involved in, um, in, in that specific, um, issue, um, at all.

40 And you don't recall any discussion of it at the University Council level?---Well, not specifically. I mean, if, if it was it would've probably been in my first, you know, one or two Council meetings.

Yes?---So, I, you know, probably, um, I just don't recall it.

No. That's okay?---It may have been but not, not something that, um, you know, I, I, um, I have a memory of.

That, that's fine. Ms Maurer, I wanted to show you some, some minutes of the meetings of, of Services UNE?---Mmm.

We've got a small bundle, it's Exhibit V15 and if I can show you that bundle and starting with tab 1 when you get it?---Right.

Which is page 89 of the brief. Now, just looking at those minutes, Ms Maurer, you see that you're present with Mr Watt and Mr Murray?
---Ah hmm.

10 And also in attendance were Ms Paini who was the CEO of the Union?
---Yes.

Is that right? And is it the case that she continued as your CEO of, of Services UNE?---Well for a period of time while I was a director, not the whole period.

I see. And there's a reference to Greg Clark. Do you know who Mr Clark is?---Yes. He was an employee of, of the, you know, the activities of, of Services UNE.

20 I see. Now, it says in the brackets that he was the minute secretary. Do you recall who ordinarily prepared the minutes of your meetings?---Ah, Sue Paini basically did the minutes. Yeah.

I see. And did she then after the, after the meeting, circulate the minutes to the directors? Can you recall?---Um, yes, we always, we always got the minutes. It may have been that they were, um, not circulated until just prior to our next directors meeting rather than straight after the meeting.

30 Yes?---But, you know, we always got them prior to - - -
The next meeting---? - - - the next meeting, yes, that's right.

Yes. And, and is it the case that you would review the minutes when, when you received them before the next meeting?---That's right. Yes.

And were you doing that for the purpose of making sure that the minutes accurately reflected what you remembered had occurred at the meeting?
---That's, that's correct. Yes.

40 And if you had any changes or thought the minutes weren't accurate what would you do in relation to that?---Well, there'd be a discussion under that item of business.

Yes?---Prior to the adoption of the minutes and if there were any, ah, any changes requested then those changes would have to be made before the minutes were adopted.

I see?---As a true record of the previous meeting, yeah.

Yes. Okay. Now just returning to these minutes, if I can just take you over the page, the second page of the minutes, now, there's a reference at item 7 to a confidential business plan. Do you see that?---Ah hmm.

Do you have any recollection of whether that document said anything about the Tattersalls Hotel?---No, I can't remember the content of that business plan at all, I'm sorry.

10 Okay. No, it – and do you recall that the Hotel was an asset of formally UNE Union Limited and now Services UNE?---Yes.

And you'll see that the, the motion, motion 4 underneath item 7 was a resolution that the CEO be authorised to commence negotiations for the sale of the Hotel?---Ah hmm.

For \$3 million or greater?---Ah hmm.

20 Now it also refers to there having been an offer received by the administrator. Do you see that?---Ah hmm.

Do you recall by this time that somebody had made an offer to purchase the Hotel for \$3 million?---Only in respect of reading these, I can't, you know, specifically remember the nature of that offer or anything but - - -

You don't have an - - -?--- - - - if it's in the minutes it's, you know, obviously there had been an offer, an offer received and we were discussing, yes.

30 Can I show you Exhibit V6. You see that's a letter, Ms Maurer, from Mr Hall from Camtrad Pty Limited?---Ah hmm.

Is that something you recall seeing as part of your papers for - - -?---Well, if I didn't actually see the, the letter it would have been discussed, the content of it would have been discussed and Sue Paini would have, would have as the CEO brought it to our attention, yes.

40 Yes. You'll see just going back to the minutes, Ms Maurer, that there was consideration of the report from the administrator, Mr Hall, do you see that? ---Mmm, yeah.

Do you recall seeing a report from Mr Hall about the affairs of the Union and UNE Union Limited?---Um, I'm sure I did see it but I can't remember the specifics of it now but - - -

Yes, yes?--- - - - yes, I, I, I would have seen it, yes.

Yes. And there's also a reference to the valuation from, it says Manenti Quinlan, do you see that?---Mmm.

Is it the case that you would have seen the report, the valuation report as well?---Yes, I would have seen it, yes.

Yes, so you don't have an independent recollection of that - - -?---No, no.

- - - but, but you recall seeing - - -?---Yes.

10

Yes. And do you recall - - -?---I mean, obviously just in the nature of discussing the issues of this organisation we'd taken on we would have as directors made sure that we had seen those documents and then - - -

Yes?---But as to specifically remembering reading them I can't - - -

Yes?--- - - - specifically remember doing that but I would have.

20

Yes. Because of course the resolution is to sell the Hotel for \$3 million - - - ?---Mmm.

- - - and as directors you would have wanted to know what the Hotel was valued at?---Oh, absolutely, it would be the first question asked, yes.

Yes. Can I take you, Ms Maurer, to tab 2 of that bundle which is I think page 92 of the brief?---Mmm.

30

And that's the next meeting I believe of the, of the company or the directors on 13 October?---Ah hmm.

And again you're present?---Ah hmm.

And you'll see as per your, your evidence a little bit earlier that the minutes are confirmed in, in motion 2?---Ah hmm.

So that's, you having reviewed the minutes as with Mr Watt and Mr Murray and deciding that as they had been prepared by Ms Paini they could be adopted without amendment, is that right?---That's correct, yeah.

40

If I can just take you to the second page again of the minute, motion 3 is again a resolution to deal with the sale of the Hotel, do you see that?---Ah hmm.

And you'll see that there was an exchange of contracts expected on 17 October, 2005?---Ah hmm.

Given that there's a specified date is it right to your recollection that negotiations progressed with Ms Paini and, and Camtrad in relation to the

sale of the Hotel?---Yes, well, I would have expected so given the um, the discussion two weeks earlier and, and this that ah, obviously negotiations would have occurred in that period and ah, we, we would, were hopeful of, of a, of a contract being exchanged and the Hotel being sold, mmm.

And do you recall being kept up to date by Ms Paini about the negotiations as they progressed or would you have just been updated at the next meeting?
---Oh, we may have had some telephone calls but I, I can't recall whether I did or I didn't but ah, certainly at this meeting would have been when we
10 were given a full - - -

Briefing?--- - - - briefing of what had occurred over the previous two weeks, yeah.

Was there any discussion at this meeting or the previous meeting about opening the sale up and, and testing the market?---Um, I can't specifically remember that um, you know, I mean, I, I would imagine in general conversation those issues would have been, would have been discussed um, but I can't specifically say yes, it definitely did happen or, or not but it's the
20 sort of thing you would discuss ah - - -

In the context of a receipt of an individual offer, is that right?---That's right.

Yes?---Exactly, yeah.

Do you recall that Camtrad subsequently revised its offer down to two and a half million, do you have a recollection of that?---No, I don't have a recollection but given that the, this contract didn't go through I imagine there would have been something of that nature that's occurring, mmm.
30

Yes?---But I can't specifically remember, you know, Sue ringing and saying what had gone wrong with it, yeah.

Yes. Do you recall receiving notification in this period, so after the 13th before the decision of the Board to sell by tender - - -?---Mmm.

- - - on 27 October, do you recall receiving any correspondence or information about other offers having been received in this period?---Oh, not off the top of my head I can't.
40

No, okay?---It's just too long ago for me to remember.

Yes, can I show you an email, it's Exhibit V11, page 95 of the brief?
---Oh, 95.

It's not in your bundle, no?---Right, okay, sorry.

It's a separate exhibit, Ms Maurer. Now that's an email to a, to a number of people including yourself, is that right?---Yes.

Do you recall this email?---Um, I, I can't from memory recall it but - - -

Yes?--- - - - now that I've seen it here in front of me obviously I would have, I would have received it, yes.

10 Yes, there's no reason to think you wouldn't have received it?---Absolutely, I'm, I'm sure I would have received it, yes, but I can't remember it specifically, yeah.

And there's a reference to a, to a different bidder - - -?---Ah hmm.

- - - or - with a payment of up to \$3 million subject to inspection and figures, et cetera.

20 And Mr Murray indicates that the board would be discussing it and no decisions had been made?---Ah hmm.

And he refers to wanting to read the valuation and he's also in favour of a tender process?---Mmm.

30 Do you recall that the tender process had up to this point or around this time been discussed as an option?---I think it would have been at this time given um, ah, you know, there, there was a second offer and ah, ah, the other contract hadn't been exchanged, that that's when we would have been looking at um, ah, you know, looking at our options for um, for, for selling the Hotel.

Yes?---Mmm.

So, Ms Maurer - - -?---(not transcribable) certain the tender would have been on the table as part of that.

Yes. So the next meeting, Ms Maurer, and this is tab 3 going back to your, your bundle, page 98 of the brief, is the minutes of 27 October, 2005?---Ah hmm.

40 And this is the meeting at which there was a resolution to, to sell by closed tender. Do you see that at the, towards the bottom of the page there's a resolution to that effect?---Yes.

And there's a discussion just above the resolution that there was a recent, recent offers so one of those was the, the offer that you heard of from, from Mr Murray, is that right, that would have been one of the offers?---Yeah, oh, well, it doesn't just say here exactly, discussion on the recent offers received including an unconditional offer, well, I don't know who that unconditional

offer was specifically from but obviously there are, there are a couple of people in the, in the wings - - -

Yes?--- - - - expressing an interest to buy it - - -

Yes?--- - - - and um, ah, so, sorry, so what was your question?

Oh, I just – I'll perhaps ask you another question?---Okay.

10 There's a reference to, to a discussion with Mr Quinlan on his valuation, do you see that?---Ah hmm.

And potential changes in value over recent months?---Mmm.

Do you recall any discussion with Mr Quinlan at this meeting?---Ah, well, Mr Quinlan, I don't know that he was at the meeting at all, I don't think so but it may have been that um, Sue had undertaken some discussions on behalf of the Board about valuations ah, yes, I, I don't specifically recall the nature of the discussion but I, I would imagine as part of us deciding what to
20 actually do just getting an update on the latest valuation ah, or discussing the valuer about what might, you know, have changed since the actual valuation date would have been a, you know, would have been a part of the procedure in, in making, making the ultimate decision that we did, yeah.

Yes. And similarly do you recall any discussion with Mr Hall of Forsyths, you'll see that reference on the next, the next line?---Well, it's the same thing, I don't specifically recall it now from memory but once again, in terms of knowing that we were going to be making some sort of a decision about what to do with the Hotel - - -
30

Yes?--- - - - we would have been seeking some input and update from not only the valuer but also Stephen because of his um, involvement during his administration period, it would have been part of, you know, getting our information updated and ah, and, and as to who undertook that it most likely would have been um, Sue Paini, the CEO we probably would have asked to get the, have, have the discussions and report to the Board I would have thought.

I see. And the resolution to go by way of a closed tender process, do you
40 recall if that was a decision with which all of the Board agreed?---Yes, all the Board agreed to that. Yes.

Can you recall what other options might have been canvassed at the meeting?---Well I'm sure we would have discussed, you know, putting the Hotel up for auction or looking at selling it by private treaty. We would have, you know, covered all those um, all those issues and ultimately decided to, that for whatever reason, probably associated with timing and

ah, and the costs of ah, of promoting the sale that tendering was the way to, to go, yeah.

10 So tendering would be less expensive than putting it up for auction or private treaty?---Ah, I think that, and with the benefits of a finite time period. Because you must remember that this is in October and ah, within a few months we were going to lose a huge revenue source with the introduction of voluntary student fees. So the new board were very concerned about the solvency of the organisation within a very short period of time. So the timing which we wished to realise, the, the, the Hotel and have liquid funds available to operate was of, of paramount concern. So certainly cost and, and timing were the, were the two, two major issues, yes.

20 Yes, okay. Now, the requisite documents were prepared by Mr Hall and Mr Atkinson. Do you recall – so in relation to the tender?---Yes. I, I know we decided to appoint Bruce Atkinson as the solicitor to undertake the, the sale on behalf of Services UNE and I don't specifically, I imagine that, you know, part of that was having Stephen's involvement too given his, his knowledge from his period as being Administrator, you know, so - - -

And do you recall that he was appointed to administer the tender process?
---Oh well, not specifically but yes, I mean, that I think is what occurred but
- - -

But you don't have a specific recollection of that happening?---No. No.

No?---I mean, a lot of those sort of things were left to Sue and the solicitor to, you know, to work out.

30 Do you recall that an issue arose before the close of tenders about whether Services UNE the company could sell the Hotel?---Yes, I think there was an issue that because we were a controlled entity it may have been a requirement that um, that the Council of the University had to give approval for Services UNE to actually contract for a sale of the, of the premises, yeah.

Yes. So perhaps, Miss Maurer, if I can take you to the next set of minutes, which is behind tab 4 in your bundle?---Ah hmm.

40 And you'll see at item 4 there's an update on the Hotel. And is that, that's the issue that you've just raised in relation to whether or not there could be a sale by Services UNE without the approval of the University Council, is that right?---That's right, yes.

And do you recall after that meeting speaking to Mr Cassidy about that issue?---Um, well I don't recall having discussion myself with Mr Cassidy. Um, I seem to just think it was a, you know, a um, you know, just part of the, the, the legal documentation that had, if we needed the approval of

Council well we would have sought it, or if John came to, came to the Board and said that would have been just informing us that um, they were our obligations in order to be able to sell the Hotel. And it would have just, a question about when um, when we could get that approval would come up in Council meeting if, if it wasn't going to be held shortly ah, you know, we would have had to seek a Standing um, the Standing Committee to, you know, to provide that ah, that legal authority for us to actually enter into, into the contract we might, we wished to enter into, yeah.

- 10 Yes. Because at this point it's 17 November and the tenders are closing on the 25th, so there wasn't a lot of time?---Closing on, 5th, that's right, yes. That's right, yes.

Now, do you recall that the sale was approved by the Standing Committee of the Council? Do you recall that that occurred?---Well yes, that would have been reported back that we had the, the necessary authority in which to enter into a contract to sell the Hotel, yeah.

- 20 Yes. And in approving the sale do you recall that the Standing Committee made a request that the tenders be extended by a period of two weeks?--- Well I know that's in the minutes but I can't specifically now recall that but um - - -

Perhaps if I could, I'll show you a document, Miss Maurer?---Ah hmm.

It's page 286 of the brief. It's already an exhibit. It's V19. Just while the hard copy's being found, you've got it there on your screen, Miss Maurer?-- -Right.

- 30 Can you see it or - - -?---Yeah. Yes. I can see that this is an email from Helen Arthurson to ah, Sue Paini.

Yes. That's right?---Yes.

And - - -?---And that, the resolution that ah, the approval for the sale of the Hotel is okay. And then there's a statement on the bottom that the Standing Committee asked that the close of tenders be extended for a further two weeks.

- 40 Yes?---Yes.

And the next email up is an email from Ms Paini to, responding to Miss Arthurson and you'll see that it's copied to, to you at your possibly - - -?--- My work - - -

- - - work address - - -?---Ah hmm.

- - - which Ms Paini had. And the, the Board declined to, to do it, to extend it, and you'll see over the page at page 287 there's a reference underneath, given all of the above and after discussions with, with you and advice from Mr Hall the company didn't believe it was prudent to extend it. Do you recall having discussions with Ms Paini and Mr Hall about whether you should extend the date?---Um, not specifically but obviously it occurred and I imagine it's probably likely that it was a phone call from Sue to me saying, you know, discussing what I thought. And ah, she probably did the same with Stephen I imagine. I don't know that for sure but – and probably
10 relayed to me what Stephen's views were and I probably, you know ah, said that I didn't think it was the thing to do, to extend it.

Do you recall whether Ms Paini gave you any reasons that she may have found out from the Council about why they wanted the, the closing date extended?---I don't recall anything of that nature, no.

Now, on 23 November Ms Paini sent you and the other directors an email confirming the time of a meeting on the afternoon of 28 November. It's
20 page 289 of the brief. It's not in your bundle Ms Maurer?---Oh.

But you'll see it's just on the screen?---Oh, it's up here. Right, okay.

Yes. And you'll see at the bottom there, it's just that email at the bottom confirming a meeting?---Oh, yes.

And, and you've received, received that?---This. That's right.

Do you recall, probably not now, but do you recall receiving that email?---
30 Um, well I don't actually recall it but obviously I did receive it. Um, my, my two email addresses are on that so I would have received it, yes.

Yes. And do you recall attending a meeting at the offices Watson McNamara and Watt for the purpose of discussing the tenders?---Yes I do.

And do you remember the tenders being discussed at that meeting?---Yes.

And do you remember now how many tenders there were?---Ah, I think, I thought there were three ah, and a fourth one that was incomplete that requested some additional time to get the completed document to,
40 documentation to us.

Yes. And do you recall who that further, that incomplete tender was from?--
--Look, at, at, I didn't, I didn't, I would have probably heard who that tenderer was but I must say it wasn't a name that was familiar to me or that I internalised. In fact I can't even remember the names of the other three tenderers. I probably remember the figures more closely than the names now.

Yes. And was the conditional tender from Mr Darrell Hendry?---I could have been and look, I can't specifically remember that but all indications since that in reading the minutes that that's, that's who it was.

Yes. Yes. But it just wasn't, it wasn't a name that you, you recognised?---I didn't recognise the name at all. No.

10 Yes. And was there discussion of that extension request at some point during that meeting? Do you recall?---Ah, yes. I think there was, there was, because I think – I can't remember the exact nature of it, I thought it was just something to do with the, the tender document wasn't complete and they needed more time to, to, to get us the completed documents. Mmm.

And do you recall that the Board decided to grant a, a short extension?---a short extension. That's right. Yes.

Yes. Now, to your recollection, was Mr Watt at that meeting?---Yes.

20 And Ms Paini?---Yes.

Was Mr Murray there?---Um, I would've thought so but I must say I can't specifically remember him being there.

Yes?---Um, but, so I can't, I can't say a hundred per cent yes or no.

Yes?---I, I would've thought he would've been because there were only the three of us as director.

30 Yes. Yes?---And I, I think there were only the three of us as directors still at that stage.

That's – yes?---So, I would've thought, you know, we would've made sure that all three of us could, could be there for, you know, what was really a significant item of business.

Yes. But, but you just don't have a, you don't have a recollection of Mr Murray's - - ---?---I can't actually see him sitting in the, in the chair there.

40 Yes. Yes?---Opposite me or beside me or anything. I can't - - -

Yes. As compared, as compared to Mr Watt and Ms Paini?---Well, as compared to Mr, yes, yes, yes, I know they were definitely there.

Yes. And Was Mr Hall there?---I don't think he was, but once again it's like the same as with Andrew, he could've been.

Yes?---But if he was I can't specifically remember him being there.

Yes?---But I can't specifically remember he wasn't there either.

Yes?---You'd have to check with him, I'm sure he'd know whether he was there or not.

Yes. What about Mr Atkinson?---No. I don't think he was in the meeting. I think we had the meeting just the, you know, just the Board.

Right?---Mmm.

10

And what about Mr Cassidy?---Mr Cassidy wasn't at the meeting, ah, but he did come at towards the very end of the meeting for a brief, brief period.

Yes?---I don't think he even sat down, I think, I think he was just, he just came in to see, you know, if we'd received tenders and, you know, how – what, what was happening. That was my recollection. Yes.

Yes. And do you recall if anybody told him anything about the tenders?---Um, I can't specifically remember the conversation that we'd had.

20

Yes?---That was had, um - - -

It, it's likely though if he came in to – it's your recollection, to, to find out whether any tenders - - ---?---Well, I, I'm sure we certainly would've told him, you know, how many tenders we had.

Yes?---Whether we went into the specifics of who they were from and what amount of monies were on those tenders, once again we could have.

30

Yes?---I, I cannot specifically remember whether we did or we didn't, I'm sorry.

No, that's okay. Do you recall him voicing any opinion about the valuation of the Hotel, the, the Manenti Quinlan valuation at that time?---No, I can't.

No. Do, do you ever recall hearing Mr Cassidy express any opinions about the value of the Hotel as it had been valued by Manenti Quinlan?---No.

40

If I can just show you, and it's tab 5 in your, your bundle, brief 332?---Mmm.

Just some further minutes, Ms Maurer. Now that's of a meeting of 5 December 2005?---Ah hmm.

And I think your signature is on this document, Ms Maurer. Is that right?---Yeah.

It's quite faint at the end of the minutes?---Yes. Yes. That's - - -

12 January?---That's right.

And were these minutes adopted in accordance with the, the usual practice?
---Yes, they would've been. Mmm.

There's reference to Mr Adrian Robinson being appointed a director on the first page?---Yes. I think, yes, I think he'd just been appointed, yes.

10 And he was the director of – or, sorry, he was the chief financial officer at the University at that time. Is that right?---That's correct. Yes.

And on page 2 there's entries regarding the sale of the Hotel. Do you see that?---Ah hmm.

And there's a reference to Mr Watt giving you some information about Mr Cassidy?---That's, yes, that's them.

20 And do you recall receiving that information from Mr Watt?---Well, once again I, you know, I can't physically, you know, remember - - -

Yes---? - - - hearing Rod say that.

Yes?---But it's in the minutes, that's what, you know, that's what would've been, um, discussed.

Yes. So, you would agree that at least by this date Mr Cassidy's been informed about what the highest tender was?---Ah hmm.

30 And the name of the tenderer?---Yes. Obviously, yeah.

And that he worked with him at Abigroup?---That's right. Yes.

Yeah. And, and then the Board's resolved to accept that offer from Mr Hendry, that's the resolution, motion 3?---Ah hmm.

And were you still the chair at this time?---Yes. Yes.

40 So, you've moved that motion and that's been carried?---Mmm.

Now just looking at the minutes of 12 January, so that's the next tab, Ms Maurer, and it's page 696 of the brief?---Sorry, tab 6, did you say?

Tab 7?---Tab 7. All right. Yes.

I'm sorry, it's tab 6. And are they minutes, Ms Maurer, of 12 January? I'm sorry, tab 7, I'm sorry Ms Maurer, tab 7?---12 January.

Yes?---Yes.

And again these minutes are signed by you – you can have a look at the last page on 24 January 2006?---Yes.

And the minutes of the previous - - -?---24 February.

I'm sorry, 24 February?---Yes.

10 I'm sorry?---Yeah.

And it's the case that the minutes of the previous meeting so – were adopted?---Ah hmm.

And it looks like the meeting of 5 December was reconvened on 12 December?---Ah hmm.

Do you see that?---Ah hmm.

20 Do you recall that occurring?---No. Sorry, I don't.

Now there's a resolution that the contract of sale for the Hotel be approved and that two directors be authorised to sign it. Do you see that?---Ah, yes.

And the reason for the new contract was that there was going to be a contract, rather than being with Mr Hendry individually, with a company. Do you recall that?---Oh, vaguely, I, you know, once again I vaguely remember it, but - - -

30 Yes---? - - - not the specifics. Yes.

Yes?---I can't remember the specific discussion but obviously it's in the minutes that we discussed that and that there was going to be a new name and discussion about whether we were exposed because of being a \$2 company and - - -

Yes?---So, we would've had that discussion for sure.

40 And it's the case that you signed the contract of sale. Do you recall doing that?---Well, I don't recall doing it actually but I - - -

Yes?---I, I, I'm aware that I - - -

So, yes?---I was one of the directors that signed the contract, yes.

Yes. So, if I can show you page 683 of the brief?---Yes. That's my signature.

That's your signature?---Mmm.

That's on the left hand side. Is that right?---That's correct.

Yes. Commissioner, I tender that document.

THE COMMISSIONER: This is the contract of sale.

MS MITCHELMORE: It's the contract of sale.

10

THE COMMISSIONER: Yes.

MS MITCHELMORE: It's, it's not, it's not the complete contract.

THE COMMISSIONER: No.

MS MITCHELMORE: But it's just the exchange indicating that - - -

THE COMMISSIONER: Yes. That'll be Exhibit V20.

20

**#EXHIBIT V20 - CONTRACT FOR SALE OF LAND BETWEEN
SERVICES UNE LTD AND ARMPUB NO 1 PTY LTD FOR 156
BEARDY ST ARMIDALE (NOT COMPLETE)**

MS MITCHELMORE: Thank you. And, Ms Maurer, the other signature, is that, that of Mr Watt?---Yes.

30

And is it the case, Ms Maurer, that you also signed the deed of rescission that was necessary to rescind the earlier contract with Mr Hendry?---Once again I can't specifically remember doing that but it's likely that I, I would've. Yes.

Yes. I can show you this document, 688 of the brief, and you'll see there's a Deed of Rescission that's attached?---Ah hmm.

And just identify, Ms Maurer, if you recall the document and signing the document?---Yes, I've signed that. Yes.

40

Yes. And, and - - -?---So I – obviously I saw it at the time.

Yes. And is the other signature Mr Watt's again, or is that somebody else's?---Yes. No, that's right. Yes. That's right.

Yes. I tender that, Commissioner.

THE COMMISSIONER: Yes. The Deed of Rescission will be Exhibit V21.

#EXHIBIT V21 - COVER LETTER FOR SERVICES UNE LTD TO ARMPUB NO 1 PTY LTD DEED OF RESCISSION MUTUAL RESCISSION AND NEW CONTRACT DATED 13 JANUARY 2006

10 MS MITCHELMORE: Yes, Commissioner. That's all the questions I have for Ms Maurer.

THE COMMISSIONER: Thank you. Anyone have any questions for Ms Maurer? No. Thank you, Ms Maurer, you may step down. You're excused?---Thank you very much.

THE WITNESS EXCUSED

[10.49am]

20

MS MITCHELMORE: Yes. Commissioner, the next witness is Mr Steven Hall.

THE COMMISSIONER: Thank you.

MR ZUCKER: Commissioner, I represent Mr Hall. He seeks a declaration under section under section 38 and he will take an oath.

30 THE COMMISSIONER: He does, thank you. Just take a seat, Mr Hall. You probably heard me say this but I need to ensure that you appreciate that an order under section 38 protects you from the use of your answers against you in civil or criminal proceedings but does not protect you if you have given false or misleading evidence before the Commission. You understand that?

MR HALL: I do.

40 THE COMMISSIONER: 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.

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.

10

THE COMMISSIONER: Can we have the witness affirmed please?

MR HALL: No, sworn.

THE COMMISSIONER: Sworn, I'm sorry.

THE COMMISSIONER: Thank you, just take a seat.

MS MITCHELMORE: Yes, your name, your full name for the Commission, Mr Hall?---Ah, Stephen Neville Hall.

10 And what's your occupation?---I'm a chartered accountant.

And do you work still as a consultant at Forsyths?---I do.

And does Forsyths have a number of office locations, is that correct?
---Ah, they do.

Yes. One, one in Tamworth?---Ah, Tamworth, Armidale, Gunnedah and Coonabarabran.

20 And which one are you based at?---Ah, the Tamworth office.

And have you always been based at that office?---Yes, I have.

And you've indicated you're a chartered accountant, is that right?---I am.

And so what are your qualifications, Mr Hall?---Ah, my qualifications are I have a Bachelor of Economics, I'm a Fellow of the Institute of Chartered Accountants, I'm an official liquidator and I'm a member of um, I think it's now called the Australian Recovery Association.

30 I see. Mr Hall, I'll be asking you today about events dating back to, to 2005. In May 2005 you were appointed as the receiver/manager of UNE Union and as the administrator of the UNE Union Limited. Do you recall who approached you to take those appointments?---Um, I actually believe it was Anthony Fox.

And who is Mr Fox?---Ah, at that time I believe he was um, the legal counsel for the University.

40 Yes. He was not employed by the University, is that right, he was an external solicitor?---No, I believe he was an external solicitor with Abbott Pardy & Jenkins.

I see, so, so an Armidale firm?---Armidale firm.

Yes, and at that time he was the University's lawyer?---Ah, that's my understanding.

Yes. And had you worked with him previously?---Um, yes, I would have had contact professionally with Anthony, yes.

Are you able to explain briefly, Mr Hall, the role of the receiver and manager of an entity?---Ah, the, the role of a receiver and manager is to take control of the assets and um, make decisions on those assets on behalf of the, the appointer over those assets.

10 Yes. And did you then have the day to day management of those assets for the time of your appointment?---Yes, I did.

And were you assisted in relation to your management by persons at the University?---Ah, yes, I was.

Are you able to recall who assisted you?---Um, well, Sue Paini was - my recollection was that she was either the CEO or Managing Director of the UNE Union, she continued on - - -

20 Yes?--- - - - and the administration staff under Sue Paini continued on.

I see. And did you have dealings with anybody else at the University aside from Ms Paini and her staff?---Yes, I did.

Can you recall who you, who you dealt with?---I dealt with ah, Graeme Dennehy um, there was somebody else within Graeme Dennehy's office who I can't recall and I did meet with Mr Cassidy on, on, on occasions.

Yes. And did you also continue to have contact with Mr Fox?---Yes, I did.

30 Yes. Now the appointment as an administrator involves a more formal process, is that right?---That's an appointment under the Corporations Law.

Yes. And are you able to explain what the process is in relation to the appointment as an administrator?---Well, the administrator ah, once appointed must call a meeting of creditors within five days - - -

40 Yes?--- - - - and that meeting of creditors ah, resolves either to um, replace, is for the purposes that they have an option to replace the administrator appointed by the directors - - -

Yes?--- - - - and then within a, I think its 28 days ah, you must call another meeting of creditors to resolve the future of the company and that future is one of three option and the three options being to hand the control of the company back to the directors, place the company in liquidation or to ah, enter into a Deed of Company Arrangement.

I see. And while the company's under administration is the administrator like the receiver and manager who has control of the assets?---That's correct.

And is responsible for the day to day management of the company?---That's correct.

Until such time as the second creditors' meeting and decisions are made - - - ?---That's correct.

10

- - - with respect to the company's future. Is that right?---Yes.

And is it the case that in relation to your day to day management as an administrator of UNE Union Limited you were dealing with the same people that you dealt with as receiver manager of the UNE Union?---That's right. That's right.

20

Now the meeting that you've referred to, the, the meeting, the second meeting that has to occur within 28 days, is it possible for that to be extended out to, to your knowledge?---Yes, it is.

And do you know how far out that can be extended?---Um, the creditors can resolve to extend it up to 60 days - - -

Yes?--- - - - and then if it goes beyond 60 days you have to get an order of the Supreme Court - - -

Right?--- - - - to extend it further than that.

30

Yes. Is it the case that after taking control of these two entities that you undertook an investigation of their respective affairs?---That's correct.

And indeed that's one of the purposes of your appointment?---Yes.

Can you remember what types of investigations you undertook?---Ah, I did a review of the financials of the um, of UNE Union - - -

Yes?--- - - - and the related party being um, UNE Union Limited.

40

Yes?---And I then prepared a report back to the University.

I see. Do you recall undertaking a valuation of the assets of the entities? ---Yes, I do.

Is it your practice to get such a valuation when you come in as a receiver and manager?---Yes, it is.

And are you able to recall going back to this time whether or not the Hotel was owned by UNE Union or UNE Union Limited?---Um, the Hotel was owned by UNE Union Limited and my recall is there was an informal arrangement between UNE Union Limited back to UNE Union - - -

Yes?--- - - - that they were undertaking the business activity of the Hotel.

10 Yes. Perhaps it might assist if I can show you page 40 of the brief, Mr Hall, it's a, it looks to be a draft of a letter and I won't, I don't need to deal with the content too much at this stage but you'll see that there's a diagram - - -?
---Yes, I do.

- - - towards the bottom of the page so does that set out what, when you came in as receiver/manager/administrator this sets out what the structure then was, is that right?---Ah, that would be the case.

Yes. So UNE Union Limited on the right-hand side is holding the assets which include the Hotel, do you see that in that - - -?---That's right.

20 - - - that bottom box and plant and equipment, there's a reference to the Cinema. Is it the case that they held a lease in respect of the Cinema, do you recall that?---Ah, if that's what it says, I don't recall that.

Yes?---But if that's what it says that's what must be the case.

Yes. And it looks like there was also an unsecured loan from the UNE Union, do you see that?---If that's what it says, I don't recall that.

30 I see. Okay. But in terms of the structure as you said the UNE Union carried on the business of the Hotel, do you see that on the left-hand side?
---Yes, that's correct.

So that's the arrangement as you say?---Yes.

And it looks like the assets were held by, on trust by UNE Union Limited for the UNE Union?---I don't recall that but if that's what that says but I don't recall that.

40 Yes. Do you recall preparing this document, Mr Hall, just look at the second page. It's not on your letterhead but you'll see that it's, on the second page there's your letterhead and - - -?---I don't recall preparing this but now that I've seen it um, now that I've seen it I recall that we were approaching Mr Torbay to see whether we could get the Hotel transferred back to, to UNE Union ah, and have stamp duty exemptions.

Yes?---Now that I've seen that document but - - -

Yes. Yes?---Do I recall preparing it, not really, no.

No. Is it likely that, that you would have prepared it or - - -?---Yes, I would have prepared the document.

Yes. Yes. So that reflects your understanding of the arrangements, going back to that first page - - -?---Yes. Yes.

- - - your arrangement, the arrangements at the time?---Yes.

10 Yes. Commissioner, I tender that document.

THE COMMISSIONER: Exhibit V22.

#EXHIBIT V22 - LETTER FROM STEPHEN HALL (RECEIVER AND MANAGER/ADMINISTRATOR, UNE UNION TO RICHARD TORBAY MP DATED 22 JULY 2005

20 MS MITCHELMORE: Mr Hall, is it the case that you engaged in relation to the valuation of Hotel you engaged Manenti Quinlan?---That's correct.

Do you recall why you selected that firm?---I have been receiver and manager of a number of hotels in my profession and I've always briefed Manenti Quinlan- - -

I see?--- - - -for their expertise.

They have expertise in - - -?---Yes.

30

- - - hotels?---Yes. They're, they're registered valuer of hotels.

I see. Can I show you exhibit V4 which is page 887 of the brief. Is that the valuation report that you received, Mr Hall, to your recollection?---Ah, yes it is.

And do you recall reviewing the report when you received it?---Yes I do.

40 Can I just take you to page 891, using the numbering in the top right-hand corner?---Yes.

And there's a reference there to the, the purpose of the valuation, it was to determine the fair market value. Is that right?---Yes.

And that, that was what you briefed Manenti Quinlan to do?---That's what I would have briefed Manenti Quinlan to do.

Yes. And is that value that they determined then fed back by you into the financials of the, the companies when you're preparing your reports?---My recollection is that I included a copy of that in my report back to the University.

Yes. And the figures, the valuation figure, is that relevant to your report?---Oh, it would have been.

10 Yes. And you'll see back one page there's an executive summary and the market value as at 25 May is determined to be \$2.35 million. Can you see that?---Yes I can.

Do you have a recollection of that, seeing that at the time?---Yes I do.

And is it the case that you subsequently repaired a report into the affairs of the UNE Union and UNE Union Limited?---Yes it is.

20 Can I show you Exhibit V3, brief 13. Do you recognise that document, Mr Hall, as the report that you prepared for the University?---I'm checking to see what date but I believe that is the report, yes.

Yes. You'll see on page 14, just looking at the numbering on the right-hand, top right-hand corner there's a date in the footer of 2 June?---Yeah, that's the report.

That's the report. Yes. And were you assisted in preparing the report by other staff at, at Forsyths or did you prepare the report?---No, I was assisted by other staff members at Forsyths.

30 I see. Yes. Using again the top right-hand numbering page 15 is a series of annexures and you'll see at 2.5 there's a reference to the valuation and report of the Hotel. So that's consistent with your evidence that, that the valuation was attached?---That's correct.

And you see that at 2.5. Yes. Are you able to recall what your recommendations were in relation to these two entities?---Um - - -

You made them, if it assists, at page 28?---Well they're outlined in - - -

40 Yes. So they're the recommendations that you made?--- - - - and summarised in 10 recommendations, yes.

Yes. And can you recall whether ultimately there, there was a new company formed and UNE Union liquidated?---Um, my recollection is that we went to a second creditor's meeting, we got a, an agreement by creditors to defer up to 60 days, we then entered into a Deed of Company Arrangement between UNE Union ah, UNE Union and UNE Union Limited to transfer the, the trading activity assets across to UNE Union Limited.

And UNE Union Limited ah, acquired those assets under, under the Deed of Company Arrangement. I can't remember the, the full details or particulars of the, of, of the Deed of Company Arrangement.

10 Yes?---And ultimately that company changed its name to Services UNE Limited. I don't know whether that company changed its name to Services UNE Limited while I was the administrator or subsequent to the Deed of Company Arrangement being executed. As soon as that Deed of Company Arrangement was executed I would have retired as the administrator of the company.

Yes. Can you recall, I'll just take you to page 28. There's a reference to, to selling the Hotel. And does that set out what your recommendations were in relation to the Hotels?---Sorry, what page?

Page 29. So the, just the page after the recommendations, it's the second page. Do you see that, there's a reference, heading under section 11?---That's the recommendation.

20 They're the recommendations that you made. Yes. And there was a reference in the fourth bullet point to issues relating to duty. Is that consistent with your recollection of having to speak to Mr Torbay?---Sorry, which point is it?

The second last bullet point, Mr Hall?---Oh, the stamp duty. Yes.

Yes. So that was one of the issues in your mind as to why it might be preferable to sell the Hotel before the restructure?---That's right.

30 Because there would be - - -?---Well my um, I think at that stage what we were, there was discussions of transferring the Hotel back to UNE Union.

Yes?---And that's when the stamp duty would have been incurred.

Yes. I see?---But subsequently UNE Union Limited entered into a Deed of Company Arrangement to take the assets of UNE Union.

Yes?---So that way there was no stamp duty - - -

40 Yes. I see?--- - - - applicable.

I see. Now did you discuss your recommendations, or do you recall discussing your recommendations with anyone at the University around the time that you prepared it, so around 2 June?---Ah, yes I would have.

Yes. Do you recall who you, who you discussed, discussed it with?---Well I, those discussions would have taken place with Sue Paini. Ah, I recall

having meetings with Graeme Dennehy. And I recall having a meeting with ah, with Mr Cassidy.

Do you recall, it's a report to the University, do you recall who you gave the report to?---No I don't.

Do you recall on or about 14 July writing a further letter to Mr Dennehy about the sale of the Hotel? Perhaps if I show you Exhibit V5, page 1000 of the brief?---Now that I've seen that letter yes, I recall that letter.

10

Yes. Yes. You, you prepared that letter, Mr Hall?---Yes, I, I would have prepared that letter.

Yes. And it enclosed a, a letter from Mr Quinlan. If you look over the page of your exhibit there?---Yes.

And do you recall receiving that letter from Mr Quinlan?---Now that I've seen the letter, yes.

20

Do you recall having any conversations with Mr Quinlan about his letter?---Oh, I would have, yes.

You don't have a specific recollection of - - -?---I, I don't have any specific - - -

- - - of doing so?--- - - - recommendations. It's too far back for me.

Yes. The, the letter of course refers to the country market starting to cool?--
-Yes it does.

30

Yes. And is that what prompted you to send that on to Mr Dennehy?---Um, I don't recall why this letter started but I'd suggest that Mr Dennehy must have approached me to make further inquiries on the sale of the Hotel.

I see?---That's all I can recall. I don't know, I don't know how this letter started.

Right. So you don't have a specific recollection of a conversation with him, is that right?---No I don't.

40

Okay.

THE COMMISSIONER: Mr Hall, can I, sorry, can I just ask you a question briefly. In the letter to Mr Dennehy and in, and in the letter from Mr Quinlan there's references to the interest in the Hotel. I think in your letter where you recommend proceeding by way of auction you talk about the commercial interest in the Hotel. Can you, can you just tell me where that

view came from or what your understanding was?---Sorry, whereabouts is that?

Sorry, if you go back to your - - -?---My letter.

Yes, sorry, your letter, you, you refer to the expected competition for it and then in Mr Quinlan's letter there's a reference to the interest in the Hotel. Do you know – do you have any memory now of what the assessment was in relation to the interest in the Hotel or the, or the degree of competition in
10 the marketplace for that Hotel?---No, I don't. I don't recall, sorry.

MS MITCHELMORE: Mr Hall, do you recall being part of what might loosely be described as a working party with other members of with members of the University in relation to advancing implementation of the restructure and potentially the sale of the Hotel?---Um, is this prior to the Deed of Company Arrangement being entered into or subsequent to?

It's, it's prior?---Yes. I did have a number of meetings to determine the outcome of how we were going to move forward.
20

Yes?---Yes.

Yes?---And they were with Mr Dennehy. There was somebody else within his office or the University that I met with, plus Sue Paini.

Yes?---And I did have meetings with Mr Cassidy.

Yes. And Mr Fox?---And Mr Fox.

30 Yes. Can I show you page 37 which is – it's part of Exhibit V16? If you wanted to look at the hard copy, Mr Hall, it's behind tab 3. Do you see that then there's notes of a meeting held in the office of the Executive Director Business and Administration on 20 July?---Yes.

And you're in – you're said to be present?---If that's what it says, I was present.

And - - -?---I don't, I don't recall that specific date.

40 Yes. But just looking at, at, at the notes, Mr Hall, are you able to recall this meeting?---No, not specifically, but if it says that I was there I must've been there.

Yes. If I can take you over the page, well, you'll see on page 37 and going over the page there's a number of issues that have been discussed in relation to the sale of the Hotel and the first of those was stamp duty, that's back on page 37?---Yes.

And then there's capital gains tax and issues with the Liquor Licence?---
Yes.

And the fourth matter is the decision and there was agreement from the group that pending a favourable response about stamp duty the recommendation would be for the Hotel to be retained and transferred with the other assets. Do you see that?---Well, that was – this would've been in the context of we were trying to reach a decision - - -

10 Yes---? - - - on UNE Union Limited.

Yes?---And we had to do a Deed of Company Arrangement and at that time I believe we were talking about transferring the Hotel plus the Cinema and the assets of UNE Union Limited back to UNE Union.

Yes?---And that's why we were seeking a, a decision for the stamp duty.

20 Yes. And is it the case, Mr Hall, that the, the agreement of the group to, to retain the Hotel rather than to sell it – your, your recommendations, if I can go back a step, your recommendation - - -?---Was to sell it.

- - - to the University was to sell?---Yes.

Before any restructure occurred?---That's right.

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

30 Yes. Do, do you recall that being a view that you expressed at a meeting?---
Yes, I would've, yes, yes, I would've.

Yes. Do, do you recall expressing it at this meeting?---Well I don't specifically remember this meeting but - - -

Yes---? - - - I would've expressed that view – if that was in my report, I would've expressed the view as to the sale of the Hotel.

Yes. Yes. Do you recall who expressed a contrary view?---Um, I must admit, no. I don't.

40 And there's a reference on page 39 to the Standing Committee being asked to meet on 4 August. Do you see that?---Yes, I do.

Was it the case that 4 August was coming close to your 60 day period?---
Well, I date it back.

Well if you're appointed in May of 2005?---May, yes, it would've been.

Yes?---Yes. It would've been.

Yes. So there was some degree of urgency to get a decision about what you were going to do with - - -?---That's right.

- - - the assets?---That's right.

Yes?---Or the other option would've been to go back to the Supreme Court and get an order - - -

10 To get an extension?---Yes.

Yes. Now, do you have any recollection about speaking to Mr Torbay about the stamp duty issue?---Now that it's been raised, yes, I did meet with Mr Torbay in his office to discuss it.

Yes. And - - -?---And I believe I would've given him that letter at the time.

20 Yes. Well perhaps if I can show you that letter again, it's page 40 of the brief and it's been tendered this morning. It's, it's not in that bundle, Mr Hall, I'm sorry, but you'll see that it refers just in the first paragraph – got a hard copy there – to a meeting yesterday?---Yes.

So, you recall going to see Mr Torbay – do you recall going with Mr Dennehy?---No, I don't.

No. It's possible that you, you did attend with, with Mr Dennehy?---It is possible but I don't, I don't recall it.

30 Yes. And do you recall, Mr Hall, whether that letter was sent?---Yes, it would've been.

It would've been?---Yeah.

It's likely to have been sent?---Yes. It would've been.

And on the second page at page 41 there's a reference with – we looked at the current structure on the first page and the second page had what was proposed as the restructure at the time. Do you see that?---Yes, I do.

40 And that reflects what you were saying in terms of why you might need an exemption from stamp duty. Is that right?---That's correct.

Now, do you recall, Mr Hall, whether during the course of your time as administrator you received offers from people to, to buy the Hotel?---Um, no, I don't specifically recall that.

Perhaps if I can show you Exhibit V6. See that's a letter dated 22 July to you from a company called Camtrad?---Now that I've seen it I do recall it.

So, so you have a recollection of that letter?---Yeah, I do. Now that I've seen this, I do.

Yes. Do you recall whether that, whether you might've had discussions with, with Mr Campbell of Camtrad around the time of the meeting the notes of which I, I just took you to of 20 July?---No. I don't recall any meeting with Mr Campbell at that time. I had meetings with -- when the Hotel went to tender I had meetings with Mr Campbell.

10

I see?---I don't recall having meetings with Mr - - -

Around this time?---Around this time.

Is it the case you might've had phone conversations with him at this time? ---Certainly.

Yes?---And I could've had meetings, but I don't recall them.

20

Yes. Do you recall forwarding that offer of 22 July to, to members of the working group so that the people who you were meeting with to talk about the sale of the Hotel?---I don't recall it but I would've forwarded this onto the University. Yes.

Yes?---I don't recall specifically how I did it or when I did it, but I would've.

Yes. Do you recall having any discussions with other members of this working party about this offer?---No, I don't.

30

You've referred, Mr Hall, to a Deed of Company Arrangement ultimately being put in place?---That's right.

And if I can show you page 61 of the brief, I have some hard copies here. And is that a copy of the Deed of, of Arrangement - - -?---That's the Deed of Company Arrangement.

- - - that was ultimately entered into?---Yes.

40

So there was a resolution of the creditors that, that occur?---Yes. There is.

And you're a party to the Deed together with you, UNE Union Limited, the University and the UNE Union?---Yes. I am.

And on page 72, again using the top right hand corner, you, you've signed that Deed?---I would've signed that Deed as the Deed Administrator. Yes.

Yes. And you see your signature on the page?---As the administrator of the company. Yes.

Yes. And it's witnessed by Andrew Kirk?---Yes.

And was Mr Kirk a colleague of yours at Forsyths?---He was a partner of Forsyths.

Yes?---Yes.

10

And you had responsibilities under the Deed, Mr Hall, if I can take you to page 64. Is it the case that Clause 11 required you to do a number of things as part of administrating the Deed?---Yes.

And do you recall doing all of those things?---No, I don't recall doing them but if the Deed says I had to do them, I would've done them.

20

You would've done them. That's right. And then clause 20, Mr Hall, page 67 indicates that after you had performed all of the functions of the Union, the Union would cease to operate. Do you see that, clause 20?---Yes.

And in clause 21 you were then able to resign at any time after you'd performed the functions in clause 11. Is that right?---That's right.

Yes. So, once you performed those you then resigned as the administrator of the company?---I would've, um, once this deed becomes fully effectuated
- - -

30

Yes---? - - - I would've resigned as the Receiver Manager of the Union.

Yes?---And as the, the administrator of the company.

Yes?---And lodged the appropriate documents at the ASIC.

I see. Can I tender that, Commissioner?

THE COMMISSIONER: Yes. The Deed will be Exhibit V23.

40

**#EXHIBIT V23 - DEED OF COMPANY ARRANGEMENT UNE
UNION LTD DATED 17 AUGUST 2005**

MS MITCHELMORE: Now, Mr Hall is it the case to your recollection that you continued to receive unsolicited offers to purchase the Hotel after this, after you ceased to be Receiver Manager or administrator?---It could be the case. I don't recall.

Yes. If you can just pardon me a moment. Can I show you, can I show you this document, Mr Hall? Thanks. You'll see there's a reference, it's an email from Mr, Mr Pardy to you in relation to the Hotel?---Yes.

And it's referring to Mr Campbell having completed his due diligence. Do you recall that Mr Campbell was engaged in a process of due diligence in relation to the Hotel?---I don't recall that because I don't think I was the administrator at that stage, but I don't recall that.

10 Yes?---No.

Can, can you think of why Mr Pardy would've sent you this email as opposed to the new entity Services UNE?---Well I can only assume because that, the offer was addressed to me.

Yes?---And I can only assume that Mr Pardy was withdrawing the officer on behalf of, ah, Archie Campbell and Camtrad Pty Limited.

20 Yes. And there's a reference to a competitive process should the vendor decide to proceed to public auction. Do you see that in the second paragraph, or, sorry, the last paragraph, I'm sorry, Mr Hall. Do you see that?---Yes, I can see that.

Did you have a view about whether an auction would've been the most competitive way to sell the Hotel?---I made a recommendation that the Hotel should be sold by auction, for the competitive process to happen.

30 Yes. And is the auction the most competitive process in your - - -?---I believe so.

That's your view?---Yes. That's my view.

And as you say it's a recommendation that you made - - -?---In my report. Yes.

- - - to – yes, in your report of 2 June?---Yes.

Yes. Commissioner, I tender that document.

40 THE COMMISSIONER: This is the email.

MS MITCHELMORE: Yes.

THE COMMISSIONER: Yes. Email of 18 October 2005 is Exhibit V24.

#EXHIBIT V24 - EMAIL FROM PETER PARDY TO STEPHEN HALL RE TATTERSALLS HOTEL DATED 18 OCTOBER 2005

MS MITCHELMORE: Can I show you a further document, Mr Hall?
You'll see this was sent a couple of days later, again from Abbott Pardy and
Jenkins. You'll see it's addressed to Forsyths at the Tamworth office and
marked to your attention. Do you see that?---I can see that.

And do you recall receiving this letter?---No, I don't.

10 Do you recall having any discussions with Mr Pardy and Mr Campbell as
referred to in the first line of the letter?---I don't recall those discussions, no,
I don't.

But there's confirmation in that letter that Mr Campbell had given some,
given some instructions about a, a further offer?---Yes.

Which was less than the, his original offer?---That's correct.

20 And it was on normal terms and that was an unconditional offer. Is that
right?---That's correct.

And, and sitting here today, you have no recollection of - - -?---I don't recall
that, but - - -

No---? - - - that's what that document says, that's what that document says,
but I don't recall it.

Yes. And you don't recall receiving that letter?---No, I don't.

30 It's likely, though, that you would've received it?---It is likely I would've
received it, yes, yes.

Yes. There's no reason why you wouldn't have received it?---No, there's
no reason that I wouldn't have received it, and in fact you have my files, if
it's in the files - - -

Yes---? - - - I've received it.

Yes. Commissioner, I tender that document.

40

THE COMMISSIONER: Yes. The letter of 21 October 2005 is Exhibit
V25.

**#EXHIBIT V25 - LETTER FROM ABBOTT PARDY & JENKINS TO
STEPHEN HALL, FORSYTHS DATED 21 OCTOBER 2005**

MS MITCHELMORE: Do you recall what you did with this correspondence in - - -?---I would've, I would've referred it onto the University, yes, if I received it.

Yes. And, and the new, being the new entity, it's now called Services UNE?---Yes. I would've referred it onto, I believe I would've referred it onto Sue Paini at that stage.

Yes?---Yes.

10

And she was the CEO of the, the Union originally, and did she then move to the CEO of Services UNE to your knowledge?---To my knowledge, yes.

Yes. Do you recall being involved in discussions with the Board of Services UNE in relation to selling the Hotel?---No, I don't.

If I can show you, Mr Hall, Exhibit V15 which is the bundle of Services UNE minutes, page 98 of the brief. At tab 3, Mr Hall, you see that there's minutes of a meeting of 27 October?---Yes.

20

And if I can take you down to the sale of the Hotel, Tattersalls Hotel, do you see that there's a reference to discussion with Mr Quinlan on his valuation and potential changes in value over recent months?---Yes, I can see that.

And can you see just above that that there was discussion of a recent offer received for the Hotel including an unconditional offer for \$2.65 million? ---Yes. I can see that.

30

Do you have a recollection of that offer, the 2.65 million?---Is that that offer you just showed me?

No?---No. Um, no, I, I don't have any recollection of that.

Yes. Mr Hall, can I show you this document? It's page 97 of the brief. Now that's a letter to you of 27, sorry, 26 October from a Mr Tim Ryan. Do you see that?---Yes. I can see that.

And that's another offer for 2.65?---Yes.

40

Do you see that?---Yes.

And again you don't – do you recall this letter?---No, I don't.

No. But again it – if it's addressed to you at your offices in Tamworth it's likely you would've received it?---I would've received it.

Yes. And do you recall forwarding that on to Ms Paini Services UNE?---I would've, I would've forwarded it onto Sue Paini.

Yes. Commissioner, I tender that letter.

THE COMMISSIONER: Yes. The letter of 26 October 2005 is Exhibit V26.

10 **#EXHIBIT V26 - LETTER FROM TIM RYAN, NUTTERS HOTELS
PTY LTD TO STEPHEN HALL, FORSYTHS DATED 26 OCTOBER
2005**

MS MITCHELMORE: So, just going back to the, the minutes, Mr Hall, and the reference to the unconditional offer, looking at the date of the, the letter that you've received from Mr Ryan, is it possible that that 2.65 unconditional offer is the offer that you received on 26 from Mr, Mr Ryan? ---Yes.

20 Do you recall being involved in a discussion?---I would've forwarded it onto Sue Paini and I believe there would've been a discussion between Sue Paini and myself.

Yes?---Yes. I don't recall the conversation but I believe after sending it to Sue I would've had a discussion with Sue.

Yes. Do you recall having a discussion with the directors at, at, at a meeting either by phone or in person?---I don't recall having a discussion with the directors of the Services UNE Limited, no.

30 Is it the case that in the conversation you had with, with Ms Paini that you canvassed what the options were in terms of achieving the best value for the Hotel?---I believe that what, if there, I mean, if there were two offers on the table - - -

Yes?--- - - - there's interest in the Hotel.

Yes?---The best commercial way of determining its true value would have been to put it to auction.

40 Yes. Do you recall - - -?---So I would have recommended that they continue to auction.

Yes. That's a recommendation that - - -?---I would have pursued, yes.

You would have pursued that with Ms Paini?---Yes.

Do you recall there being any discussion with Ms Paini about a closed tender process?---No, I don't.

What about private sale?---No, I don't.

Are they basically the range of options for - - -?---Private sale um, auction and public tender.

They would be the, the range of options?---They would be, they would be the range of options.

10 Yes. And of those three options your preference was for - - -?---I would have, I would have ah, recommended auction.

Yes. Do you recall being informed of a decision by the Board of, sorry the Board of Directors of Services UNE to sell by closed tender?---I don't recall that specific instruction. My recollection is that those discussions on the sale of the tender occurred between Sue Paini and myself but I don't recall the specific details of those conversations.

20 But you were instructed were you to administer the tender process?---Yes, I was, yes.

Do you recall that?---I, yes, I certainly was.

Yes. And do you recall drafting any documents in the context of the tender process?---I would have drafted a, a memorandum of information, yes, I would have.

I see. Yes. Can, can I show you page 187 of the brief. I'm just getting a hard copy for you, Mr Hall?---Thank you.

30 Is that the - - -

MR MOSES: Commissioner, I'm just wondering whether we could start receiving copies of exhibits? I act for Mr Hendry but we don't, we'd like to get copies of these documents if possible because we haven't got these documents being provided to us, it would assist us.

40 THE COMMISSIONER: Sorry, are you just talking about the current one or - - -

MR MOSES: Well, I had asked for previous but I was told get it from the website but we can't get access to it now but can I at least have that current document?

THE COMMISSIONER: Is there a spare copy of this one?

MR MOSES: Yes, thank you. We would appreciate it if we could start getting some of them because our witness will be called next.

THE COMMISSIONER: Have the, have the exhibits been loaded onto the intranet?

MR MOSES: No, not these ones. We haven't seen them.

UNIDENTIFIED SPEAKER: (not transcribable) yesterday's.

10 THE COMMISSIONER: Well, not this particular document but generally speaking - - -

MR MOSES: Only yesterday's have been loaded but not these ones, we - because we were told that these documents weren't going up because there were a lot of documents.

THE COMMISSIONER: Well, except that most of the documents that this witness and the other witness have been referred to are already subject of a tender yesterday, Mr Moses, but anyway we'll do what we can and - - -

20 MR MOSES: I appreciate that, thank you.

THE COMMISSIONER: Yes, go on.

MS MITCHELMORE: Mr Hall, do you recognise this document as the information memorandum that you prepared - - -?---Yes, I do.

- - - in relation to the tender?---Yes.

30 Now at page 189, Mr Hall, you'll see the tender closing date was 25 November, 2005?---Yes.

Do you see that? And your contact details are there. Now in addition to the information memorandum did the tender documentation, I'm sorry, that document hasn't been tendered, Commissioner, I tender that document.

THE COMMISSIONER: Yes. The information memorandum of November 2005 is Exhibit V27.

40 **#EXHIBIT V27 – TATTERSALLS HOTEL ARMIDALE-
INFORMATION MEMORANDUM NOVEMBER 2005**

MS MITCHELMORE: Now in addition to the information memorandum, Mr Hall, do you recall that there were conditions of, of tender that were prepared?---Being the um, sale of contract?

No, a separate document being what the conditions were?---Um, no, I don't recall.

If I can show you page 102 of the brief?---Thank you.

You'll see that's titled "Conditions of Tender", Mr Hall?---Yes.

Do you recall seeing that document at around the time of the tenders?
---Yes, I do, yeah.

10

Did you prepare that document?---Ah, I believe more than likely I would have prepared it and then consulted with um, the solicitor acting.

Yes. And the solicitor acting, was that Mr Atkinson?---Mr Bruce Atkinson, that's right.

Yes?---So I would have prepared it and given it to him to, to vet.

Yes. Commissioner, I tender that document.

20

THE COMMISSIONER: The conditions of tender document is Exhibit V28.

**#EXHIBIT V28 – CONDITIONS OF TENDER- PROPERTY:
TATTERSALLS HOTEL, 174 BEARDY STREET, ARMIDALE**

30 And is it the case that there was also a contract of sale prepared?---Yes, there was.

And that would have been prepared by Mr Atkinson?---Yes.

Would you have reviewed that contract?---Yes.

Can I show you page 106 of the brief?---Thank you.

And do you recognise that, Mr Hall, as the sale contract?---I do.

40 And do you recall seeing that at or around the time of the tender, is that right?---That's correct.

Yes. Commissioner, I tender that document.

THE COMMISSIONER: Yes. The contract for sale, so we distinguish it from the other one, pages 106 to 186 inclusive, Exhibit V29.

**#EXHIBIT V29 – CONTRACT FOR THE SALE OF LAND
BETWEEN SERVICES UNE LTD AND ARMPUB NO 1 PTY LTD
FOR 156 BEARDY ST ARMIDALE (COMPLETE) PAGES 106- 186**

MS MITCHELMORE: Do you recall, Mr Hall, any discussion with Ms Paini about the, the period of the tender?---No, I don't.

10 In other words how long the tender would be open for?---Ah, no, I don't but I would have had that discussion with either Ms Sue Paini and Bruce Atkinson.

Yes, you just don't have a recollection of that?---I don't have a recollection of the specific conversation.

Yes. Do you recall whether Ms Paini with you administering the tender provided you with any, any policy documents in relation to procurement policies and tender policies of public entities?---No, I don't.

20 Is it possible you may have been provided with those?---I may have been provided, I don't recall them.

You don't have a recollection?---I don't have a recollection.

If you had received those documents would you have kept them on your file?---They would be on the file.

30 Yes. Is it the case, Mr Hall, that you were responsible for advertising the tender?---Yes.

And do you recall placing advertisements for the tender for sale?---I do.

Can I show you page 212. Do you see that that's an extract from the weekend edition on 5 and 6 November and the second page of the document that I've just handed you is the, is the next page of the brief which is a blown up copy of the advertisement for the Hotel?---Yes.

And do you recall placing that, that ad?---I do.

40 Did you place it in other papers aside from the Sydney Morning Herald? ---Um, I don't specifically recall but I believe I would have probably placed it in the Sydney Morning Herald ah, and perhaps the Financial Review and Armidale Express.

I see?---But I don't specifically know, recall at this point where I placed it.

Yes. But it's likely that you may have placed it in more than one publication?---Yes, yes, oh, certainly, yes.

Yes. Now can I show you page 214 of the brief, I'm sorry, can I tender the advertisement, Commissioner.

THE COMMISSIONER: Yes, Exhibit V30.

**#EXHIBIT V30 – ADVERTISEMENT FOR SALE BY TENDER OF
TATTERSALLS HOTEL ARMIDALE**

10

MS MITCHELMORE: Do you recognise that document, Mr Hall?---I do.

Can you tell me what, what it is?---It's working sheet as to the people who made inquiries, the people that were sent the documents, documents that came back and the tenders that were received.

And is it largely your handwriting on this document?---Um, yes, it is.

20 There look to be some other people's handwriting from time to time, for example page 215 there's some handwriting about, underneath the entry for number 9?---That is my secretary's handwriting.

I see. And is it the case that between you and your secretary you would have managed this document?---Yes.

Just looking through it, Mr Hall, the last column is for tender received. It doesn't look like that's been filled in, is that right?---That's correct.

30 So that wasn't filled in for any of the entries, is that right? Ultimately?---Ultimately.

Yes?---That looks right.

Yes. Commissioner, I tender that document.

THE COMMISSIONER: Yes. The handwritten document, or copy document I should say headed "Tattersalls Hotel Sale" is Exhibit V31.

40

**#EXHIBIT V31 - LEDGER OF TATTERSALLS HOTEL SALE
TENDERS, FORSYTHS DATED 7 NOVEMBER 2005**

MS MITCHELMORE: Just staying with that exhibit for the moment, Mr Hall, page 219 you'll see entry number 26 is for Mr Darrell Hendry. Do you see that?---I can see that.

Do you have any particular recollection of speaking to Mr Hendry?---Yes I do have a recollection. I, I recall I sent the documents and I recall at some stage Mr Hendry came back to me and wanted an extension of time.

Right?---To lodge or to do an inspection, due diligence, and lodge a tender.

And do you recall what your response to him was?---I believe I advised him that they closed at 4.00pm whatever date they were closing and, and his tender had to be in by then.

10

Is it the case, just still on this document, when you've said "Doc Sent," which is the second column is that a reference to a confidentiality agreement that you sent before sending the remainder of the information?---Yes, I would have sent a, a Deed of Confidentiality which would have had to have been executed, returned, and then I would have forwarded the Information Memorandum and the Contract, and the Conditions of Tender.

20

Of tender. Yes. So by way of example can I show you page 261 of the brief which is up on the screen now, and I've got a hard copy here. Do you recognise that as a copy of the Deed of Confidentiality that you prepared?---Yes I do.

Did you prepare that document, Mr Hall, or was that prepared by the solicitors?---Um, I believe I would have prepared that document. Um, and I believe that I would have got Bruce Atkinson to review the document.

Yes. And that was sent to all tenderers before you sent them the actual information in relation to the tender?---Yes, that's right.

30

Yes. I tender that document, Commissioner.

THE COMMISSIONER: Yes. The Deed of Confidentiality of 16 November, 2005 is Exhibit V32.

#EXHIBIT V32 - DEED OF CONFIDENTIALITY BETWEEN SERVICES UNE LTD AND DARRELL HENDRY DATED 16 NOVEMBER 2005

40

MS MITCHELMORE: Mr Hall, do you recall that about a week before the close of tenders there was an issue arising about whether the University Council was required to approve the sale of the Hotel?---No I don't.

Do you recall in that context or around about the same time, so about a week before the, the close of the tenders that there was a request made by the, by the Council the tender closing date be extended?---I don't recall that, no.

You don't have a recollection now about that?---I don't recollect, recall that at all.

You don't recall having any discussions with Ms Paini about, about that matter?---No I don't.

10 Is it possible that if something like that had arisen she would have sought your advice?---Ah, yes I do believe that Sue would have rung me and sought my advice on it. I don't recall it, the conversation though.

I see. Now, do you recall, Mr Hall, in the period leading up to the close of tenders having any discussions about what would happen after the close of tenders in terms of the process that would be involved?---I believe I would have told all tenderers that they would have been delivered to the, to the company for consideration.

20 Yes. And did you have any discussions with Ms Paini about what the process would be upon receipt of the tenders?---Um, my recollection is that I received the tenders, we opened them ah, I delivered them um, to a meeting held at um, Watson McNamara and Watt with all the tenders that had been received at 4 o'clock, and I believe I also sent an email or a letter to Sue Paini summarising the tenders received.

I see. So perhaps if I can show you some documents to, to assist you with that recollection. So page 289 of the brief, do you see there's a, at the bottom of the, the page there's an email from Ms Paini to a number of people including yourself, at the bottom, on 23 November?---Right. Yes.

30 Which confirms a meeting on, on the Monday?---Yes.

And, and you have written back ah, at 4.30 confirming your attendance?---Yes.

And Ms Paini has asked you whether she needed to prepare anything for the meeting. Do you see that?---Yes I do.

40 Can I show you page 295. You'll see page 295 and over the page, 296 is actually the same, most of the same email that I've already shown you. Do you see that? And then there's a response to you, or from you to Ms Paini's query about whether you needed to, whether she needed to prepare anything and you've indicated that you propose to open the tenders - - -?---Right.

- - - after 4.00pm, summarise them and then bring all of the originals on Monday?---Yes.

And do you recall that that's what occurred?---No I don't recall that that's what occurred but if I said that's what was going to happen that's what would have happened?

Yes. Commissioner, can I tender that email as opposed to the one at 289?

THE COMMISSIONER: Yes. The email at page 295 is Exhibit V33.

10 **#EXHIBIT V33 - EMAIL CHAIN BETWEEN STEPHEN HALL AND SUE PAINI DATED 23 NOVEMBER 2005**

MS MITCHELMORE: Do you have a recollection now, Mr Hall, of opening the tenders on the afternoon of the, of the 25th?---I don't specifically recall opening the, the tenders.

Perhaps if I can show you page 319 of the brief. You'll see just on your screen at the moment, Mr Hall, it's um, an email from you to Ms Paini about the Hotel?---Yes.
20

And that's indicating that the tenders have come in and what they are?---Yes.

And that's consistent with your early email of - - -?---That is consistent.

- - - opening them and, and giving her - - -?---Yeah.

- - - a summary - - -?---That is consistent.
30

- - - of what they were? Now, there's no reference in, in that email, Mr Hall, is there to, to an offer by Mr Hendry?---(No Audible Reply).

You'll see there's no reference?---No. No.

Do you recall receiving correspondence from Mr Hendry after the close of tenders?---I did receive correspondence from Mr Hendry. Ah, as to specifics the details, I can't recall in detail but I, I believe he was asking for an extension of time to enable him to, to, to tender.
40

Yes. Perhaps I can show you that correspondence?---Yes.

- - - Mr Hall. It's page 320 of the brief. And before I do that I tender the, the email of the 25th from Mr Hall to Ms Paini.

THE COMMISSIONER: Yes. That email is Exhibit V34.

**#EXHIBIT V34 - EMAIL FROM STEPHEN HALL TO SUE PAINI
DATED 25 NOVEMBER 2005 RE TATTERSALL'S HOTEL**

MS MITCHELMORE: And if I can show you, Mr Hall, this letter, page 320. Is that the correspondence you recall receiving from Mr - - -?---Yes it is.

10 - - - Mr Hendry? And that's come in on 27 November. Do you see that?---
Yes.

Now, if you take it from me that 27 November was a Sunday, would you have been in the office on a Sunday?---I can't recall if I was in the office on a Sunday.

Were you regularly in the office on a Sunday?---Ah, I have been known to work on weekends, yes.

20 Yes. So- - -?---So it could very well be that I was there but I can't recall that.

So it may be that you saw it on the 27th or alternatively on the Monday?
---On the Monday, yes.

Yes. And attached to the letter you'll see is a tender form which had a number of handwritten amendments and there was also an annexure. Do you see that, a typed annexure?---Yes.

30 And that all came in at the same time to your recollection?---Yes.

Commissioner, I tender that document.

THE COMMISSIONER: Yes. The document, sorry, the letter of 27 November, 2005 and the attached tender form is Exhibit V35.

**#EXHIBIT V35 - TENDER FORM SUBMITTED TO FORSYTHS
FOR TATTERSALLS HOTEL ARMIDALE BY DARRELL HENDRY
DATED 27 NOVEMBER 2005**

40

MS MITCHELMORE: Mr Hall, can your recall raising Mr Hendry's request with the directors of Services UNE or bringing it to their attention?
---My recollection is that I met with, I had a meeting at Watson McNamara and Watt on the Monday afternoon- - -

Yes, yes?--- - - -where I tabled the three tenders that I'd received and I tabled this letter.

I see. And do you recall what the Board's decision was in relation to Mr Hendry's request?---I don't believe that they made a decision while I was at that meeting.

I see. Is it the case that you were subsequently instructed to, to write to Mr Hendry and- - ?---Yes, it was.

- - -give him an extension?---Yeah.

10

Yes?---I don't, but I do not believe that decision was made at that meeting.

It may have been made after you left the meeting?---Yes.

Yes. So page 325 of the brief you'll see is a letter on your letterhead, Mr Hall, to Mr Hendry?---Yes.

And that's your signature on the letter?---It is.

20

And is that your handwriting annotating the top of the letter that you've telephoned and- - ?---That is my handwriting.

- - -left a message and you followed it up with this letter, is that right?
---That, that is correct.

And it looks to have been faxed that afternoon?---Yes.

And that is giving him an extension until 2 December?---Yes.

30

Yes. I tender that letter.

THE COMMISSIONER: Exhibit V36.

**#EXHIBIT V36 - LETTER TO DARRELL HENDRY FROM
FORSYTHS RE TATTERSALLS HOTEL ARMIDALE DATED 28
NOVEMBER 2005**

40

MS MITCHELMORE: Now, just taking you back, Mr Hall, to the meeting of 28 November that you've indicated that you attended. Do you recall delivering the originals of the tenders at that meeting as you said you would do in your email?---Yes, I do.

Do you recall who you delivered them to?---I believe the meeting was at Watson, McNamara and Watt.

Yes?---And I recall Mr Atkinson, Mr Watt, Sue Pains and I believe Mr Cassidy at some stage was at that meeting.

Was Ms Maurer also at the meeting, Ann Maurer?---I don't recall that.

Andrew Murray?---I don't recall that.

Do you know Ms Maurer or Mr Murray?---I know both of them.

10 I see. So you would know them by sight?---Yes, I do know both of them.

Yes. You don't have a recollection of whether they were or weren't at the meeting?---I don't have a recollection that they were at that meeting.

They may have been at the meeting?---They may very well have been at the meeting. I don't recall it.

Yes. And did you attend for the whole of the meeting?---No, I did not.

20 So can you recall how much of the meeting you attended?---I believe that I tabled the three tenders- - -?---Yes.

- - -and I table Darrell Hendry's letter.

Yes?---And I was asked for an opinion whether an extension should be granted to Mr Hendry and my recommendation was that an extension not be granted.

30 And why was that?---Because we had three tenders, we'd been through a process and the risk of extending an offer to enable Mr Hendry to table an offer was the risk that you would lose one of the other tenders.

I see?---Because the process had, had been carried out fairly and- - -

Yes?--- - - -closed at 4.00pm, so there was a risk that you could have lost any one of the other tenders if you extended Mr Hendry's time.

I see. And that is a view that you recall expressing at that meeting?
---Yes, I do.

40

And is it the case that you then left the meeting?---I left the meeting.

Yes. And your recollection is that Mr Cassidy was there when you were there?---My, my recollection was that Mr Cassidy was there for some time. I don't believe Mr Cassidy was there for all the meeting though.

Yes. All right. Now, is it the case that you subsequently received a tender from Mr Hendry?---My recollection was that Mr Hendry dropped that into, the tender into our Armidale office.

Right?---And I would have instructed our Armidale office to, to deliver the tender up to Mr Atkinson.

All right. Can I show you page 327 of the brief. You'll see that's a letter, a handwritten letter from Mr Hall, sorry, Mr Hendry to you, Mr Hall?---Yes.

10

Is that right?---Yes.

And it says, it's attaching a tender form, contract of sale and the deposit? ---Yes.

And do you see attached to that – and I've got a hard copy here for you – attached to that is a tender form?---Yes.

20

Together with a cheque?---Yes.

And the first page of a contract for sale of land which is signed by Mr Hendry. Do you see that?---(No Audible Reply)

Or signed by someone?---Yes.

Do you recognise the name Fay Weis or Weis?---Fay Weis, Weis is employed by our Armidale office.

30

She works in your Armidale office?---She works in our Armidale office.

And is it the case if I take you back to page 329 that she has also witnessed the signature on page, on that page?---Yes, if that's, if that's her signature.

She, that, do you recognise that as her signature or- -?---I wouldn't recognise Fay Weis's signature.

But you just, you know the name?---But I do recognise that she works for our Armidale office.

40

I see. And your recollection is that it was that office that received- -? ---Yes, it is my recollection that the Armidale office received this document.

Yes. Commissioner, I tender that document.

THE COMMISSIONER: Yes. The letter and the tender form of 2 December, 2005 is Exhibit V37.

**#EXHIBIT V37 - HANDWRITTEN TENDER FORM FROM
DARRELL HENDRY TO PURCHASE THE BUSINESS AND
ASSETS OF TATTERSALLS HOTEL DATED 2 DECEMBER 2005**

MS MITCHELMORE: Can I show you this document, Mr Hall. It's a fax which I don't believe is in the brief, it's a fax of 2 December, 2005 from you to Mr Atkinson?---Yes.

10 And it was you forwarding that fax on to, to him. Do you recall why you sent it to Mr Atkinson?---Well, he was the solicitor acting for, for the um, for the company.

So you forwarded it to him with a view for him to forward it on to the company?---Yes.

Is that right?---Yes.

20 And you've indicated that your office is in receipt of an executed contract? ---That's right.

Now, when you say your office, did you, did you mean the Tamworth office?---No, Forsyth's.

I see, you meant- -?---I meant Forsyth's as in, yes.

All right. So that, that's consistent with it having it come into Armidale? ---That is consistent it was delivered to the Armidale office.

30 I see. And that's been faxed in the morning of 2 December. Is that right? ---Um- - -

Just looking at the fax stamp on the first page?---Um, well, doesn't it say 15.05, the afternoon of 2 December?

I was looking, Mr Hall, at the, there's a fax header on the, on the top of the page?---Oh, it would have come down from Armidale Office, faxed down from Armidale office to me.

40 I see?---And then I've, I've faxed it on to Mr Atkinson.

I see. Okay?---And then I would have instructed that the original be delivered to Mr Atkinson.

I see. So do you have on the front page a fax stamp?---Yes, I do.

And that's, that's marked 11.10am?---That's right.

And then there's a further fax header, or at the bottom of the fax there's one at 15.05. Is that right? So, there's two - - -?---Yes, there is two. I can't account for the difference.

You can't account for the difference?---No. I can't account for the difference.

Commissioner, I tender that document.

10 THE COMMISSIONER: Yes. This is the letter from Forsyths – sorry, yes, from Forsyths to Mr Atkinson. Yes. Exhibit V38.

#EXHIBIT V38 - FAX SENT BY STEPHEN HALL, FORSYTHS TO BRUCE ATKINSON RE TATTERSALLS HOTEL DATED 2 DECEMBER 2005

20 MS MITCHELMORE: And, Mr Hall, were you subsequently notified of services – of the Board's decision to accept Mr Hendry's tender?---My recall was, yes, I was advised that they'd accept, they were accepting this tender and I was to advise the unsuccessful tenderers that they hadn't been successful in their tender.

Yes. And do you recall advising Mr Hendry as well?---No, I don't. I don't recall that, but - - -

30 Can I show you page 326 of the brief? This is an unsigned letter of 6 December. It's on your letterhead and it's to Mr, Mr Atkinson?---Yes.

So, you've indicated that you, you advised Mr Hendry?---If that's what the letter says, that's what I've done.

Okay. So that letter would reflect what, what you had done?---What I've done.

Do you recall whether that letter was sent?---I don't specifically recall if it was sent but it would've been sent.

40 Thank you. Commissioner, I tender that document.

THE COMMISSIONER: Yes. The letter of 6 December 2005 Exhibit V39.

#EXHIBIT V39 - LETTER FROM STEPHEN HALL, FORSYTHS TO BRUCE ATKINSON RE TATTERSALL'S HOTEL ARMIDALE DATED 6 DECEMBER 2005

MS MITCHELMORE: That's all the questions that I have for Mr Hall.

THE COMMISSIONER: Thank you. Does anyone have any questions of Mr Hall?

MR MOSES: Just a few questions - - -

THE COMMISSIONER: Yes, Mr Moses.

10

MR MOSES: - - - for Mr Hendry. Mr Hall, I've just got a few questions for you. If the witness could be shown, Commissioner, a copy of the Exhibit V35, it's pages 320 to 324 of the brief. Mr Hall, you have that letter with you?---I do.

20

And you'll see at page 321, the fourth last paragraph, there is a request for an extension of time by Mr Hendry, that's based on a requirement that he carry out adequate due diligence because of concerns that there isn't sufficient information to allow him to have a view as to the particular trading experience of this Hotel. Correct?---Yes. I can see that.

And you'll see that he requests, or expects to request to apply equally to all over purchases. Did that in fact occur?---No, it didn't.

Okay. And under the terms of the conditions of tender which is Exhibit V28 – I don't need to take you to it, but you accept, don't you, that clause 6 permitted you to extend the closing day for lodgement or receipt of any tender or tenders?---If that's what it says.

30

Okay. How about - - -?---I don't have it in front of me.

- - - I show you a copy? So, it's page – if the witness could be shown Exhibit V28 which is pages 102 to 105 of the brief. Page 104 clause 6A(i), do you have that in front of you?---Yes, I do.

And that was the provision by which you could extend time for tenders? ---Yes. It would.

40

Okay. And if you then look at V36, Exhibit V36, if that could be shown to the witness, page 325, if you can just read that to yourself for a moment. I just want to ask you a question about that?---Yes.

Can we assume from reading Exhibit V36 that you did not consider the content of the letter dated 27 November 2005 from Mr Hendry to constitute a tender because it did not complete the tender form?---Sorry, give me the question again?

Okay. The letter dated 27 November 2005 from Mr Hendry - - -?---Yes.

- - - did not enclose a completed tender form?---That's correct.

And in particular you'll note at page 322, it wasn't being submitted in accordance with the conditions of tender, because you'll see that struck at page 322?---Yes.

10 And that, is that the reason why in your letter dated 28 November 2005 you informed him that he was required to submit the tender for the purchase of a business and assets by 2 December because you did not regard the contents of the letter dated 27 November 2005 to constitute a tender?---That's correct.

Thank you. I have no further questions of the witness.

THE COMMISSIONER: Thank you.

MR MOSES: Thank you, Mr Hall?---Thank you.

20 Thank you, Commissioner.

THE COMMISSIONER: Yes. Anything arising?

MS MITCHELMORE: No, Commissioner.

THE COMMISSIONER: No. Thank you, Mr Hall. You may sit down. You're excused?---Thank you.

30 **THE WITNESS EXCUSED** **[12.06pm]**

MR ZUCKER: May I also be excused, Commissioner?

THE COMMISSIONER: Yes, certainly.

MR ZUCKER: Thank you.

40 THE COMMISSIONER: Yes, Ms Mitchelmore.

MS MITCHELMORE: Yes. Commissioner, the next witness is Mr Darrell Hendry.

MR MOSES: Yes, Commissioner. Mr Hendry would seek an order pursuant to Section 38 of the Act.

THE COMMISSIONER: Yes.

MR MOSES: And also will take the oath.

THE COMMISSIONER: Thank you. Yes, just come forward, Mr Hendry. Mr Hendry, no doubt you've heard me say this but I need to ensure you appreciate that an order under Section 38 protects you from the use of your answers against you in civil or criminal proceedings, but doesn't protect you if it should be found that you have given false or misleading evidence. You understand that?

10 MR HENDRY: I understand.

THE COMMISSIONER: 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. Can we have the witness sworn, please?

MS MITCHELMORE: Yes. Can you state your full name, please?---My name is Darrell Frederick Hendry.

And what is your current occupation?---I'm retired.

10 Is it the case that you were a chartered accountant?---Yes, I'm, I'm, by profession I'm a qualified chartered accountant. Yes.

Yes. And what are your qualifications, Mr Hendry?---I have a, a Bachelor of Commerce in, majoring in accounting, and I'm an ACA and I'm a member of the Institute of Directors.

Did you study for any of those qualifications at the University of New England?---No. I, my, my university days were at the University of New South Wales.

20

Is it the case, Mr Hendry, that you're a director and or shareholder of a number of corporate entities?---Of, of some corporate entities, yes, yes.

Yes. It's the case that you're a director and a shareholder of a company called Darrellen Pty Limited?---That's correct.

And your wife, Helen Hendry, is a director of that company as well?---She is.

30 And she's a shareholder of that company?---Yes.

And is your wife also the company secretary of Darrellen to your knowledge?---To my knowledge she is, yes.

And what's the purpose of that company?---It's, it's a, a trustee company that, ah, looks after the, um, our superannuation fund.

Yes?---And, ah, and we have a discretionary trust, so it's a, we have a, we have a corporate trustee.

40

Is the trust the Henfam Discretionary Trust?---Yes. Yes.

Is it the case that that company, Darrellen Pty Limited holds units in a unit trust known as Tattersalls Unit Trust No. 1?---Ah, yes.

And it holds those units as trustee for the discretionary trust?---Trust.

Are you also a director and a shareholder of a company called Evteheea

Pty Limited?---I am, yes.

And you're the sole director and shareholder - - -?---Shareholder.

- - - of that company?---That's correct.

And what's the nature of that company?---Um, it's a ah, it's just a general investment company.

10 Is it the case that you are also a director and a company secretary of a company called Armpub No. 1?---Ah, that's correct.

And is Mr John Cassidy the other director of that company?---He is.

And is it the case that your wife was a director of that company for a short period?---For a short period, yes.

20 Between about 23 December and 30th of, sorry, 23 December, 2005 and 30 January, 2006?---That's correct, yes.

And you hold one of the three issued shares in that company?---Shares. Ah
hmm. I do.

And Mr Cassidy holds the other two shares?---That's correct.

Ah, so Mr Cassidy has the controlling interest in that company?---He does,
yep.

30 Now, is it the case that Armpub No. 1 is a corporate trustee?---It is.

For two unit trusts?---Correct.

Tattersalls Unit Trust No. 1?---No. 1.

And Tattersalls Unit Trust No. 2?---No. 2.

Is it the case that you're also a director and the company secretary of Armpub No. 2?---That would be correct.

40 And is Mr Cassidy also a director of that company?---Um, I, I'm pretty sure he is. Yes.

And as with Armpub No. 1 was your wife a director of Armpub No. 2 for a short period?---Um, yes she was. Yep.

For the same period for which, as for which she was a director of Armpub No. 1 to your recollection?---Ah, to my recollection that's correct, yep.

And she then resigned and Mr Cassidy took up the appointment, is that right?---Ah, that's, that's correct.

And again you hold one of the three issued shares in that company?---That's correct.

And the other two shares are held by a company called Vercot Pty Limited?--Ah, that's correct.

10 And Armpub No. 2 is also a corporate trustee?---That's correct.

And that's for a unit trust known as the Tattersalls Operating Trust?---Trust. That's correct.

Does Darrellen Pty Limited, your, the company in which you, you have an interest, does it hold units in the Tattersalls Operating Trust?---Um, no I, I don't, I don't think it does. Um, no, I think it's holding the units in the No. 1, Armpub No. 1., not the operating trust. Yeah.

20 Now, in your capacity as a chartered accountant did you work for Abigroup?---I did.

When did you start with, with Abigroup?---Ah, 1984.

And at that time was the company known as Abignano?---The company was known as Abignano, yes.

30 And are you able to say what positions you held with Abigroup over time?--
-Um, I, I commenced um, in, with Abignano in 1984 as um, the CFO of their building construction companies and um, by 1986 I had moved to ah, looking after the majority of the Abignano Group companies. And by 1988 um, I was the Chief Financial Officer of, of Abigroup, or Abignano Limited, sorry, Abigroup Limited, the listed entity.

Yes. And is it the case that in 2004 Abigroup was the subject of a takeover?---That is correct, yes.

40 And who acquired the company?---Um, it was Bilfinger Berger of Germany.

And was it the case that you then became employed by that company?---Ah, yes. Bilfinger Berger asked um, could ah, could I and the CEO go over to a company called Bilfinger Berger Australia which was the holding company for, for Abigroup. And it also owned another construction company here in Australia called Baulderstone. So we, we sat in, we sat in the holding company of what Bilfinger owned in Australia.

I see. And did you stay with that company until you retired?---Ah, no because in um, in 2011 ah, Bilfinger Berger Australia um, which had changed its name Valemus, was then taken over by ah, was subject to a takeover by Lend Lease Corporation.

10 I see?---And Lend Lease, so Lend Lease Corporation successfully acquired um, Valemus, which is Bilfinger Berger Australia and I went to work for Lend Lease Corporation in their construction, we were ostensibly called Lend Lease Construction Australia which was effectively the old Bilfinger Berger Australia.

I see. Now, in your time at Abignano and then Abigroup did you work with Mr John Cassidy?---I did.

And were you already at Abignano when he arrived?---I was.

20 And what position were you in at that time?---That was originally, so I was actually looking after the building, building construction companies that Abignano had.

And what was Mr Cassidy's position when he started?---Um, he, he originally started as a um, from recollection as a consultant to, to um, Abignano um, ah, to come in and have a look at their um, engineering projects and their building projects because, because there were a number of projects that weren't performing very well. And so John had been brought in to have a look at those particular projects.

30 And did his position with the company change over the period that you worked there?---Um, ah, it certainly did. He um, he went from being a consultant in I, probably I think it was around 1986 um, to um, ultimately the CEO of, of ah, Abignano Limited. Um, and that would have been from memory um, somewhere in '87, '88.

I see. And did you know Mr Cassidy before he started at, at Abigroup?---I did not, no.

Is it the case that you worked closely with him?---Um, we worked very closely together.

40 Yes?---Unfortunately. Um, unfortunately in the sense that um, Abignano Limited ah, was in um, significant financial difficulty um, and um, certainly between 1988 and ah, early, early 90s it was sort of a um, hand to foot existence for a construction company that had probably one and half, 2,000 people. Um, numerous discussions with bankers about um, continuing, continuing to exist and talking to clients et cetera. So we had a very, very close relationship because we had to dig this company out of the hole it found itself in.

Yes. So obviously you developed a strong working relationship with Mr Cassidy?---I did.

10 Did you develop a friendship with Mr Cassidy?---Um, yeah look, for whatever reason, I mean he was always the um, he was the rainbow man and I was the dark clouds down the other end. Um, so from a character point of view we had different views of things, we looked at things differently. Um, but we, we certainly got on well together in terms of just looking at issues and trying to solve issues and trying to work things through.

Yes. Did you see him socially during your time at Abigroup?---Ah, well we saw ourselves socially but we um, one of the reasons why we worked so closely was in those days we were doing about 60 to 70 bloody hours a week um, so we were in each other's pocket for pretty much all the week so it didn't see him a lot on weekends.

20 Yes?---Um, I lived down on the south side of Sydney. He lived on the north side. It was just, it was just too far. So, but during the, during the days we, we clearly were pretty close with a whole myriad of issues that came up in the, in the business in that time.

Yes. You described Mr Cassidy as the, the rainbow man?---Yep. Well - - -

Is that something about his - - -?--- - - - rainbow in the sense that he was look, he, he, he - - -

- - - about his style?--- - - - he was a very, he was a very positive man.

30 Yes?---Um, this company needed positive people. It needed, it needed people to say, you know, we're going to fight on and we're going to get through it.

Yes?---Ah, and I was the, you know, crusty old accountant that sat in the back and, you know, complained about, you know, we're spending too much money here and too much money there. So - - -

Yes. So you, your job was the numbers?---My, my job was the numbers.

40 Yes?---Yep.

And his job was the vision?---Ah, the vision and just the general management of, of the, of the, of the group.

Would you describe your approach to business and, and accounting as conservative?---Um, I, on more than one occasion I think I've been ah, criticised as being too conservative.

Were you ever criticised by Mr Cassidy as being too conservative?---Well it was in jest.

Yes?---It was in jest.

Yes?---Um, I, I look for things, I tried to look for the down sides in things.

Yes?---Yeah.

10 Do you recall when Mr Cassidy resigned from his role at Abigroup?---Um, it was, it was after the um, the takeover by Bilfinger which was completed in um, compulsory acquisition in um, March 2004 so um, I think – my recollection is that with the ah, completion of the acquisition that um, Mr Cassidy, that John left the organisation.

Yes. And other than your shared interest in the Tattersalls Hotel in the Armidale do you have any other current business interests with, with Mr Cassidy?---Not, not at, not now I don't, no.

20 Do you continue to see him with any regularity?---Um, well, I wouldn't call it regular regular but um, um, yeah, I, we're looking at the Hotel at the moment and um, doing some ah, refurbishment and renovation which means that I'm, I'm in contact with him about, you know, how we're going, progressing down there but, but in terms of actual, actually meeting and seeing him physically maybe in the last couple of years three or four times a year maximum.

Yes. And in the last 12 months how many times would you guess that you'd seen him?---Probably um, I think ah – the same sort of, the same sort of number from recollection.

30

Yes. I wanted, Mr Hendry, to ask you some questions about Vercot Pty Limited?---Ah hmm.

Are you able to explain the circumstances in which Vercot came to be incorporated?---Um, yes. Ah, while John was the ah, CEO of um, Abignano he, he approached or was approached by the, the majority owner to undertake a management buyout of, of Abignano um, and ah, Vercot was the buyout vehicle. Um, and so there was a ah, a group of the management who held shares in the Vercot vehicle which then owned at that stage originally I think it was 62 per cent of Abignano which was the listed, which was the listed company.

40

Yes. So Vercot's a special purpose vehicle - -?---Pretty much a special purpose vehicle to hold the ownership or the then ownership of Abignano which changed its name to Abigroup Limited.

I see?---Shares.

And that company was registered in, in about 1988?---1988.

Is that right?---Mmm.

And you were the company secretary from about May of 1988?---Yes.

And you remained the company secretary until about March of 2011, is that right?---Ah, yes, yeah.

10

And you were also a director of the company for a period?---For a period I was, yes.

So between 31 October, 2004 and March of 2011?---Ah hmm, yes.

And you were a shareholder of the company from its incorporation?---I was, yes.

Along with Mr Cassidy?---Along with Mr Cassidy, yes.

20

And Mr Cassidy held the majority stake in Vercot, is that right?---He, he did, yes.

And he was the controlling shareholder of the company?---He was.

And other persons who held shares at that time included Mr Brian Allen, is that right?---Yes.

Was he a director of Abigroup at the time?---He was, he was, yes.

30

And Mr Norman Reich, R-e-i-c-h?---Yes.

He was also a director of Abigroup?---Ah, I think, I think he was, I wasn't sure about that, he, he looked after their um, their civil engineering construction but he definitely was ah, part of the senior management of Abigroup.

And, and Mr Clive Austin?---Yes.

40

Have there been any entities with which you're associated that have held shares in, in Vercot aside from yourself individually?---Um, I had some, I had ah, four per cent of the equity in um, in, in Henfam in the super fund.

I see?---So I actually had ah, six per cent through Evteheea and four per cent through Henfam.

I see. So you were holding your interest through Evteheea, is that - - -?
---Yeah, yeah.

So you had six per cent with Evtetheea?---Yeah, yeah.

And then four per cent with the super fund?---Yeah, yeah, yeah.

I see. And you or entities associated with you continued to hold shares in Vercot until about March of 2011?---Ah, ah, yes, probably around about that time.

10 Yes?---To the best of my recollection.

Yes. And at that time the shares were the subject of a buyback, is that right?---They were subject, they were subject to a buyback so the, the strategy was that the shareholders, Vercot bought back the shares of all the shareholders other than John and Annette.

Yes. And so that happened over time, is that right?---And that happened, that happened over time, yeah.

20 And you were the last shareholder to exit - - -?---And I was, I was the last - - -

- - - other than Mr and Mrs Cassidy?---Cassidy, yes.

Yes. Now it's the case that Vercot's interest obviously in Abigroup was sold in the context of the takeover by Bilfinger Berger?---Ah, yes, it, it was the - in fact it was the catalyst for the takeover so Vercot sold its interest in Abigroup to Bilfinger Berger Australia and, because of the (not transcribable) interest it had it then enabled um, or gave Bilfinger the
30 comfort to then trigger a full takeover.

And that resulted in a significant profit for Vercot. Is that right?---It, it, it involved a significant, um, profit, yes it did, yes.

Some \$92.8 million. Would that be right?---Ah, ah, it, you know, around about that number, I can't recall that number but it would've been around about that number, yes.

40 Yes?---That's pre-tax.

Yes. And notwithstanding that the purpose for which the company had been incorporated as a special purpose vehicle just to hold that interest, um, and that had been sold, the company continued in existence?---Yes.

And, and it still does?---It still does today, yes.

And just with Mr and Mrs Cassidy as the, the shareholders?---Well, as I understand it does, yes.

Yes?---Yeah.

Now, can I take you back to 2005?---Yeah.

10 Around, around 2005, and is it the case that you as a director of Vercot were looking for investment opportunities, other investment opportunities for the company?---Well, um, Vercot might've been, or, Vercot was probably looking for other opportunities but I certainly wasn't, at that stage I wasn't, I was full time employed.

Yes?---So, um, clearly I wasn't looking for opportunities on behalf of Vercot at that time.

This is around 2005?---Around 2005, yeah.

But you were still employed by Bilfinger Berger?---I was still very, yes, very much employed by Bilfinger Berger.

20 Yes. Do you know if Mr Cassidy was looking for investments at this time? ---Um, he, he, I'm not, I can't, I can't say one way or the other whether he was or he wasn't.

Yes. Were you aware in a broad sense of what Mr Cassidy was doing around 2005?---Um, in a, in a broad sense, um, I, I was aware, yes.

30 So, you were aware he was the Chancellor of the University of New England?---I, I was aware that he had become the Chancellor of the University of New England, but he also had a significant, um, farming operation as well.

Yes. That, that's on his property that was located outside of Armidale. Is that right?---That is correct. Yes.

Yes. Do you recall having any discussions with Mr Cassidy and the other director at that time who was Mr Austin about what investment opportunities might be suitable?---Mr, Mr Austin was, um, around, around about that time Mr Austin was basically exiting the, the company.

40 I see?---So, um, I really, you know, we – I really wasn't having any discussions with Mr Austin about where the company was going because I think Clive was basically wanting to, to leave the organisation.

I see?---Leave the company.

What about discussions with Mr Cassidy?---Um, look, we might've had, we might've had discussions at, you know, over, over those times, but, you know, I can't recall details of what, what they were about.

Yes. If, if you and Mr Cassidy as directors had decided to make a particular investment, would that have required a resolution of the directors?---Um, it was a pretty, um, well, can I describe it as unofficial type structure in terms of, from a corporate perspective?

Yes?---I mean, um, we didn't really need to have minutes to agree whether or not we, you know, the company would be following any particular trail.

10 Right?---Um, generally that was the case anyway.

Yes. So, it would just be you and, and Mr Cassidy having a discussion and - -?---In, in most cases it was just us two having a discussion.

Yes. At – you were the company secretary still at that time, 2005?---Yes.

Could you enter into a transaction binding Vercot without running it past Mr Cassidy?---I would not do that.

20 You would not do that?---No.

And does that include if you were wanting to spend any amount of money? ---I, absolutely. I, I would not, um, I would not spend any of the company's money without referring it to, to John.

Yes. Or, commit the company to – sorry, or commit to spending money of the company?---Well, they're exactly the same point.

30 Yes?---But having said that I just can't recall being put in a situation where I had to make a call to John to talk about even making a commitment - - -

Yes---? - - - if you like.

Okay. Can you recall how regularly you were in contact with Mr Cassidy around this time, 2005, in relation to Vercot?---Um, not, not, not really but I, I mean, all I can say is that, um, it wasn't a massively regular contact around, around about that time from my memory.

40 Yes?---I mean, I was, you know, I was the C, CFO of a, um, a construction group that was turning over, you know, \$3 and a half billion.

Yes?---Um, so, most of my time was spent, um, you know, focusing on, on, on that particular business.

Yes. Is it the case that you may have had infrequent conversations with him at that time?---Oh, I could agree we had infrequent conversations, we would've, yes.

Yes. The content of those conversations would be beyond your recollection at this time?---Okay, yes, okay, yeah, it'd be beyond, beyond my recollection, yeah.

Yes. Yes. I wanted to ask you some questions about the Hotel, the Tattersalls Hotel?---Ah hmm.

Before your involvement in the purchase of the Hotel in 2005 did you know of it?---No, no.

10

Had you ever visited Armidale?---I've been to, I'd been to Armidale on a couple of occasions but I, I certainly, I certainly didn't know where the Tattersalls Hotel was in, you know, in, in the street, for example.

How did you first become aware that it was for sale?---Um, I, I received a, received a telephone call from John who, ah, he basically said, ah, or, words to the effect, um, that, um, You should, you should have a look at that pub – meaning I should have a look at the pub.

20

Yes?---Because he thought it was a good investment, and that's, that's the thrust of what I recall about that original contact.

I see. Can you recall when he contacted you?---Um, it, it was, ah, it was some time in November, um, and being aware of what else has been discussed in, in the, in the, in this forum - - -

Yes?---Um, it would've been, it would've been, you know, mid November, I think, from memory.

30

And before this call can you recall how long it had been since you'd last spoken to him?---It was, it was probably three or four months prior.

I see. And Mr Cassidy contacted you by phone. Is that right?---He, he would've contacted me by phone, yes.

Yes. And you've given us words to the effect of, of what, what he said?---Yeah.

40

And you understood from what he said that he was saying you personally should look at the Hotel?---Yes. Yes. Yes.

And consider buying it?---Well that was the, that was the inference, yes. He, he, he, he said it looked like a good investment.

And was he saying that to you as opposed, for example, to looking at it for Vercot?---Oh, he was saying it to me, he wasn't saying it in relation to, to Vercot.

Right. Was there any particular reason why, to your knowledge, Mr Cassidy would think you might be interested in owning a hotel in Armidale?---Um, ah, well, other than it was in, you know, he said it was a good, a good investment, I mean, you know, I, I might've said on occasions, ah, if he asked me, um, What are you gonna do when you retire, I, I would've said, Oh, buy a pub, John, but, but I mean that was all in jest. It wasn't serious.

Yes?---So - - -

10

So, had – Mr Hendry, had you previously owned or been involved in hotels?---Ah, no.

What about regional businesses?---Um, not, not regional businesses either, no.

And you've already said you weren't a frequent visitor to Armidale?--- That's correct.

20

Did you have any plans to retire to that area?---Ah, well, it could've – at that stage I, I worked through 'till 2011 or '12 so I had, you know, six or seven years to go so I wasn't really thinking of retiring quite honestly at that stage.

Yes. Yes. In terms - - -?---But, but having said that, you know, I had no firm view as to what, what I was going to do.

Yes. In terms of location it was a more convenient investment for Mr Cassidy than for you, wasn't it?---Yeah. Yes.

30

Did he say in this call whether he knew the Hotel?---No, I – look, I, I can't, I can't recall, I, I can't recall much of what was said there at all. The only thing that stays in my mind was that, you know, it's, it's a University Hotel and, um, the reason it stays with me, because I, I can recall saying to John, What's, what's a University doing owning a pub? I couldn't understand, I couldn't understand what that was, um, but apart from that, you know, that, that was about all my, all my recollection of what the discussion was at that time.

40

Yes. When you said to him, What's the University owning a pub, do you recall if he responded to that?---Ah, no, well, he – I'd suggest he responded but I can't recall what he, what he said.

What he said?---Yeah.

Yes. Did you ask Mr Cassidy in the course of that call why he wasn't interested in buying the Hotel?---Um, not, no, not, no, I didn't. No. He, I mean, he, he said to me, Look, you should have a look at this as a, as a, I think it's a good investment, so, I think he was directing it to me.

So, he, do you recall whether he said anything about what, about what he thought of the opportunity presented by the sale other than that it would be a good investment?---Ah, I don't, no, no.

Did he tell you anything about potential price?---No. No.

10 Did he give you any information about the Hotel?---No, he just – the – I don't know, I don't know whether he sent it to me or whether he told me but I, all I can recall is that there was a, it was an advertisement in the Saturday edition of the Sydney Morning Herald, so, I, I went and found that particular advertisement in the, in the Sydney Morning Herald.

Yes. I see. Perhaps I can show you a copy of the advertisement, Mr Hendry. It's page 212 of the brief. It has been tendered. It's Exhibit V30? ---Yeah.

20 You'll see there's a, a blown up copy on the, on the next page, Mr Hendry, but is that, is that the advertisement you recall seeing?---Yes. Yes.

And you can't recall whether Mr Cassidy sent that to you or whether he told you it was there?---No, I, I – well, I saw that in the paper so, how, how I got it, I, I just recall that ad.

Yes.

30 THE COMMISSIONER: Do, do you remember whether Mr Cassidy said that the Hotel was being advertised in the course of the telephone conversation that you had with him?---I, I, um, I, I recall it was going to, I recall it was going to tender.

Yes. But my question is did Mr Cassidy refer to the fact that you would see, you would see the Hotel in an advertisement in the Sydney Morning Herald, whether he said that in the course of the phone conversation with you?---He, he was the one who – to my recollection he's the one who said, It's advertised in the Sydney Morning Herald.

Right?---Yeah.

40 Thank you.

MS MITCHELMORE: And that then took you to the paper?---And then that took me to the paper.

Yes. Yes. I understand. Are you able to recall, Mr Hendry, how long that initial phone call was for?---No.

Do you recall what you did after you got the call and you looked at the advertisement?---Yeah. I, I, I sat back and thought about it, um, ah, and I did, ah, I, I got onto, um, the website and I got onto the web.

Yes?---And, and started doing some preliminary review of hotels in, both in Armidale and in the northern, the northern tablelands region. So, I, I was getting, I was trying to get some idea of, of what, you know, a very global idea, I think, of what, how attractive this, this actual hotel might be.

10 Yes?---And I, I looked at a number of, a number of different articles but I found one that, it, there'd been a study done which showed that the population of the, the, per capita population, um, for hotels in Armidale was one of the highest in the northern region, so, in other words what – and specifically what I was, what was going through my head was, you know, was this a town where there were a hundred bloody hotels and the competition was really, really tough? Um, this article was suggesting the opposite. It was suggesting, in fact, that there were more per head population, in, per hotel in Armidale than there was in other country towns in that whole northern area.

20

I see. And were you able to find out any information about comparative sale prices?---I would have, I would have looked at ah, in, in, in that, in that review I would have looked at other sale, you know, sales of other hotels- - -

Yes?--- - - -as part of the, as part of the process.

Yes. The advertisement, if I can just take you back to it for a moment, referred to the Hotel as offering an ideal redevelopment opportunity?
---Yeah.

30

Were you thinking at this stage about- - -?---No, I had no- - -

- - -whether you might develop it?---I had no pre-planned idea of what might be done with the Hotel at that stage, no.

40

Are you able to recall, Mr Hendry, after doing this scoping research what you did next?---Um, well, I rang, after a – I can't recall how long but after a few days I rang John back and said that ah, you know, I would, I would be, I would put in a tender, but I needed partners. For me it was a, (1) was fair distance away from Sydney- - -

Yes?--- - - -and I just saw that having someone with country pub experience would also be an asset.

Yes?---So my, my thinking was that ah, it was worth having a um, putting in a tender but you know, he, for me it needed to be done, I wouldn't be doing it all in my own name, I needed to have partners.

So you weren't prepared to take the risk- -?---I wasn't prepared- - -

- - -all on your own?---I wasn't prepared to take the risk all on my own, no.

And do you recall what Mr Cassidy's response was?---Um, I don't, I don't recall specifically what his response was um, um- - -

10 Are you able to say what the gist of it was?---Well, I don't think he disagreed is, is as strong as I could say, I could put on it, about it, you know, needing to have partners.

Did you have any understanding at that time from his response as to whether he would be one of those partners?---Ah, oh, it's all too early, all too early for that.

How important was it to you that Mr Cassidy or someone else be involved in the purchase of the Hotel?---Oh, it was, it was very important.

20 You've mentioned you are very conservative- -?---Yeah.

- - -in your approach?---Yeah, yeah.

And you didn't have anything in the way of documentation at this stage but did you have some idea of what the price would be?---Um, I can't recall how, I would have looked at other, other hotels around, so I had a ballpark, I would have had a ballpark indication of what the Hotel might be, might have been, might have been worth.

30 But it was a not insignificant investment?---It was, yeah, it was, it was not an insignificant investment, yeah.

Yes. And you had no prior experience in the industry?---And I had no, yeah, I had no prior experience in the industry, yeah.

And you had no local knowledge?---And I had no local knowledge, that's correct.

40 So if you were the successful tenderer it was going to be a personal investment for you?---It, it was going to be a personal investment but, you know, what I can say is that I got a, I got a phone call from John that said, look, you should look at this Hotel, I think it's a good investment um, you know, my, my reading of the situation, rightly or wrongly, was if I wanted partners, John was going to be an ideal partner for this Hotel.

Yes?---Having, having worked with him for X number of years- - -

Yes?--- - - -you know, it seemed to me logical that he would be interested in, in, in being a partner.

Yes. And I mean it's the case isn't it that you wouldn't have risked putting a tender in in these circumstances- - -?---Well- - -

- - -unless you had a high level of comfort that you were going to get some assistance?---Well, well, I did put the tender in and I put the tender in in my name.

10 Yes?---Um, so, I, I appreciated, you know, I mean, John could've got hit by a bus, um, so, I, I, I think I reflected that in how I valued the thing, just from a comfort factor for me, um, but, yeah, look, it's, it's – he, he didn't put – he didn't say, Yes, I'll be there.

Yes?---I inferred from the fact that I got a call from him about this opportunity in, in Armidale that he would be, you know, further down the track if I was successful he would be interested.

20 Yes. So, you were satisfied from his response that, that he would be prepared to provide assistance?---Well, um, no, I don't, I don't think, I don't think it went to that degree.

THE COMMISSIONER: I think we might take the luncheon adjournment but just before we do, Mr Hendry, you said the tender was submitted in your name?---Yeah. That's correct.

But you weren't prepared to take the risk so what would have happened if, let's say for arguments sake your \$255,000 cheque that was handed over together with your tender offer - - -?---Yeah.

30 - - - was accepted and nobody came to the party? What would you have done then?---Well, I would've, I would've completed, but when I, when I looked at the, the value in the Hotel I actually, I reverse engineered it back and said what could I flog it for? So, I, I looked at it on a straight asset value basis and I thought, okay, if, if worse came to worse and I couldn't get partners then - - -

You'd just offload it?---I'd just offload it.

40 And just one other question, though, was there anyone other than Mr Cassidy whom you approached for the purposes of contributing to the purchase of this Hotel and, and becoming a partner in the venture?---No. No.

It was just Mr Cassidy you discussed it with?---It, it – I, I discussed it, yes, I discussed it with Mr Cassidy.

Right?---Yeah.

We'll resume at a quarter to 2.00. Thank you.

LUNCHEON ADJOURNMENT

[12.47pm]