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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE DAVID IPP AO QC

PUBLIC HEARING

OPERATION SIREN

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON FRIDAY 10 SEPTEMBER 2010

AT 10.10AM

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

THE COMMISSIONER: Mr Payne.

MR PAYNE: Commissioner, I call Mr Alan Khattar.

THE COMMISSIONER: Mr Khattar. Would you be seated, Mr Khattar. Do you have legal representation?

MR KHATTAR: Yes.

10 MR TOSEVIC: If the Commission pleases my name is Tosevic, I act for Mr Khattar. I seek leave to appear for him today in these proceedings.

THE COMMISSIONER: Yes. Do you mind spelling your name please?

MR TOSEVIC: T-O-S-E-V - - -

THE COMMISSIONER: Sorry, T-O-S?

MR TOSEVIC: E-V-I-C.

20

THE COMMISSIONER: Thank you, Mr Tosevic. Yes, you have leave. I take it you wish me to make a section 38 order?

MR TOSEVIC: I do, Commissioner.

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

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

THE COMMISSIONER: Mr Khattar, do you wish to give your evidence under oath or, yes, under oath. Could you swear Mr Khattar in.

MR PAYNE: Mr Khattar, what's your full name?---Alan Khattar.

And you're associated with a company Worldmark Plumbing?---Yep.

Who are accredited constructors for Sydney Water in major sewer projects?  
---Yes.

10

You participated in an examination before this Commission on 27 August, 2010. I'll show you a transcript of that examination. Commissioner, I tender the transcript.

THE COMMISSIONER: The transcript of Mr Khattar's compulsory examination on 27 August, 2010 is Exhibit P72.

20

**#EXHIBIT P72 - COPY OF TRANSCRIPT OF MR KHATTAR'S  
COMPULSORY EXAMINATION**

MR PAYNE: Mr Khattar, just to assist you there's page numbering at the bottom right-hand corner. Do you see that?---Yep.

And the first thing I'd like to take you to is 242PT in the bottom right-hand corner?---Yep.

30

And you'll see on that page you were discussing, if you look at the line numbers on the left-hand side at about line 33 your attention is drawn to Mr Kenneth John Buckley. Now, you know Mr Buckley?---Yes.

And he has been the inspector in relation to two projects that you have been involved with at Worldmark Plumbing?---Two, yeah. For the two of them, yeah.

Now the one I want to concentrate on is 124 The Crescent, Homebush?  
---Yep.

40

And that was a project in 2009. Do you agree?---Yep.

Have a look at over the page 243 pt. Down at line 40, and we're talking about 124 The Crescent Street, Homebush. That was a job that took two to three months?---Yep.

And I suggest to you that Mr Buckley attended for inspections on three or four occasions during that project?---Yep, that's right.

And you paid cash to Mr Buckley in relation to his involvement as an inspector in that project didn't you?---Yes.

And how much?---I can't recall exactly but it was about 3 or \$400.

THE COMMISSIONER: Each time or overall?---No, overall.

MR PAYNE: And that was about \$100 a time as your best recollection?  
---About that, yeah.

10

And it was either on three or four occasions and you can't be completely sure about that?---That's right.

And can I just ask you to turn to page 246 pt. At the top of that page you were asked some questions about things Mr Buckley you thought had said to you. Did he say things to you like, You can look after me?---Yeah. It was like, if you, yeah, pretty much look after me.

20

Do you remember approximately when in the sequence of inspections of the project at The Crescent at Homebush that he first said that to you?---That would've been at the start of the job. I think it was the temporary sewer line we had to do.

And did, did he foresee some problem with the work you were doing in relation to the temporary sewer line or did he raise some issue?---No. No. Not with that, not with the actual temporary line, no.

But he just came out and said to you - - -?---Yeah.

30

- - - you'll have to look after me did he?---Yep.

And you've got a pretty clear recollection of that?---Yes.

Had you worked, at that stage had you worked with Mr Buckley prior to that time?---I've seen him on probably one job or so or two jobs, something like that.

40

But you understood when he said you'll have to look after me that he was looking for the payment of money from you?---Yep.

What did you do?---I, I paid him. I gave him the money.

You had cash with you at the time?---Yeah.

How did you hand it over to him?---Just I pretty much walked towards, towards my van door, opened it up and just handed over the, I handed the money over to him.

So on this initial inspection, there's some inspection of paperwork is there, that you do with the inspector, Mr Buckley?---Yeah. There's various paperwork as well, yeah, involved. So we just walked to the actual van, to the, to my van and just opened up the door for the paperwork there and just handed over the money to him.

And did anyone else see you hand the money over?---No.

10 Had you ever done that before with a Sydney Water inspector?---No.

Had you had any discussions with anyone else prior to this time about Mr Buckley seeking the payment of money?---I might've with, with my business partner.

Yes. Whose name is?---Donald Bejjani.

Spell Bejjani, please?---B-E-J-J-A-N-I.

20 And you discussed you think the payment of money - - -?---Yeah. That's, that's one I can't, I can't actually recall if I did discuss it with him exactly, but - - -

All right. And do you tell the Commissioner that on each subsequent occasion that Mr Buckley attended for an inspection at The Crescent at Homebush, you paid him \$100 on that occasion?---Yeah. There was once of about 50 and then the rest of it was about 100, something like that.

30 And your best recollection is that all together you paid him approximately 3 or \$400 for that job?---Yeah, that's right. Yeah.

Did you keep any records of those payments?---No.

So you can't do any better than what you've just told me?---Yeah, pretty much.

Since that time have you ever been involved in the payment of money to Sydney Water inspectors?---No.

40 Are you a licensed plumber?---No.

So you had nothing to do with the PIAS inspectors?---Not really, no.

Do you remember any discussions with Mr Buckley about the payment of money other than this initial discussion when he said you'll have to look after me?---What do you mean by that?

Did you, did you, did you have any more, when he came back on subsequent occasions did he say anything else to you about money?---No, no, he didn't.

So that he'd come, he commenced - - -?---He would just, he would just, just, he would pretty much make my life hard on the, on the site, he would just pick on stupid things.

10 And by saying that you're conveying to the Commissioner that you're an experienced constructor and you regarded what he was finding fault with as unreasonable?---Yes.

And upon the payment of money by you did the complaints cease?---No, they just kept on going.

So even after you'd given him money on a particular occasion - - -?---Yeah.

- - - he'd still be making complaints?---Yes.

20 THE COMMISSIONER: On the same job or on other jobs?---On, no, the same job.

Did he issue any CARs to you on this job?---I, honestly I can't tell you that, I'm not on that side of the paperwork, I mean I don't, I'm usually on the site.

30 But subsequent to the payment, to the final payment of money I take it the job was signed off by him and the section 73 certificate was ultimately issued by Sydney Water in relation to the job as far as you know?---That's right, but that's after him changing a few things on the plan, things were, things were changed on the plan towards the end.

That's Mr Buckley doing that?---Yes. After, after the, the plan got approved he changed a few things on there towards the end.

So that's the early stage in the process?---That's, that's the, the end of or pretty much close to the end, end of the job.

40 He was changing things even then?---Yeah.

Did you regard that as a reasonable or unreasonable thing to do?---No, it was unreasonable because it was, it was approved, it was approved by Sydney Water so for him to come and just change everything which held up the job even longer - - -

And after he insisted on those changes did you pay him some more money? ---On that one there, no. On that change there, no because I was - - -

So you just made the changes and finished the job?---Yeah, well, he had to make the changes and, and that's it, we just had to wait and see what happens with the approval.

10 Just so that we can be as precise as possible about dates and I understand that you may not be able to be any more precise but can I show you a bundle of sewer main connection reports in relation to this job and see if it assists your recollection. You'll see there that it seems that the pre-connection inspection by Mr Buckley on, just drawing your attention to the first page you see his signature of 26 May, 2009, do you see that there?---Yeah.

Is it likely that the first payment of, of 50 or \$100 you made to Mr Buckley was on that occasion at the pre-connection inspection or was it later?---It could have been.

But you're not sure?---No.

20 You'll see that there's a connection inspection on 5 June, 2009, are you able to assist with whether or not there was a payment made by you on that date? ---There, there probably was there, there probably was.

Because your recollection is I think you said that each time he came out on this job there was a payment made by you?---Yeah, just like, well, most of the time, every time, like, yeah, pretty much when he came out to the job but there was like one or two occasions like where that, when he changed the plan on the manhole - - -

30 Yes?--- - - - that's when ah, pretty much in a way I had enough at that time. He was, he was just giving me a hard time.

So there may not have been a payment on each occasion but, but your best recollection is on three or four occasions?---Yeah.

Just, just to complete the picture, if you could look at the second page, there appears to be another visit on 16 July, 2009 if you look at the signature at the bottom of that second page, do you see that?---You say on the second page there's a signature, there's a - - -

40 I'm sorry, it just says Field, you're quite right?---Yep.

I apologise. Field Representative KJ Buckley and a date, there is no signature, you're quite right, it may be simply that was documentation produced without a visit. Go to the third page?---Yep.

That's dated 6 May which is the day after the connection signature that I earlier showed you. Are you able to say whether or not there were visits from Mr Buckley in quick succession in May 2009 or it's likely that was just the one inspection?---Honestly I can't, I can't recall.

And just finally the last page of the bundle I've handed you?---Yep.

That appears to show visits and inspections by Mr Buckley on the 7<sup>th</sup>, 10<sup>th</sup> and 14 of August. Are you able to say whether or not payments were or weren't exchanged on any of those days?---There could've been. Could've been.

10 Having refreshed your recollection by these documents do you tell the Commission it remains your evidence that the best recollection is that on three or four occasions you made payments to him totalling about 3 or \$400?---Yep.

Yes, Commissioner, I tender that document.

THE COMMISSIONER: Yes. The bundle of sewer main connection reports relating to 124 The Crescent, Homebush West is P72.

20 Mr Payne, if you wouldn't mind just looking at page 244 of this transcript.

MR PAYNE: Yes, Commissioner.

THE COMMISSIONER: At line 5 that's how many times Mr Buckley attended the site not the number of times he sought payment. I understood that that number - - -

MR PAYNE: Yes. 244 at line 5. Yes, I'll clear that up, Commissioner, thank you. Can we go to page 244 and that's of the transcript?---Yep. Yeah, I've got it.

30 You've got it?---Yep.

Your evidence at that time was you thought Mr Buckley attended the site six or seven times. Do you see that?---Yep.

40 And I think I've already shown you, flick forward to page 246 at line 30. You address the question, "How many separate times did you give him money?" You say, "Probably about three or four times." So do you tell the Commissioner you think you paid him on three or four times as he told me although he probably attended six or seven times?---That's right, yeah.

Yes, thank you, Commissioner.

THE COMMISSIONER: Yes, thank you.

MR PAYNE: I have no further questions.

THE COMMISSIONER: Mr Lee, do you have any questions?

MR LEE: Yes, I do, Commissioner. Mr Khattar, I represent Mr Buckley. Do you understand that?---Yep.

You've been accredited as a Sydney Water constructor for major and minor works for the last five years. Is that right?---Yep. Probably not five years. Probably less than that.

How long?--- I'm assuming it's probably about three, three years.

10 And your work takes you to jobs in the inner west area?---Yeah, all over the place.

All over Sydney?---Yep.

Is it right that it's your experience that the jobs, it's not uncommon for one or two CARs to be issued?---Well, with that I'm not, like I said I'm not on that side, like I don't do the paperwork, when it comes to that that's, that's not my area. If anything my business partner would've done it and probably told me about it and tell me what happened there and I'll let him know what  
20 happened but I can't recall what, what happened on that job, I can't recall if we got any.

What I'm asking you is that is it your experience doing jobs around Sydney that Donald would tell you about a CAR and that it wasn't uncommon for Donald to tell you about the CAR for any jobs you might be doing?---Yeah.

Is it the case that Donald would tell you about a CAR for a normal job? Is that right?---Yeah.

30 And it's the case that if a CAR is issued for a job it doesn't really hold up a job. Is that the case?---From, from what I know, no.

A CAR gets issued, you fix it and the job goes on. Is that right?---That's how it works, yeah.

MR LEE: Mr Khattar, I just want to ask you one thing about the job at The Crescent in Homebush. I want to suggest to you that in relation to that job at no point did Mr Buckley say anything to you like, You can look after me. Do you agree or disagree?---That's what he said.

40

Nothing further, Commissioner.

THE COMMISSIONER: Yes, thank you. Just, just to clarify matters, the bundle of sewer main connection reports is Exhibit P73.

**#EXHIBIT P73 - BUNDLE OF SEWER MAIN CONNECTION REPORTS RELATING TO THE CRESCENT, HOMEBUSH WEST**

THE COMMISSIONER: I assume Mr Tosevic will - - -

MR TOSEVIC: No, I have no questions.

THE COMMISSIONER: No questions. Mr Stevenson, you have questions? I assume there is no one else who wishes to, no. Mr Stevenson.

MR STEVENSON: I'm the barrister for Sydney Water?---Yep.

10

How did you feel about making these payments to Mr Buckley?---I wasn't happy with it.

Did you have any opinion about whether it was the right or wrong thing to do from your point of view?---It was the wrong thing, but at the same time when you're getting (not transcribable) over by someone and you've got the job to finish as well, you've got to do what you've got to do.

20

And as an accredited constructor you say (not transcribable) your developer infrastructure provider agreement with Sydney Water?---No, that would be, I would've witnessed it, but I wouldn't of signed it.

Do you have any knowledge of the contents of that document?---No.

Did you understand that one of the things you promised to do in that document was to behave ethically?---I didn't read it. I just witnessed it.

30

Do you agree that by making these payments to Mr Buckley that you were not behaving ethically?---He wasn't either.

There's no contest about that?---Yeah, so, but when someone puts it on you like, when you start getting intimidated by someone and you know that the job's going to drag on and it's going to make your life hell, what do you do? I had, I had him on the next job and I didn't give him a cent.

Did he ask you for money on that next occasion?---He was hinting it. But I did not give him a cent. I, I refused to.

40

Can you remember what site was involved on that next occasion?---Sorry?

Can you remember what the address of the site on that next occasion?---No. No.

And you said that Mr Buckley was hinting that you should pay him money. Can you recall - - -?---He was, he was just trying to, he was just trying to pick on things so we can just, like I can just pretty much cave into him and say, here you are. But I just done whatever he wanted to do, just, just let it run out. Just let him drag on the job. It didn't worry me.

So did you tell Buckley you weren't going to pay him any money or did you simply ignore (not transcribable)?---No. I just ignored him. I ignored him.

Now you understand Mr Buckley was the inspector in the inner west area, the Sydney Water inner west area?---Yeah.

Did you do work in respect of Sydney Water matters outside the inner west area? That is in other areas?---Yeah. All over the place. Yeah.

10 Have you had any problems with any other inspectors (not transcribable)?  
---No, no problems at all.

And obviously you have not paid any, any other inspectors?---No. Nothing and I've had no problems, the inspectors come, they look at the job, if there's a problem with it they'll tell you just fix it up. You fix it up for them and they, they come back out and it's all done.

Is this right, apart from Mr Buckley all the other inspectors behaved fairly and properly. (not transcribable)?---Yeah, I've had no problems with no  
20 other inspector at all.

Thank you.

THE COMMISSIONER: Yes, thank you Mr Khattar. You may be excused.

**THE WITNESS EXCUSED**

**[10.33am]**

30 MR PAYNE: I call Mark Devereux.

THE COMMISSIONER: Mr Devereux, do you have legal representation?

MR DEVEREUX: No.

THE COMMISSIONER: No. Please be seated. You've been sitting at this hearing over a number of days haven't you?

40 MR DEVEREUX: I have.

THE COMMISSIONER: And you've heard the orders that I have made about objection to evidence before each witness testifies and I assume you would like me to make the same order for you?

MR DEVEREUX: I would, please.

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

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

20

THE COMMISSIONER: Mr Devereux do you wish to give your evidence under oath or do you wish to affirm the truth of your evidence?

MR DEVEREUX: Under oath, thanks.

THE COMMISSIONER: Mr Payne.

MR PAYNE: Mr Devereux what's your full name?---Mark Devereux.

And you've made a statement in this matter to investigators from the Independent Commission Against Corruption?---I have.

10

I'll show you this document?---Thank you.

You've had a chance to review this document in the recent past and check its correctness?---Yes, I have, I read it the other day.

Are there any corrections you would like to make to the statement?  
---Nothing I can see, no.

20

And do you tell the Commissioner that the evidence contained in the statement is true and correct to the best of your knowledge and belief?  
---That's correct.

Yes, Commissioner, I tender the statement.

THE COMMISSIONER: Yes. Exhibit P74 is Mr Devereux's statement of 29 October, 2009.

30

**#EXHIBIT P74 - STATEMENT OF MARK DEVEREUX DATED 29 OCTOBER 2009**

THE COMMISSIONER: Mr Devereux, can I first direct your attention to paragraphs 4 and 5 of your statement, P74. You, you have been associated with an accredited plumbing business at least since 2002, 2003 although there's been two different corporate entities involved I can call it Perfect Pipes for present purposes?---Yeah.

40

And Perfect Pipes under these two separate corporate guises has been an accredited constructor from that time with Sydney Water?---That's correct.

And you work on the sewerage side if I can put it that way?---Most of the time, yes.

Are you a licensed plumber?---Yes, I am.

Have you ever had occasion to do plumbing work and involve yourself with what are known as the P and D or PIAS inspectors?---We work on both

sides of the business, yeah, I don't deal with the inspectors very often myself, mostly it's the, they do that on the other side of it.

Being other employees of either corporate entity known as Perfect Pipes?  
---That's right.

Have you ever had occasion in dealing with P and D or PIAS inspectors to make any cash payment to them?---No.

10 Can I ask you about reverting to the work in sewerage. You say in paragraph 8 you work pretty much all over the Sydney area and you'd no doubt have interactions with people in Mr Buckley's position, I'll call them inspectors, I know technically they're not, from the maintenance division, inspecting your work at least as an authorised constructor, you would have occasion to deal with many such people?---Yes.

And you say in the statement you've made cash payments to Mr Buckley. Is there any other inspector - - -?---No.

20 - - - you've made cash payments to?---No.

Can I draw your attention to paragraph 9, the first time you met John Buckley you say was then eight months ago so that's the beginning of 2009 approximately we're talking about?---I guess so, yeah, I can't remember the exact dates off the top of my head but - - -

But the job that we're talking about is 17 Juno Parade, Greenacre?---Yeah.

30 Can you tell the Commissioner what your initial interactions with Mr Buckley involved in relation to this project?---I didn't see him until the second part of an inspection, after we were given a CAR. When out pit builder had done all our pits, I can't remember exactly how many pits were there, it was, I don't know, between 12 and 15 pits I guess. When they'd all been carded for all of them and he had to chop them all out and redo them all and then I came to the next inspection, I didn't always go to the inspections myself, quite often the other employees did, and that's when I went back and met him at the next inspection.

40 Yes. And is this what you deal with in paragraphs 11 and 12 of your statement, you're talking about the work done by Mr Bede Cooper, are you?  
---Bede Cooper didn't actually do the work that he was talking about. That was actually John O'Sullivan that did the rendering of the manholes. He's done a lot of manholes for us in the past, he, he, I've never actually had any of his knocked back let alone carded and in case all of them were and then when we were going through them again they, they were, he was still saying they weren't good enough.

Yes. And can I take you then to the next occasion then when you do go to the site, you're there with Mr Buckley?---That was still all in, all in the same time, I didn't visit him again on that particular time.

When Mr Buckley returned to the site though you were there?---I was there, this was all the same part of, like, all, all of the, basically the whole next part was all in one visit. We continued to walk around looking at other manholes.

10 I see. And so when you arrived, you take that up in paragraph 14 of your statement, can you tell the Commissioner what you recollect about your interactions with Mr Buckley?---Well, this was when we started re-looking at the manholes again as I explained before and after two or three of them the Water Servicing Coordinator Bob Pascoe was very annoyed about it and walked off and then at some stage during the walk around 'cause it was a fairly large site I had heard that basically the only way you could get things through was to have to give him some money which I'd heard before I started the job and I thought if we did everything correctly I didn't think, you know, there'd be any reason to. But about halfway around the walk or  
20 thereabouts I decided that I thought I'd have to do, you know, pay something so that we could move forward 'cause until those manholes had been passed off we couldn't organise to get our connection.

So what did you do?---I took \$100 out of my wallet and at somewhere along there I passed it to him.

In front of anybody else or - - -?---I don't think anybody else saw.

30 Had Mr Pascoe become angry with Mr Buckley and walked away at some point in this walk around you were describing?---He had, yes.

And the other people who were walking around with you where were they when you passed the money. Do you remember?---I couldn't be sure. They were in the vicinity but I didn't make, I don't know if they saw or they didn't see.

40 And in paragraph 16 you say when you gave him the money you said, Here you go. Mr Buckley took the money, chuckled and you took that as a thank you and kept walking?---Yes, that's correct.

There was no further discussion between you until as you say you returned to discussing the chambers and he told you that on your suggestion that the chambers were all right he said, I'll think about it. Is that correct?  
---Something along those lines.

And after he had received the money you didn't even look at the other chambers that he'd earlier raised a problem about. Is that what you're

saying?---I can't remember that but if that's what I said then, I can't remember now exactly what happened after that.

I see?---But that sounds like something along those lines, yes.

10 So in paragraph 16 when you say, "There were two other chambers that he and I had not looked at and we skipped them and walked over to his truck." That's something you no longer recall, is that what you're telling the Commissioner?---To be honest, no, if I'd said it then though that would've been what happened but I can't remember that now.

I see. Thank you. The next time you saw Mr Buckley was at the final inspection of Juno Parade which is paragraph 18 of your statement?---Yep.

And in paragraph 19 you had a discussion about a job that was coming up you say at Five Dock, that's actually at Breakfast Point though was it? ---Yeah, might, might be the exact address, yeah, it was near Five Dock.

20 Yes, you go through Five Dock to get there?---I guess so.

Did any more money change hands in relation to Juno Parade than the \$100 that you've told the Commissioner about?---Not that I know of, no.

Can I ask you about the job then at Breakfast Point, the junction of Adams Street and Emily Street you address in paragraph 20, also known as Tennyson Road, Mortlake, we're talking about the same job?---Yes.

30 You were away, when you returned you were informed that the pre-inspection had failed. Can you explain what that means?---There was a manhole that was, it was wrong 'cause I actually picked it up on a photo before it had happened but we had fixed that and it did deserve to be knocked back 'cause it wasn't right.

So at least to this extent Mr Buckley on this occasion was actually picking up something that you regarded as legitimate?---Totally and utterly, yep.

40 I draw your attention to paragraph 24 if you have a look at that in your statement. I'm taking you to 27 August, 2009, that's the final inspection at the Tennyson Road, Mortlake job that we're talking about?---Yes.

You were at the site on that day?---Yes.

The final inspection was over pretty quickly, there were minor matters and he left in his truck. Can I ask that you have a look at a transcript of a conversation, I think you were in court you heard, it's P21. I think you heard this earlier?---I did hear it, yeah, and I do remember it. Thank you.

And I just want to, just a slight peculiarity. Just going back to your statement you say at 26, "I was thinking about whether or not I should give him some money" and you decided to pay him because it was liable to bite him later. Just when you look at P21 it seems that after he left the site Mr Buckley rang you and said, Do you want me to come back over or do you want to meet me off site?---I think I left him a message first.

I see. I see. So it's consistent then with paragraph 26?---That's right.

10 You were having that thought, you got on the phone, left a message and this is the return call?---I'd say so, yep.

I understand. Was it usual for inspectors to ask to meet off site?---No.

Had it ever happened to you before in all the time that you've been involved with (not transcribable)?---No, unless we were meeting at the depot to get plans or something but I don't even remember doing that so, but no, I've never been asked to meet off site.

20 And you say in paragraph 27 you think you gave 150 or \$200 to Mr Buckley, having reflected on the matter have you got any better recollection?---No, I haven't, they asked me at the time and I, I couldn't give an honest answer to whether it was 150 or 200 but I know it was at least 150 but not more than 200.

And when you say, "was liable to bite you later" you had in mind that it would be an exercise of official power by Mr Buckley which would be detrimental to you and Perfect Pipes if you didn't pay him money?---If, yeah, if we did jobs in the area in the future it might've been unfavourable decisions like at Juno Parade.

30

And I think in paragraph 28 and 29 in fairness to you, Mr Devereux, that you knew when you paid him the money it was wrong of you to do so but it's certainly wrong of him to ask for and accept payment?---Yep. Definitely.

And you regret doing so?---Absolutely regret it.

40 Can I just try and, we've tied down the date of the Breakfast Point job but just to refresh your recollection can I show you a document being a sewer main connection report about Juno Parade just to try and get the date sequence correct?---Yep. I'm not going to be able to remember the dates but - - -

Well, let's have a look and see?---Yeah, sure. Thank you.

And it may be that all this does is give us parameters of it happened between dates buy that's fine?---I'll do my best.

Pre-connection you'll see that there's a signature of Mr Buckley dated the 29<sup>th</sup> of the 4<sup>th</sup> although in handwriting it's written 15/5/09?---Yep.

And then for the connection report two dates 7/5/09 and 15/5/09?---Yep.

And at the bottom 2 June, 2009?---Yep.

Having seen this document does it assist your recollection of the date on which you made the \$100 payment to Mr Buckley?---Sorry, no.

10

Is it likely it was between the beginning date 24 April and 2 June, 2009?  
---Yes, I would, again - - -

I tender that document, Commissioner.

THE COMMISSIONER: Yes. The sewer main connection report relating to Juno Parade is P75.

20 **#EXHIBIT P75 - COPY OF SEWER MAIN CONNECTION REPORT FOR JUNO PARADE, GREENACRE**

MR PAYNE: I have no further questions for Mr Devereux.

THE COMMISSIONER: Mr Lee?

MR LEE: Yes, thank you, Commissioner. Mr Devereux, you understand that I represent Mr Buckley?---Yes.

30

Can I just ask you some questions about the job at Juno Parade in Greenacre. You gave us some evidence about installation chambers there?  
---Yes.

Do you agree that the, in relation to the installation chambers the channels had dipped and they were holding water?---No.

You don't agree with that?---I, I didn't see them the first time but the next time they weren't holding any water.

40

But you don't have any knowledge about the first time an issue was raised in relation to the installation chambers whether or not they were holding water?---I wasn't, I didn't see them.

Do you agree that if they had been found to be holding water that that could mean that debris can build up?---Depending on the amount, yes.

And if debris builds up it can block the hydraulic flow of water?---Could do.

And that's a legitimate basis to raise an issue and issue a CAR?---Yes.

You said that you disagreed with Mr Buckley's assessment about the installation chambers when you went there for the second inspection?---Yes.

Is it the case that if you had a disagreement with his assessment that you could take that issue up with supply management at Sydney Water?---I guess so, yeah.

- 10 And is it the case that if there was an issue raised that Sydney Water's waste water operations could make a ruling about the assessment made by Mr Buckley within a day?---I don't know if it'd happen in a day, that was the problem, like we were already way behind schedule until that was sorted and we couldn't move forward and it could have, I, I would have assumed it would take a lot more than day.

But if an issue was taken up with Mr Buckley's assessment Sydney Water's waste water operations could make a ruling effectively overruling it?---They could, yes.

20

Nothing further, Commissioner.

THE COMMISSIONER: Mr Stevenson.

MR STEVENSON: Mr Devereux, you've been in the hearing room for a few days and you've heard the questions I've asked other people?---I have.

I need to ask you the same ones?---No worries.

- 30 Perfect Pipes every year enters into a Developer Infrastructure Provider Agreement?---Yes.

Now, you tell us in paragraph 5 of your statement that in fact the company's owned by your sister?---That's right.

And it would follow from that that you do, do you with your sister execute each year the Developer Infrastructure Provider Agreement?---Yes. I, I don't, yes.

- 40 And you understand that it contained a promise by Perfect Plumbing to behave ethically?---I imagine it does, I would have, yes. I don't remember reading it but I know, and that, I do know that that would be and it should be the way everyone should act everywhere.

You say it goes without saying that - - -?---Exactly, yes.

- - - an accredited constructor would act ethically in the services - - -?  
---Definitely and I always try to.

And shouldn't offer a bribe or other moneys to Sydney Water employees?  
---That's right.

And I think from what you've said you're happy to acknowledge that it was improper of you to make those payments?---Yes.

And you've explained the circumstances in which you did?---I don't feel that it was a bribe but I feel more like I was coerced but - - -

10 If we look at one bit of your evidence, paragraph 25 and 26 you talk about the money paid I think at the (not transcribable) Road property?---Yeah.

Am I right (not transcribable) by the time you decided you should pay some money to Buckley that he, that the inspection had already been passed?  
---That's right.

And is this right, that the reason you thought you would make a payment to him was as a precaution, it was a sweetener?---If we did more work in that area and I was actually, after that I obviously wished I didn't because I was  
20 intending never to be working there again while he was inspecting.

That's right. And you've done work outside the inner west areas that Mr Buckley was involved with?---Yes, that's where we've always, that was the only time I'd ever worked there in those couple of jobs and every other time I'd been outside of that area.

Do you tell the Commissioner do you that in all the other circumstances in which you've dealt with Sydney Water inspectors you've not ever been - - -  
30 ?---I've never had any problem, I've always found all of them to be helpful and never had, certainly never had to pay any money.

All the other inspectors behaved so far as you could see fairly and honestly?  
---Yes.

And none of them ever suggested that they should meet you otherwise than either on the site or at an appropriate Sydney Water depot?---No, they did not, they did not.

40 Thank you.

THE COMMISSIONER: Mr Devereux, have you worked with the PIAS inspectors?---Not much. The other, some other people in the company do.

Have you ever paid them?---No.

Yes, thank you, you're excused.

**THE WITNESS EXCUSED**

**[10.53am]**

MR PAYNE: I call Mr Kennedy.

THE COMMISSIONER: Mr Kennedy. There doesn't appear to be a Mr Kennedy. Mr Kennedy, are you legally represented?

MR KENNEDY: No.

THE COMMISSIONER: No, please take a seat. I'll ask you the same question I asked Mr Devereux, you've heard I've made these - - -

10

MR KENNEDY: Yes.

THE COMMISSIONER: - - - objection, the orders relating to objection, you want me to make the same for you as I've made for everyone else.

MR KENNEDY: Yeah.

THE COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act I declare that all answers given by Mr Kennedy and all documents and things produced by him during the course of his evidence at this public inquiry are to be regarded as having been given or produced on objection and accordingly there is no need for him 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 MR KENNEDY AND ALL DOCUMENTS AND THINGS PRODUCED BY HIM DURING THE COURSE OF HIS EVIDENCE AT THIS PUBLIC INQUIRY ARE TO BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON OBJECTION AND ACCORDINGLY THERE IS NO NEED FOR HIM TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT OR THING PRODUCED.**

30

THE COMMISSIONER: Do you wish to give your evidence under oath, Mr Kennedy?

40

MR KENNEDY: Under oath, yeah.

THE COMMISSIONER: Mr Payne.

THE COMMISSIONER: Mr Kennedy, what's your full name?---Gerard John Kennedy.

10 And you're associated with a company Alt, A-L-T Constructions which is an accredited constructor for Sydney Water?---That's correct, yeah.

And you've participated in a compulsory examination before this Commission on 27 August this year?---Yes.

And you've had a chance to look at a transcript of that recently?---Not recently, no.

20 I'll show you, show you the document. Commissioner, I tender that transcript.

THE COMMISSIONER: The transcript of Mr Kennedy's compulsory examination on 27 August, 2010 is Exhibit P76.

**#EXHIBIT P76 - TRANSCRIPT OF EVIDENCE GIVEN IN MR KENNEDY'S COMPULSORY EXAMINATION**

30 MR PAYNE: Just to assist you, Mr Kennedy, you'll see on the bottom right-hand side of the transcript that there is a page number?---Yeah.

254PT is the first page and if you turn over the page you'll see there are line numbers down the left-hand side, 10, 20, 30, 40 et cetera. Can I take you first of all to page 260PT and you're asked some, first asked some questions there about a job at 97 Queens Road in Five Dock?---Yes.

That was a job where you were involved at the accredited constructor and - - -?---Yeah.

40 - - - Mr John Buckley was involved as the inspector on behalf of Sydney Water?---Yes.

And was that the first time that you'd worked with Mr Buckley?---That's the first time, yeah.

Did you know anything about Mr Buckley prior to meeting him in this job? ---No, this was the first job we'd have done on a direct basis to any developer.

I see, because prior to that your company was involved in subcontracting work?---That's correct, yeah.

So that there'd be a head contractor if you like who'd be responsible for the dealings with Sydney Water?---They were dealing with Sydney Water, yeah.

10 And so this is, although you were an experienced constructor if I can put it that way, this is your first experience at dealing directly with the inspectors?  
---That is correct.

What was your involvement with Mr Buckley, can you explain to the Commissioner your involvement with Mr Buckley when you first met him then on this job at Queens Parade?---Everything was, there wasn't any problems.

And did he issue you with any CARs?---No.

20 Did he raise any issues with your work in relation to Queens Road?---None.

You paid Mr Buckley cash of \$300 though, didn't you?---Correct, yeah.

Can you have a look at page 264PT and I just want to ask you some questions about - - -?---264.

30 - - - your answers there. Just starting at the top of the page, did you yourself ever offer Mr Buckley anything, any gifts, yes, and that's \$300 as you just told me a moment ago?---Yeah.

And you said you wanted to explain the reason there. Can we just go through that together and the reason starts at about line 13, what is the reason. You say the reason you offered him money, Remo, the company we were doing the job for, so that's the developer on the - - -?---Yes.

- - - 97 Queens Road site you're talking about, was concerned that the developer was going bankrupt?---Yeah.

40 That's what you're intending to convey by that answer, your concern was that the person you had the contractual relationship with, namely the developer, was going bankrupt - - -?---That's right, Remo.

- - - and you'd end up as an unsecured creditor in some liquidation, was that the - - -?---That's correct, yeah.

And you took it upon yourself to ask Mr Buckley if he had any advice about what you could do, what, to obtain payment early before the liquidation. Is

that, is that the advice you were seeking from him?---Yeah, to see where I stood, yeah, what exactly or how I could - - -

Do you think Mr Buckley had some influence with the developer?---I don't think he had any influence with the developer, no.

10 Just, just if you could, just, you say you had a conversation the way you could try and get money out of Remo. Doing the best you can, what did you ask Mr Buckley and what did he tell you?---Just exactly, yeah, where, where did I stand, what could, what could I do in order to get paid of anything.

And what did he say?---Well, I'm not quite sure whether he said, but we both arrived at maybe if I wasn't to complete, you know, totally complete the job, leave a little bit undone, that perhaps it might be some way I get in power to get, to get paid perhaps. But I think at that stage most of it was done.

20 So Mr Buckley's suggestion to you was that you not complete the sewerage connection to the Sydney Water sewerage system, leave something- - -?  
---Something- - -

MR LEE: I object to the question, Commissioner. As I understand Mr Kennedy's evidence, he didn't say that Mr Buckley suggested anything to him, they said, he said that they had a conversation and they both arrived at a conclusion.

THE COMMISSIONER: Mr Payne, if you can put it a different way.

30 MR PAYNE: Perhaps I can put it another way?---Yeah. I think I'd be wrong to, to (not transcribable)

THE COMMISSIONER: It's all right, Mr Kennedy, you will be asked another question?---Okay.

MR PAYNE: I'll ask you another question. You paid Mr Buckley \$300 on this job?---Right.

40 And in this answer on page 264PT, what you were trying to tell the Assistant Commissioner who was receiving the evidence on that occasion, is you paid him \$300 because you thought he had given you valuable advice. Correct?---Yeah.

What was the valuable advice you say you were paying him for?---Just that discussion that we had ah- - -

THE COMMISSIONER: Well, what was the advice he gave you?---Ah, probably to, to just, yeah, I suppose if we didn't finish that last little bit perhaps that we might have something that we can- - -

I don't understand, Mr Kennedy?---The, the final- - -

What was the advice he gave you?---The final connection.

I beg your pardon?---I don't, I just, I can't remember Mr Buckley saying the, you know what I mean, it was a conversation that I think perhaps it was I who said ah, look, if I didn't complete the final connection would it be of any effect to me or where did I stand, would Sydney Water make me do the  
10 final connection?

And what did Mr Buckley say?---Ah, he said it might help a little bit, I think, it probably would help.

And for that you paid him \$300?---Between that and it was Christmas anyhow.

Is that a serious answer?---Yes.

20 You didn't pay him the \$300 for something else?---I didn't. There was no, there was, the job was fairly straightforward and most of it was bracketed to the wall.

So this is really legal advice he was giving?---Well, like, it was just advice.

MR PAYNE: Who as you understood it was footing the bill for Mr Buckley to come to the site and inspect your work?---Sydney Water I would imagine, is it?

30 And Sydney Water would recoup from the developer, wouldn't they, for, if Mr Buckley had to go out on, on additional occasions?---I wouldn't, I'm not sure.

Well, it didn't occur to you that if you were agreeing with Mr Buckley that you wouldn't finish that he'd need to come back on another occasion and look at your work when finally it was connected? That never occurred to you?---Ah, it didn't, but probably if that had have happened that could be the case, but it, as it turns out, the job went on and was finished as we done it.

40 Well, I thought what you told me was that the advice you paid him for was that you shouldn't finish the job, thereby giving you bargaining power to get money from the developer and that Mr Buckley would then come back later once you had finished it and inspect it. That was the advice he gave you, wasn't it?---I, I can't say it was. I asked him if, if that would be any advantage to me and I think he just shrugged his shoulders, didn't, didn't really say yeah, do that or not.

Did it occur to you that agreeing with, with, with a public official that he come out on additional occasions might cause expense either to Sydney Water or the developer or both?---Ah, at the time it didn't but ah- - -

Well, it's obvious, isn't it, Mr Kennedy?---It was our first job and I wasn't ah, familiar with- - -

10 But it was obvious to you at the time, wasn't it, Mr Kennedy, that, that, that you, you were agreeing with Mr Buckley that he would, for the payment of \$300, cause his employer to pay him to come out on an unnecessary occasion and perhaps the developer would actually have to foot the bill for that?---No.

It never crossed your mind?---No.

You say that it didn't happen in the end. So you say, do you, that you did complete the job on time?---Yeah.

20 And were paid by the developer?---Ah, not in full. As it turns out, they did go into bankruptcy before they had me completely paid.

And what, the payment was (not transcribable) back as a preference, was it? ---Was it ah- - -

Did some liquidator write you a letter and make you pay it back?---No, they, they still, there was six thousand that I didn't get.

30 I see. So they made a, they made a part payment but they didn't complete payment for the work before they went into liquidation. Is that what you're saying?---Yeah.

When in the sequence of obtaining this advice and finishing the job was the payment of \$300 made? I think you say here, just in fairness to you, that it was either 16 or 23 December, 2008. Was that the occasion when the job was actually finished or not?---The job I think was completed in the first week into the next year, after Christmas.

In '09?---Yeah.

40 So you made the payment to Mr Buckley before Christmas- - -?---Yeah.

- - -when it was still a possibility you were going to leave the job unfinished. Is that what you say?---Consideration, that's all.

And how did you go about paying him, did you say, thank you very much for, for, for the terrific advice, John, here's \$300 for your advice?---No.

Did you do it in public?---Ah, at my truck.

Did anybody else see you?---No.

Did you take care to make sure that nobody else saw you?---Not really, I just ah, he signed the, he signed his ah, visiting book and that's when I gave him the money.

10 You, you thought it was a payment for valuable services rendered, did you?  
---Ah, being as it was Christmas and ah, as a, as it turns out, well, I didn't know at the time, but they had another job that they were hoping that we would complete as well.

Who is they?---Remo.

They had another job that they were about to offer you?---They had, it was probably, yeah, they, they wanted us to do it.

20 Yes?---But ah, needless to say, as soon as I got my money off them I wouldn't do it for them.

THE COMMISSIONER: Did you get a receipt for the \$300?---No.

Why not?---I just didn't. No reason.

MR PAYNE: Did you claim it as a tax deduction?---(NO AUDIBLE REPLY)

You're shaking your head?---No.

30 That means no, does it?---No.

If it was a Christmas present, why don't you pay inspectors every Christmas a bonus like this?---I, I was never dealing with inspectors. That's my first time to deal with inspectors.

Well, since that time you've dealt with inspectors, haven't you?---No. I was- - -

40 This is the only occasion that you- - -?---That's the only job.

- - -you've ever dealt with directly an inspector?---Yeah, that's the only one.

I want to suggest to you, Mr Kennedy, that it was obvious to you when you made the payment to Mr Buckley that that was so that he would exercise a favourable discretion to you and agree to come out on more occasions than was necessary to inspect the work. Do you agree?---There was only the one more visit required.

And the payment was to ensure that he came out an additional time than he would otherwise be required to do. Correct?---No. I think after there was only one more visit, the final, the final visit.

Are you a licensed plumber?---No.

So you've never had anything to do with the PIAS inspectors?---No.

Nothing further for this witness.

10

THE COMMISSIONER: Mr Lee?

MR LEE: Yes, Commissioner.

Mr Kennedy, you understand that I represent Mr Buckley?

---That's correct. Yeah.

In relation to this job at Five Dock you didn't find Mr Buckley to be unreasonable, difficult to deal with?---No, at no time.

20

He never made any suggestion to you that he wanted something from you?---No.

And do I take it that you never got the impression, sorry, I'll withdraw that. This, as you've already said was your very first job where you had to deal with Mr Buckley?---Right.

Do I take it that you never got the impression from his behaviour that he was grooming you to pay him money if you came across him for future jobs?---No.

30

Bob Pascoe was the Water Servicing Coordinator for this job?---That's correct. Yeah.

You never had a conversation with Mr Pascoe in which you said to him words to the effect, John turned up at the site and we kept him happy. Is that correct?---No.

Nothing further, Commissioner.

40

THE COMMISSIONER: Mr Stevenson.

MR STEVENSON: Mr Kennedy, you offer two reasons for the payment you made to Mr Buckley?---Yeah.

That is, the first is to pay for the advice you say he gave you?---(not transcribable) we had the conversation we had, yeah.

And the second is because it was Christmas?---Yeah.

But neither of those reasons is the truth is it?---It is.

You're not candid to the Commissioner are you?---No, that is the truth.

10 The true reason I suggest, the obvious reason is you wanted to carry favour with Mr Buckley in case your paths crossed again in the future. Isn't that the truth?---I don't think so, no, because like I said we have done more work since that and the possibility, the chances of coming across him again was slim.

But it was a sweetener wasn't it just in case you came across him again?---I didn't look at it that way to be quite honest.

But that's the truth?---No.

20 As an accredited constructor you entered into a developer infrastructure provider agreement every year that you were with Sydney Water?---Yeah.

And you understand don't you that one of the promises you make in that agreement is to behave ethically?---Yes. Yep.

In accordance with Sydney Water's Business Ethics Guide?---Yep.

You understand - - -?---Yeah.

30 - - - that was involved in that promise amongst other things was to not make payments to Sydney Water employees?---I didn't look at it as a bribe, as a present at Christmas. I got nothing, I got nothing in return for it. There's no favours done. Mr Buckley done me no favours. And I didn't look at it as a bribe.

Well what I asked you, you understood that part of what you promised you wouldn't do is to make payments whether you call them bribes or not, payments to Sydney Water employees. That's right?---That's right. Yep.

40 And when you made the payment to him did you think there was anything wrong with it?---I didn't or I wouldn't of done it. I didn't honestly think there was anything wrong.

Did you say I wouldn't of done it if you thought it was wrong?---Yeah. I didn't think there was anything wrong with giving him money at Christmas.

Do you say do you that it's only occurred to you since the Commission interrogated you that you thought something might be wrong with it?---That I what?

Do you say, do you tell the Commissioner that it was only when the Commission first interrogated you a few weeks ago that it occurred to you that there might be something wrong in making the payment to Mr Buckley?---Just, yeah, recently, yeah. I probably know I probably shouldn't of done it because I'm here.

Well, you probably shouldn't of done it?---Probably.

And you knew that was (not transcribable)?---I don't think of it at the time.

10

THE COMMISSIONER: Yes, thank you Mr Stevenson, you're excused.

**THE WITNESS EXCUSED**

**[11.13]**

MR PAYNE: Commissioner, I call Mr Vecchio.

THE COMMISSIONER: Yes, you may be seated Mr Vecchio.

20

MR VECCHIO: Thank you.

THE COMMISSIONER: Mr Di Gregorio, do you want me to make a Section 38 order?

MR DI GREGORIO: (NO AUDIBLE REPLY)

30

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

40

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

Do you wish to give your evidence under oath?

MR VECCHIO: Yes, your Honour.

THE COMMISSIONER: Would you swear Mr Vecchio in, please.

THE COMMISSIONER: Mr Payne.

MR PAYNE: Mr Vecchio, what's your full name?---Anthony Vecchio.  
Anthony Vecchio.

10 Yes, thank you. And you participated in a compulsory examination before  
this Commission on 25 August, 2010?---Yes.

I'll show you a transcript of that examination. Commissioner, I tender that  
transcript.

THE COMMISSIONER: The transcript of Mr Vecchio's compulsory  
examination on 25 August, 2010 is Exhibit P77.

20 **#EXHIBIT P77 - TRANSCRIPT OF EVIDENCE GIVEN IN MR  
VECCHIO'S COMPUSLORY EXAMINATION**

MR PAYNE: Mr Vecchio, who is your current employer?---The office of  
Fair Trading.

And for many years prior to that I think from, well you tell me, for how long  
prior to that were you employed by Sydney Water and its predecessor?  
---1968.

30 And you were a P&D or PIAS inspector from what date?---From, from,  
sorry, it was '78 not '68.

I see?---And I was a, I got an inspectors position in 1979.

I see. So just to assist you if you can turn in the document of the transcript  
which is, it's P77 to page 182 pt in the bottom right hand corner?---182 pt.

40 You wish to correct that answer. You commenced working for Sydney  
Water in '78 rather than '68 did you?---Yeah, sorry. 1968 I was still at  
school.

I see. And so shortly thereafter you became a P&D or PIAS inspector?  
---Yes.

And you were, you were inspector in the P&D or PIAS division all the way  
through from 1979 until February or March this year - - -?---This year.

- - - when you were transferred across to the New South Wales Department of Fair Trading?---Yes.

And throughout that period although the regulatory and legal background changed, you were essentially responsible for inspections on behalf of Sydney Water of smaller either residential or smaller commercial connections with the Sydney Water water and sewerage system?---Yes.

10 And plumbers work would be inspected by you and either approved or not approved?---Yes.

And you would attend on site?---Yes.

And actually inspect the work yourself to make sure it was in accordance with the relative, the relevant regulatory framework?---Regulations, yes.

And for many years now that has been the New South Wales Sewerage Code?---Yes.

20 And it's against that code that PIAS inspectors or your role specifically identified as being the one who says yes or no - - -?---That's correct.

- - - in Sydney Water's area?---Yes.

You say just to orient yourself at the bottom of page 182 pt that I'd drawn your attention to at about line 44. Inspections would cover backflow prevention, contamination of water between water and sewer and you do factory, schools, farms et cetera. But they would be the smaller connections - - -?---Yes.

30 - - rather than these major infrastructure projects that, that as you understand it people like John Buckley were responsible for inspecting?---Yes.

Do you know Mr Buckley, Mr Vecchio?---No. I've heard of him but no, I don't know him. Like I've never met him personally.

So there's no professional interaction between you in all that time at Sydney Water?---No.

40 In your role as a P&D and then a PIAS inspector, we're going to concentrate on that rather than the period with the New South Wales Department of Fair Trading, where were you based?---In various offices throughout Sydney.

Doing the best you can identify - - -?---The various offices. I was in Wollongong for about 18 months. In northern districts for, for a while. In the Ryde (not transcribable) Hornsby area for a little while. And then they would change you ever two to three years in different areas throughout your term.

And in each of those areas that you've described for me were you the only P and D or PIAS inspector or were there a group of you?

---There's a group of us in an office.

And concentrating on say the last four or five years prior to your move to Department of Fair Trading you were based where?---Liverpool and the Five Dock office.

10 And in those places there were other inspectors?---Yes.

Mr Fayers?---Yes.

You had worked with him for many years?---In an office, not really because we would get transferred around.

I see. But you knew him well?---Not very well, no, he's just in the office.

What about Mr Rogers?---Yes, I know Mr Rogers.

20

Did you work together with him over the - - -?---Yes, the same, we were in different offices at different times.

Until very recently it was the case wasn't it that as a P and D or PIAS inspector these inspections that you've been telling us about you'd be the only person on the site, you wouldn't travel with another inspector would you?---No.

30

So it would be just you and the licensed plumber and whoever was working for the licensed plumber?---That's correct or his employee.

And can you explain to the Commission as it's developed over time how you were allocated your work, which jobs you got and how did you know how to get there?---Prior to the centralising booking about two, two and half years ago a plumber would ring you direct and you would make a booking and go to the job but you made a mutual time and date.

40

Just explain that to me. If I'm a licensed plumber and say you're in the Liverpool office and it's before the centralised booking system how do I know that you Mr Vecchio are the person I should ring?---Well, there was a list with a name and a phone number and suburbs of the area that you did at the time.

I see. And was it the case that you would develop relationships with particular plumbers so if they were doing a lot of work in Liverpool and they knew you they would ring you and ask for you to come out and inspect the work?---Yes, but you, you don't see the same person every week or

everyday or, you know, you might see him once every two, three months, four months. It's not that you see them everyday.

There were a number of licensed plumbers though weren't there that you dealt with on many, many occasions over many years?---Yes, there was. Yes. Yes, areas.

And before, and I'll ask you about the centralised booking system shortly? ---Yes.

10

But before that was introduced the people that you had regularly dealt with would ring you up?---Yes.

You would be in effect their inspector of choice?---That's, well, I wouldn't say an inspector of choice but the inspector for the allocated area that you were allocated to.

20

But there were a number of people in the office, there were a number of plumbers and I'll come to some in some detail who you would've dealt with for many, many years?---Yes. But I don't follow the question. There was an area that you did with a phone number and a phone that you were allocated 'cause when you changed an area the phone stayed with the area you didn't take it with you so it's, it's just when you were in an area a plumber would ring you, you'd make the booking and you would go to the job.

THE COMMISSIONER: Would only one inspector be allocated to one area?---Yes.

30

MR PAYNE: So you would have, even though there will be a number of P and D or PIAS inspectors in the office you would have particular streets that were yours and yours alone. Is that what you say?---Well, they went by municipalities.

You would have municipalities which were yours and yours alone?---Yes. Yes.

40

And when you were contacted the plumber would ask you to come at a particular time?---You'd make a mutual agreement with what time he would be ready to have the work inspected.

Yes. We'll come to particular licensed plumbers in a moment but I want to ask you some questions about the centralised booking system?---Yes.

You said that was introduced about two and half years ago?---Two and a half years ago.

As you understand it that was an initiative of a Ms Hiddlestone who was brought in to head the PIAS inspectors at about that time?---Yes, around about that time.

Or perhaps a little earlier?---A little earlier, yes, of course.,

But she introduced that system?---Yes.

10 Was it ever explained to you by her or any of your other supervisors why?  
---They were going to a centralised electronic system.

Did anybody say anything, anybody within Sydney Water, that is, say anything to you about any potential undesirable aspects of the earlier system?---No.

20 With the centralised booking system can you explain to the Commission how that works?---A plumber rings a centralised number and the, they just allocate then the jobs to an inspector and you'd go to that job which we, we were given a, what's called a tablet, a computer and you were, you would work through that computer and not every, every, like everyday would be different, one day I'd be in the Eastern Suburbs, another day I'd be out west, that's the way it operates.

And so the centralised system as you've experienced it anyway is quite different to the old municipal system?---Yes, very, very different, yes.

30 Because you're moved throughout areas and you have no, but there is no selection process on the licensed plumber side about who (not transcribable)?---Who you see, yes, that's correct. And it's all done through the centralised system and the job is allocated to you on the computer.

And what about the time at which you are to attend under this centralised booking system, are you told the time or is (not transcribable) - - -?---Yes, you're given the - - -

- - - negotiation?---No, no, you are given the times, the address, the name of the licensee and phone number.

40 As you understand it how does the licensed plumber get themselves in the queue for a booking with a PIAS inspector?---Well, they, they ring up this 1-300 number and it's allocated through the office.

And as you understand it can they request particular times or they - - -?---I don't know whether they can request particular times but that's the understanding I have that they ring up and you, and they allocate a time and then they allocate the job to, to an inspector.

And just then to complete the picture now that you've gone to the Department of Fair Trading there is a centralised booking system in place?  
---Yes.

And the Department of Fair Trading and the inspectors for plumbing services there are moving to a much more of an audit system?---Yes, there is an audit system in place.

10 So that you don't go out to every job - - -?---No.

- - - but the licensed plumber submits work and a number are selected for audit - - -?---That's correct.

- - - by inspectors - - -?---No, no, no, the audit system is picked by the computer, I don't know how it's done and they allocate work to you but the audited inspections there's sometimes no one, no one goes to or they might take it out of the audit system and give it to an inspector.

20 So are there, is there someone checking your work or checking the plumber's work or both in this audit system?---No, in the audit system, an, an ordered inspection no one goes to it, no one may go to it.

I see?---Right.

And so the computer selects which jobs you go to now, you don't go to all of them, you just go to those that the computer says - - -?---Yeah, the computer selects for you to go, that you're allocated to.

30 Right. I see. All right. I want to ask you some questions, Mr Vecchio, about your period going right back to the beginning in 1979 right up to the time you moved to the Department of Fair Trading?---Yes.

Just some general questions and then there's some specific ones?---Yes.

Generally I want to suggest to you that over that entire period from 1979 to the time you moved to the Department of Fair Trading you have accepted cash payments from licensed plumbers or their employees on many, many occasions?---Yes.

40 And the amounts that you have received have varied, sometimes as small as \$5?---That's correct.

You accepted \$10, \$50, as much as \$120?---No, not 120, maximum and it's very rare \$100 and that's at the end of a job after you've, you know, you've seen it and if they have offered it and I say, Look, it's not necessary but - - -

You take it anyway?---Well, if they, they say, look, this has got nothing to do with passing the job, it's just appreciation, I take it as just a, a gesture of good will gesture.

THE COMMISSIONER: Has this been going on for a long time, Mr Vecchio?---Well, as far as I know, yes.

From the time you started?---Yes.

10 And just general practice, is it?---That's what in the early stages I was led to believe.

By whom?---Well, other inspectors that ah, you know, and some (not transcribable) offer it, offer it.

And the other inspectors, they told you that this is what happened?---Well, the, you know, it is a general thing that if you, you know, you don't, you don't pass work that's not correct, just at the end of a job if they offer something it wasn't- - -

20

You take it?---Yeah.

And has this been going on since before 1978?---Well, I don't, I don't know.

Well, when you arrived in 1978 it was entrenched?---Yes, yes.

And it has remained entrenched ever since?---Well, as far as I know, yes.

30 And it applies to all inspectors, as far as you know?---Well, as far as I know. Who, you know, who accepts them, who doesn't, I can't really, you know, specifically say.

MR PAYNE: You're aware though, aren't you, from discussions with other inspector that it is a regular feature of the culture of the PIAS inspectors that cash payments are made by licensed plumbers. Correct?---Well, it was, it was just an ongoing thing I suppose, but it's not on every job or everyone that offers anything. It's not, not a, a mandatory thing that I don't, you know.

40

THE COMMISSIONER: I understand from your evidence that you don't ask for it?---No.

It's just offered?---Yes.

And when it's offered, it's accepted?---Well, I always say, "Look, it's not necessary."

Yes?---And, and they say, look, it's only just for a drink or a tip and, you know, in appreciation, not, not that it's to- - -

And, Mr Vecchio, how is it paid? What's the typical, a typical scenario?  
---Oh, usually they just, just when you go, when you finalise the work they just give you \$5, \$10, you know, 20.

Are other people there when they do it?---No. Usually you're there only with a licensee or just when you meet the plumber there.

10

Do they, is the money put in an envelope?---Not all the time, no.

Sometimes?---Yeah, sometimes it's in an envelope, sometimes they just give it to you like that.

Sometimes it's wrapped up in paper?---Oh, even with a, with a, a ah, paper, yeah, or a Certificate of Compliance that they've got to give you at the end of the job.

20 So there's an attempt usually to conceal it?---Yes.

Why do you think that is?---I don't know, Your Honour.

Mr Payne?

MR PAYNE: Mr Vecchio, I want to take you though a number of specific examples?---Yes.

30 But I want to stay for the moment with this general practice. And again dealing, 1979 you arrive, right up to the time you've moved- - -?---Yes.

- - -to the Department of Fair Trading. Can I take you to 186PT, which is - - -?---186.

- - -an explanation you gave during your compulsory examination, at the top of the page.

THE COMMISSIONER: Sorry, what page is that?

40 MR PAYNE: 186PT. I suppose just to pick it up, the question's at 185PT at the bottom?---185?

Yeah, at the bottom of the page just going over to the top of the next page. I'm going to ask you some questions about the next page. You say they offer you 5, 10, \$50- - -?---Yeah.

- - -on appreciation et cetera. And then you say, because you went there early, and then you say 'cause- - -

THE COMMISSIONER: Where is that?

MR PAYNE: At the top of page 186. He's asked the question at the bottom of 185.

THE COMMISSIONER: Went there early. Mmm.

10 MR PAYNE: That maybe you went there early and then caused to backfill but not, not as a payment to pass defective work- -?---No.

- - -and that's not warranted. Now, that's the answer you gave at the time?  
---Yes.

I want to pick up with you two aspects of that?---Yes.

20 The first is, if you went there early, I want to suggest to you that, that that's doing a favour for the plumber?---No, not necessarily. Sometimes during the day you had more time in between appointments and you arrive early and there are times that you arrive late. It's not, not a, a special favour to, you know, to ah, to, to anyone. It was just- - -

THE COMMISSIONER: Were you sometimes asked to come early?  
---Sometimes you're asked to come early because it- - -

And would you then sometimes comply with that?---Well, if there was available time during the day.

30 You would?---Yeah, you would. If not, you just, you allocate a time and you might be 10 or 15 minutes late.

There's an element of discretion in there for you, isn't there? I mean, if someone asks you to come early you can decide, yes, I'm coming early and yes, well, no, I'm not coming early?---Well, it depends on the day, as I said, what you had on.

Yeah. If you had time- - -?---Yes, well, you can go out and- - -

40 - - -where you're not busy. I mean you, I take it there are number of things you can do. You can go to your doctor's appointment, you can go and visit the plumber, you can go and visit your family or you can do nothing, because you haven't got anything to do. You can choose what you do?  
---Well, when, before the centralised booking, if I went to job early and I didn't have much work, I would go back to the office and complete paperwork.

Yes?---Mmm.

But you, it is open to the inspector- - -?---Yes.

- - -to actually choose what to do in- - -?---Yes, it was, yes.

That is in the spare time available?---Yes.

And sometimes you would choose to go to visit the, the job that the plumber asked you to go early to?---Well, sometimes, yes.

10 Mr Vecchio- - -?---Yes, Commissioner?

- - -this, and you said this really is a, is this throughout Sydney, this, this practice?---I don't know, Your Honour.

So what areas, it's the areas in which you've worked?---Well, the areas that I've worked, if I've been able to go earlier or on time or sometimes late. It just varied.

20 What areas have you worked in?---I've worked in the eastern suburbs, in the northern suburbs, I've done the city here, the Ryde area, Hornsby, depends. Wherever they, they allocated me.

And the same practice applies in every one of those areas you've mentioned?---Yes.

And do your superiors know about this, Mr Vecchio?---Ah, I don't know.

30 Do you think this can go on for more than 32 years without your superiors knowing?---I don't know, Commissioner, whether they- - -

Has anyone ever spoken to you about it?---No, 'cause your area was left to you to, to run.

And some of your superiors, have they been inspectors?---Yes, they would have to be.

So they've all been inspectors?---Yes.

40 So who are your, what, what, what are they called, what's their office called, your superiors, people who are not inspectors but who you report to, what are they called?---Ah, well, they, they've got various names. Over the years they've changed, but they used to be senior inspectors, officer in charge of the area, of the office that- - -

And to get into this position they would have had to have been inspectors? ---Yes.

And so they would have had to have known that this practice was going on?

---I would say so, Your Honour.

MR PAYNE: Can you please name for us people who are senior to you in the hierarchy in the P and D or PIAS department who had been inspectors?  
---Now or before?

Well, just do the best you can, over the last five years in the, in the range of superiors to you in PIAS- - -?---Right.

10 - - -who have been inspectors?---Okay. Yeah, there would be, like, Bill Angus, Rick Johansson was a, one of our ah, senior officers, managers.

And he'd been a PIAS inspector or P and D inspector?---Oh, P and D inspector, well, P and D and PIAS.

Same thing?---Yeah, 'cause it's changed from P and D inspector to PIAS inspector.

Oh, I see?---Mmm.

20 So it's the name that's changed, not, not the essential duties, nor the- - -?  
---No.

- - -practice of accepting cash payments?---No. Well, neither.

Those two people. Anyone else?---We had ah, he passed away now, Jim Scott, oh, who else, yeah, I just can't think of them at the moment. But most of them are retired.

30 I see. And your most recent immediate supervisor at PIAS before you moved to Fair Trading was who?---Steve Sharp.

Had he been an inspector?---Yes.

THE COMMISSIONER: How are you, how do you get a, how do you, how many of these, sorry, let me start again. Steve Sharp, what's his position?  
---He's the manager of the inspectors.

40 So is he the, is there anybody between him and the inspectors?---No.

And is there only one manager?---No, there's, there's a few managers there for different areas.

For different areas. And they've all been inspectors?---Yes.

And who supervises the managers?---That I couldn't tell you, your Honour.

You don't know who they report to?---Oh, they, they would, they, in, in Sydney Water they would report to Jack, they would have report to Jackie Hiddlestone.

Was he, was he an inspector?

MR PAYNE: She?---No, she.

THE COMMISSIONER: She, she?---It's a lady, yes.

10

Was she, she had no - - -?---No, no.

- - - no experience of operations whatsoever?---In the plumbing.

Nothing?---Well, I couldn't answer that question what her qualifications are, your Honour.

I see.

20 MR PAYNE: Well, in fairness to Ms Hiddlestone you know that when you she came in she's the one two and half years ago who got rid of this ring direct policy and brought in the centralised booking system, didn't she? ---Yes, yeah.

And you understood or did you understand?---Well, I understood and I honestly thought it was a better system.

THE COMMISSIONER: What was a better system?---The centralised book, yeah, I think it's a great system.

30

MR PAYNE: It worked well. I suggest to you that one of the, the principal reasons for the system was to try and remove these longstanding relationships between PIAS inspectors and licensed plumbers that led to this payment of money, do you agree with that?---I agree, yes.

THE COMMISSIONER: Is that something you've inferred or something you know?---Well, something, it's something personally that I thought it would, a great idea, that's why I really like the, I really like the system.

40 So why is it a great idea?---You don't have that direct interaction for any possible, I don't know, interaction direct.

Are you saying it breaks the longstanding relationships - - -?---Exactly, yes.

- - - which have led to payments being made?---Yes.

Is that the only problem with the relationships or is there, are there others? ---I just can't think at the moment but I, I - - -

So it's just money?---I think it's a great system, yeah.

So the problem, the problem with the old system is the money is it?---Well, your Honour, it's not that you'd get something given to you every day or every job it's - - -

I understand that?--- - - - it's just occasion.

10 And, and I suppose you could, there could be a certain degree of favouritism?---Before?

Yes?---Well, not in my case I didn't.

No, I'm not suggesting that?---Yeah. That I can't say, your Honour, I can't speak for others.

I'm just to understand why it's such a great system. I mean what is, what lies behind this?---Your Honour - - -  
20

Why is it such a good idea, other than the one we've discussed?---Yeah.

Is there no other reason why it's such a great idea?---Well, I thought, I think it's a great idea because - - -

I know you do but why?---Yeah, just you, you're restricted to whoever they, who and wherever they send you, you don't have any, any say on who you see and, and who you, you - - -

30 So it reduces the prospect of bribery?---Oh, I'd say, well, I wouldn't use the bribery, your Honour but it some - - -

I know you wouldn't?---Yeah, if somebody would give you something in, in appreciation because they don't know who's going and you, you don't know where you're going till basically the night before.

But, Mr Vecchio - - -?---Yeah, yes.

- - - you've been doing this for so many years and I'm sure you do your job  
40 very well but is it fair to say that do you recognise that the system is essentially dishonest or don't you?---Well, dishonest, I, if you're taking bribes yes, if you're not I don't think its, its, its - - -

It's just a present?---Yeah, that's what - - -

A gift?---Well, that's, that's the way I looked at it.

And it was quite in order to get gifts?---Well, I don't, you know, if whoever wants to give it its not, not that, you know, I mean - - -

Was it ever discussed, is this, was the, were the morality and the ethics of this ever discussed in Sydney Water as far as you know?---Well, they, they said that you shouldn't be taking bribes or payments to pass defective work.

Who told you that?---Well, it's in the Code of Ethics.

10 So as long as you take payments for other reasons it's okay, is it?---No, your Honour, it's not, I think - - -

Look, Mr Vecchio - - -?---Yeah.

- - - we've really got to face the facts here?---Yeah.

I understand that there's a certain degree of discomfort about this but really, I mean, we have to focus on it. I mean, one has to actually examine it and be forthright and honest about it?---Yes, your Honour.

20

So I really want to know whether the inspectors regarded this as simple, as actually a regular additional form of payment to which they were entitled? ---I don't think it's a regular entitlement, no.

And they didn't think there was anything wrong with it?---I don't know, your Honour, I can't speak for - - -

But you didn't?---Well, I just said I don't, didn't think if there was somebody offered you a gift it was wrong.

30

But you can't say why, why most times that when the people giving the money tried to conceal it?---Well, what can I say, that's the way it was done.

MR PAYNE: Mr Vecchio - - -?---Yes.

- - - can we have a look back at 186PT again and I just want to examine with you the answers you gave me a few moments ago and just, have a look if you will, go back to the question at 185, "On what basis have you accepted payments?" and you say, "On appreciation that maybe you went there early," and I think - - -?---Yes.

40

- - - you have told me that sometimes you would go there early even if you weren't asked. I want to suggest to you that if the inspector turned up early when he or she wasn't asked that's a disaster for a licensed plumber, isn't it? They haven't finished their work?---Not necessarily because they usually allow time to make sure that they finish their work first.

Why, why would there be appreciation that you've turned up unannounced early?---Well, so that they could complete and backfill their work so that they wouldn't run into, you know, I don't know, late finishing.

You see, Mr Vecchio, it's clear isn't it that, that you were asked on many, many occasions to come at a particular time and then - - -?---Yes.

10 - - - you'd be rung up and say no, can you come at another time, you would rearrange your schedule, you'd turn up there, you'd do what you need to do, I'm not suggesting that it wasn't done in accordance with the sewerage code, but you'd be paid a money, you'd be paid money in appreciation for the favour that you'd done in moving your calendar around?---Not all the time.

But on many occasions, you agree with me?---On some occasions, yes.

20 And that was an important part of, as you understood it, of why these licensed plumbers were making payments to you because you'd done them a favour, I accept what you say, that you weren't passing defective work? ---Yes.

That you'd done them a favour in the exercise of your discretion as an inspector, do you agree?---Yes.

And it'd been going on for 32 years, Mr Vecchio. In all of that time I think you said to me earlier that you would occasionally say no, there's no need but they would insist?---Yes.

30 Is there a single occasion you can point to over 32 years where you refused to accept money from a licensed plumber?---Well, if you say no and they said, you know, they didn't give it to you, that's no, you know, I can't give you a specific time or, or - - -

THE COMMISSIONER: Did you?---Sorry?

Did you ever say no?---Yes.

40 Why?---Because I, I, I just didn't think at the time it was appropriate for that particular job.

Well, when is it appropriate?---Your Honour - - -

Well, that's a very important question, Mr - - -?---Yeah.

You say that in sometimes you said no when you thought it wasn't appropriate now I'm giving you the opportunity to say why you thought it was appropriate at other times?---Well, if it was just a very small job and

they, they didn't, you know, I'd say it was a small job it wasn't necessarily warranted, you know, for, for, for anything.

But, so if it's a big job its warranted, is it?---No, no, no, it wasn't warranted, its just that if they offered it and the job was right - - -

Its warranted?---No, not warranted.

10 Well, what is it then?---If they gave it, what can I say, if they gave it or offered it it's, you know, it wasn't a payment to pass work.

Mr Vecchio, if sometimes you felt that it wasn't warranted to get, to receive payment the corollary of that is that at times you thought it was warranted? ---No, your Honour.

No?---No, no, I - - -

20 Well, sometimes you accepted even though you didn't think it was warranted?---That's correct, yes.

Why would you do that?---Your Honour, what can I say, it was - - -

Say the truth?---Well, I'm trying. If they insisted or they, they you know, that you say no and they insisted and it just, just appreciation.

Were they surprised when you said no?---Some were.

30 MR PAYNE: Can you please identify an occasion though for me, Mr Vecchio where you said no and you didn't end up taking the money. Did that ever happen?---I can't be, you know, on a specific job.

Any time at all? Any plumber over 32 years you said no and you didn't end up taking the money?---It'd be hard to remember when and where.

Because you were paid so often over that period of time?---Well, so often, it's not an, not an every day every job thing.

40 Typically over that period tell me if it changed, but typically over that period how many inspections would you conduct per day?---Oh, they varied six to eight, ten a day, depending how close they were and, and the distance.

Six, eight, ten a day. Five days a week?---Well, not, not every day. Because the, the workload varied.

And you'd receive a cash payment from a licensed plumber, not on every job but you'd receive one how often? Every day?---No, not every day. Sometimes you don't get anything for weeks.

But that's quite exceptional isn't it?---Oh, it's just, you can't, it's not a specific thing that everyone offers. It's not everyone.

10 I understand that. I'm just trying to understand the dimensions. You said that sometimes you don't get a payment for weeks. So that sticks out in your mind, that over the 32 years that occasionally there were period of weeks where you didn't receive a payment?---When I say that it's not that it's, it's imbedded in my mind. You just don't think about it. It's not, not something that, that I was relying or expecting or, you know. It was just when it happened it happened. It's not, not - - -

THE COMMISSIONER: How often in a day would it happen?---In a day, there were days that you'd get one, two and days that you'd get nothing for days and days. It's not, not, you know, it's not a, a mandatory thing that it's, it's, you know, I didn't expect - - -

20 What's the most you've ever received in a day? How many times? I'm not talking about the number of money- - -?---Oh, the most - - -

I'm not talking about money now I'm talking about the, sorry, I'm not talking about the amount of the money I'm talking about the number of occasions in a day that you would get paid?---Two, three, in a day. But not every day as I said.

I understand. Is this something that's typical to plumbers or does it, do you know whether it happens to other contractors?---Not that I know of, your Honour.

30 Does it happen at the Department of Fair Trading, to the plumbers there? ---Your Honour, since I've been at the Office of Fair Trading, honestly I, and with the centralised system I haven't taken anything.

Has it been offered?---It has been offered.

It's been offered to you as a plumber working for the Department of Fair Trading?---As an inspector for the Office, yes.

40 As an inspector, I beg your pardon?---Yeah. Yes, it has been, because the difference in, in the way things are I've never taken anything.

And is the, what is the difference?---Well, as the name says, Office of Fair Trading.

Yes. So, what is Sydney Water? What's there about Sydney Water that makes it different from the Office of Fair Trading?---Well, as, as we've said earlier on your Honour, it was just something that was done in that era.

Well, it wasn't done in that era, it was done while you with or more then 30 years wasn't it?---Yes, your Honour.

Yes.

MR PAYNE: Up to and including the time immediately, and I'll take you to some specific instances, you were accepting cash payments from plumbers right up to the time you moved to Fair Trading?---No. Even before, not just up to the time, even before I wasn't accepting anything.

10

For how long?---I can't give you a specific, it's not, you know, it's not something that I, you keep, you keep tabs on or you, you know, it's - - -

Mr Vecchio, I'm really trying to understand?---Yes.

And I want to give you every opportunity here, but you say at some point you made, what I suggest to you, would be a life changing decision - - -?---Yes.

20

- - - to stop accepting money from plumbers?---Yes.

When was it?---Five, six months before.

I see. So some time towards the end of '09 beginning of 2010 you say?---Yes, say about the middle to the - - -

Five or six months before towards the end of 2009?---Yeah.

30

THE COMMISSIONER: Had you heard that this Commission was conducting an investigation then?---No.

MR PAYNE: I want to take you up on some answers you've just given me and you gave the Commissioner a little earlier. Go to 0187 pt. And I want to just explore with you the answers that you gave at about line 36 to line 42. You were asked you see, Does this, and by this it's the payment of money by licensed plumbers to you, does this continue to take place at the Department of Fair Trading? And you say this, No, no. I haven't taken anything because it's different. Different circumstances, different ball game, different. You were asked, How is it different? I don't know.

40

Different employment - - -?---Yeah.

And I don't want to do anything, you know, get into a situation like this?---Yes.

I suggest to you that Mr Vecchio is what you are saying there is that the decision you took to no longer accept cash payments that you say you made, was made when you moved to the Department of Fair Trading because it was, as you said, different employment. Do you agree?---Yes. Yes.

And that was when you made the decision not months before. Correct?

---Yes. 'Cause I, I just don't want to - - -

THE COMMISSIONER: Well, can I suggest and what immediately occurs to me, you tell me if I'm wrong, Mr Vecchio, is that at the Department of Fair Trading this kind of conduct would be viewed much more seriously than it was, then it was viewed at Sydney Water?---It would be, yes.

10 MR PAYNE: What led you to that understanding that you've just given the Commissioner?---What led me to that is, it's, it's, I just didn't want to get into situations and problems with, with bad, bad relationships or bad with, you know, bad work, you know, work ethics.

I see?---Because we - - -

No, go on?---We, we were, went to a, a seminar which they explained the, the effects of, of accepting money and, and - - -

20 Who's they?---Well, the Office of Fair Trading, the Department of Fair Trading. I went to an orientation day.

I see. So, so in preparation for moving across - - -?---Yes.

- - - there were orientation days. And one of the things that sticks in your mind - - -?---Yes.

- - - is they said don't take cash payments?---That's correct. Yes.

30 Did you put your hand up and say, but I thought they were okay for the last 32 years?---No. No.

Because you knew they weren't didn't you Mr Vecchio?---Sorry?

You knew they weren't okay didn't you?---Yes, I did. Yes.

You've known right from the beginning in 1979 that they weren't okay didn't you?---Yes, I suppose you're right.

40 Just look back up the page, at page 187 again and about line 18 just above the 20 on the left of the page?---Line 18.

And Ms Colquhoun, I think asks you, I'm asking for your understanding of what you thought was Sydney Water's policy in this regard, which is, the regard being should you take cash payments from plumbers?---Mmm.

And you say, Well, you weren't supposed to take anything. Do you see that? Just have a look at the, it's 187 pt?---Yes.

Look at the number 20 on the left hand side. Go to the question and answer immediately above that?---Yep.

Do you see that? I'm asking you your understanding of what you thought was Sydney Water's policy in this regard?---Mmm.

MR PAYNE: Now the regard is should you take money from licensed plumbers. Correct?---Yes.

10

And your answer to that question was, "Well, you weren't supposed to take anything." Do you agree with that?---Yes.

You knew that was Sydney Water's policy. Correct?---Yes.

When did you first learn that?---I can't tell you.

20 Did it come as a surprise when you learnt that Sydney Water had a policy about not accepting cash payments when you've been doing it for many years?---No, it didn't come as a surprise.

Did you know at the beginning in 1978 that Sydney Water and its predecessor corporations would not look favourably upon its employees accepting cash payments from licensed plumbers?---Yes.

30 And is the reason that you accepted them for all of those years or at least one of the reasons, the one that you give at the bottom of that page 187PT and I'll just ask you to read those two questions and answers, "Was it easier to do at Sydney Water namely was it easier to accept money at Sydney Water?" You say you don't know whether it was easier it just happened and then you say there were no checks in place and you agree there were no checks, no?---No, - - -

My question is this?---The questions at the time I misunderstood.

I see. What did you mean to convey?---Well, I thought when the question was asked was checks as payments with a cheque.

40 I see?---Right. That's, that's why then I, I think when I asked again, was asked again was there any checks with a superior officer.

Well, let's test that answer. Go over the page to 188PT?---Yep.

You were asked, "You were basically on your own out in the field"?---Yes.

Checks to see, I see the misunderstanding there but the next question you do understand don't you? Your supervisor would come out once in a while but

it's not, you know, you were trying to convey by the answer, "It was not, not, you know, it was not, not regular."?---It's not regular, no.

Hardly ever happened did it?---Yeah. Whenever they decided.

How many occasions do you remember in your 32 years - - -?---In 32 years  
- - -

10 - - - that your supervisor came out with you?---Well, we used to have what used to be called an ACI, an Acting, Acting Chief Inspector, he used to come quite regularly on different occasion but that was years ago. In the last five years I've had one, two, three times.

Would the Acting, just dealing with those two periods would the Acting Chief Inspector accept cash payments in appreciation for coming out as well?---I couldn't tell you that because there was never anything done at the time.

20 You don't remember seeing that?---No.

Over the last five years you say that's three - - -?---Three, three occasions.

What, Mr Sharp would accompany you?---Yeah, Mr Sharp came once and Mr Spinelli once and I had a, which before was Mr Milton and Mr Bernard came out together on a job. They're the three occasions.

And were there any cash payments made to those gentlemen when they came out?---No, no.

30 THE COMMISSIONER: Had Mr Sharp been an inspector?---Yes.

Had Mr Spinelli been an inspector?---Yes.

Had Mr Milton been - - -?---Yes.

Had Mr Bernard been an inspector?---Yes.

40 MR PAYNE: Comparing the two then just, and we're talking about checks in the sense of somebody checking up on you not bearer of notes in terms of that comparing your 32 year experience at Sydney Water with your some months at Fair Trading is there any difference in the level and nature of supervision or checks?---Not at this stage but they are, we have what's called Workshop, Toolbox talks and they talk about that there will be more and more checks on the inspectors.

Because Mr Sharp came over with you from the PIAS stage didn't he?  
---That's correct, yes.

He's still your immediate superior?---Yes.

What's a toolbox check?---A toolbox talk, sorry.

A toolbox talk?---Yeah.

What's that?---It's where once a month the inspectors get together and they update us on, on anything that's happening and changes in the industry and changes in regulations and things like that.

10

At the ethics seminar or the ethics talk that you attended prior going to the Department of Fair Trading at any time between then and now have you had any discussion with the other inspectors about this topic namely whether one should accept cash payments from licensed plumbers?---No, we haven't, we haven't discussed it on inspectors, to inspector term but it's been brought up at the, at the talks that it won't be tolerated anything like that.

Won't be tolerated any longer?---Yes.

20

THE COMMISSIONER: Anything like that?---Anything like that.

MR PAYNE: Anything like that, I'm sorry. Was anything said to indicate that those giving the talk knew that cash had been accepted in the past from licensed plumbers by inspectors?---No, there was no indication it was just said that it wouldn't be tolerated.

30

Before the Commission asked you on 25 August, 2010 whether you'd ever accepted cash payments from licensed plumbers in the course of your employment had anyone in the 32 years prior to that from Sydney Water ever asked you that question?---No.

And prior to the ethics talk that you had before you moved over to the Department of Fair Trading was there ever an occasion when either your supervisor or anyone else in authority from Sydney Water drew to your attention - - -?---Yes, it was mentioned then.

It was mentioned?---Yeah.

40

When was that?---At one of our talks, you know, office talks but with, not office talks, in a group talk.

A group talk?---Yes.

When was that?---I can't give you specific times because we, once in a while we used to have group talks and they used to get us together.

What I'm trying to understand, Mr Vecchio, is why it stuck in your mind so clearly when you were told just before you moved to Fair Trading that taking money wasn't okay. You say you'd been told in the past that by Sydney Water?---Yes.

10 What was different about being told it by Sydney Water on the one hand and being told it by the Department of Fair Trading on the other?---I don't know, I can't really say, to say, I don't know, I getting older, I'm just, noting things a lot more, you know, it's not something that I can say specifically why, you know, I don't know.

Have a look back at 187PT and that question I ask you, you were asked, I'm sorry, at that time at about line 40 and this is this question of the difference we've just been exploring for a moment?---Yes.

And you say, "I don't know, different employment and I don't want to do anything to, you know, get into a situation like this."?---That's correct.

20 The situation you're talking about is being examined by this Commission about having accepted those payments?---Yes. Yes. Look, I have 18 months to retire and I just don't want any, any problems, any, you know, just change of attitude, change of, of, of, of way of doing things, it's not that, you know, it's something that, just trying to improve and better yourself. It's what I can say it's - - -

You've said that the culture within Sydney, I'll draw your attention to 188PT and just take a moment to read the question.

30 THE COMMISSIONER: 188?

MR PAYNE: 188, yes, yes, Commissioner. 188 between lines 10 and 25. Just have a read of those and I want to ask you some questions about that and a question of culture just to finish this part of the examination. Are you finished reading that?---Yes.

40 You were being asked questions about when you first knew about this culture of accepting cash payments and you're talking about Christmas and so on but it's the fact isn't it from your early days as a P and D inspector there were cash payments made by licensed plumbers to you?---Well, when we first started going, going to jobs and somebody offered it and you, at first you said no and they just said, look, it's just, if the job's okay you used to just accept it.

You'd accept a gift of, and you're talking about alcohol here, but you'd accept money from early days as well, as you've agreed with me before?---Yes.

And you're asked this question, "Did you become aware of that early on in your work in Sydney Water?" "Yes." "And did you discuss it with other inspectors?" You say, "When you got something, you might have said something to someone else, and they said, 'Yeah, well, it's going around Christmas' and things like that."?---Yeah, usually around at Christmas, yes.

So you tell me one way or the other. Would you discuss with your fellow inspectors the receipt of payments of money? So for example on a very good day that The Commissioner asked you about- - -?---Yeah.

10

- - -where there were three payments, would that be a noteworthy matter amongst the inspectors?---No, because I, I don't, didn't note anything or, you know, you don't think of, it's not something that you um, take notes on or anything. It's not, not, not something that you, it was a discussed thing, you know.

Is that because it was so commonplace that you didn't think it was worth bringing up?---Commonplace?

20

So ordinary, to get paid money by a licensed plumber that you didn't think it was worth discussing?---Yeah. Well, you didn't discuss it, it's, it's not that you, you know, you, you said, said to anyone, oh, you know, I got \$10 this week, you know, it's not something that was discussed with anyone.

Or were you trying to hide it?---No, I'm not trying to hide anything. It was just no one discussed what they got, where they got it and how they got it. Not, it wasn't discussed with anyone.

30

Well, can I ask you about the question and answers you give at about line 26 then. You're asked this question, "Are you aware of other inspectors that accepted money?" And you say, "Well, it was just a known thing."---That's right, it was just a known thing. I don't know who accepts it, who doesn't accept it. It's not something, as I said, that it's discussed and somebody would say to you, you know, I got this and I got that, you know, it's- - -

How is it know, Mr Vecchio?---Well, because when, whenever you've been on a job and, and, and they've offered something.

40

You know that they've offered something to you?---Yeah.

How was it a known thing, the question you were asked- - -?---Well, I would say- - -

- - -that other inspectors accepted money?---Well, as I would say, if, if it's offered to me, it would have been offered to somebody else, but who specifically, who they see or, you know, on different occasions, it's not something that is discussed.

Can I ask you about another- - -?---Yeah, yes.

- - -topic, and this is dealt with at page 189PT at about line 28. And just read the question and answer there. "Now you receive a wage", and the next, next question and answer?---At 128?

Yeah. 189PT- - -?---Yeah.

10 - - -at line 28. The question and answers, "Now you, now you receive now a wage from the Department of Fair Trading", and the next question and answer. Just read that and tell me when you're finished?---Yes, there. Yes.

Just if at a high level, can I just ask you some questions about these drawings?---Yes.

I would suggest to you that the New South Wales Sewerage Code was amended some years ago so that licensed plumbers now are required to prepare drawings of the plumbing work- - -?---That's true.

20 - - -and how it connects to the Sydney Water system?---Yes, that is correct.

And that's one of the things that as a PIAS inspector or PIAS inspector- - -?---Yes.

- - -that you are required to inspect?---That's correct.

To tick it off?---Yes.

30 And is what you're saying at line 30 there, that even now you're at the Department of Fair Trading, you do the drawings on some occasions for plumber and receive a payment?---Yes. But not for plumbers on the job. I, I, I should have elaborated on this a bit before when the question- - -

Well, feel free to do so now?---Well, I have about four or five plumbers that I know personally that they're not good drawers and they ring me up and say can you do a drawing for me 'cause I've got to, I'm doing a job or I've done a job and I've got to get it inspected. And that's the one. That's- - -

40 Just so I understand, the New South Wales Sewerage Code requires licensed plumbers to submit originally to Sydney Water and now to the Department of Fair Trading- - -?---Yes.

- - -diagrams- - -?---A diagram.

- - -of the, of the work that they are to- - -?---They are, yes.

- - -complete?---Yes.

And part of your job is to check those diagrams and inspect them?---That's, that's correct.

What you're telling the Commission is that for four or five of your friends who are plumbers- - -?---Yeah.

- - -you do the drawings for them- - -?---That's correct.

10 - - -and submit them to the Department of Fair Trading?---No, I don't submit them.

Who submits them?---No, I draw them up. After I draw them up, they come and get them, they book their appointment and whoever, when they book their appointment, whoever gets their, the appointment, they've got the drawing done.

I see. And one possibility is if the central system that we were discussing earlier- - -?---Yes.

20 - - -says that you, Mr Vecchio, are the inspector on that job, you're inspecting your own drawing, are you?---Very rare, yes. There's been an occasion where I have done a drawing for someone and they have made a booking and yes, I've gone to the job and yes, they've given me the drawing that I gave them.

And did you pass, did you pass yourself?---Well, it's, it's not, it's, it's not a matter of a drawing, passing the drawing, it's passing the job and to ensure that the drawing is done correctly.

30 I know, Mr Vecchio, that the New South Wales Sewerage Code requires- - -?---Yes.

- - -the drawing to be true and correct?---Yes.

You're inspecting it. It's part of your job, isn't it?---That's correct.

And you need, you need to certify for your employers, now the Department of Fair Trading, that the- - -?---Yes.

40 - - -diagram is in accordance with the New South Wales Sewerage Code?

- - -that's correct. And when I do a drawing for one of these people I do it according to the, to the code and plans that they bring me of the way they've done the job to scale and- - -

THE COMMISSIONER: Is this a form of secondary employment, Mr Vecchio?---No, Your Honour, it's not a second employment, it's just that I

do just an odd drawing for, for, for, you know, five or six blokes that I, that I know.

For four or five people?---Yeah.

You charge \$50 a drawing?---Well, at first, at first I didn't want anything but they said, look, you just can't just do these for nothing. And I was offered \$50 and that's what it stayed.

10 So how many do you do a month?---Oh, Your Honour, if I do one, one every three weeks, four weeks, you know, I mean sometimes I might do two in one week and nothing for, for four, five, six weeks. It's not, it's not an income, it's not an employment, a second employment, it's just whenever they're got a job that they want drawn up. And I do it at home at night.

MR PAYNE: Well, let's just examine this for a moment?---Yes.

20 You say it's not an income. You provide a service and you are paid \$50 for it. Why is that not an income?---What I mean not an income, it's not a second employment of an income.

Well, you know, don't you, Mr Vecchio, that, that your, both of your employers, your previous employer, Sydney Water, and your current employer, the New South Wales Department of Fair Trading, do not permit you to receive money for services provided to people other than your employer without the employer's permission? ---Yeah.

30 You know that, don't you?---Well, the understanding I got is, is a second employment, full or part-time employment. This is not an employment that I do every night, every week. It's just the odd drawing I do.

For four or five friends and it could be every week?---No, not every week.

It could be?---Well, it depends on the work, you know. When I say, it depends on what work they do, if they've got, you know, it's, it's not every week. It's not every week.

40 Well, let's just talk about the last month. Forget about everything else, the last month?---Yeah.

How many drawings have you drawn up in the last month?---Three.

I see. So, and about, that's not quite one a week over the last month then? ---Sorry?

That's not quite- -?---No.

Yeah?---No. And, and can I just say, Commissioner, one of the drawings I did for a very personal friend of mine and I didn't charge him. He wanted to pay me and I said no. And I can give you his name if you like.

But that sticks out in your mind s the only occasion- -?---Yes, because that- - -

10 - - -the only occasion you didn't accept money?---No, because I was in hospital and I came out and he wanted a drawing done. I did it on a Sunday night for him while he was there 'cause he had to get an inspection on Monday and I was off sick so- - -

Well, first of all, help us with the name of the person who you did the drawing for that you then approved yourself?---Sorry?

Help us with the name of the licensed plumber- -?---Yeah.

20 - - -who you did the sewerage diagram for that you then inspected and passed?---Ah, that was a chap by the name of, well, his, his name is Vasco but we know him as Bill, but I don't know his surname. I've got his phone number, but I just know him.

And did you think that if your employers, the New South, now the Department of Fair Trading learnt - - -?---Yeah.

- - - that you had done the drawing for Bill - - -?---Yes.

30 - - - and then passed it yourself that they would be happy with that?---Well, I did the drawing for him but I didn't know that they were, when he rang up for an appointment that I was going to go there.

But isn't it this the obvious problem with your, is this sideline that you've developed, Mr Vecchio, is that you might the person who's actually got to approve this thing?---Well - - -

It's obvious, isn't it?---But as I said, its not that I do it and I definitely know that I'm going there, its, its not, not, its just when they thing and make an appointment and whoever they send.

40 Have you discussed with your supervisor, Mr Sharp, who was with you at Sydney Water and now with - - -?---Yes.

- - - you at the Department of Fair Trading, have you discussed with him or any other person in a position of authority in Sydney Water or the New South Wales Department of Fair Trading, this sideline you've developed of drawing for New South Wales Sewerage Code purposes?---Well, I have mentioned it to Steve that I've, I do the odd drawing for somebody personally that I know.

And that you take money for that?---Yes.

You've told Mr Sharp that?---Yes.

When did you tell him that?---Whenever we discussed it, you know, three or four weeks ago, five weeks ago, I don't remember the exact time.

10 Three or four weeks ago. And what did Mr Sharp say to the best of your recollection?---Well, he said that you shouldn't do it, you've got to, you're going to get yourself into trouble and as a matter of fact I haven't, I've had occasion that, in the last week or so somebody did ring, as a matter of fact last Monday they rang me, a chap that I know, that I've done a drawing for and I said look, I can't do them anymore so I don't do them anymore for this reason.

You just told me you'd done three in the last month though?---Yes.

20 Were they before this conversation with Mr Sharpe were they?---Yes.

So this practice that you had developed of drawings stopped after the conversation with Mr Sharp, did it?---Yes, except the one that I did for Frank while I was, while I was on sick leave and like I said, I didn't take anything off Frank.

And was that one that although you didn't accept payment were you in effect checking your own work?---No.

30 You were allocated that job?---No, because I was off sick when he got the appointment.

I see. I want to ask you about some specific licensed plumbers if I may? ---Yes.

But before I do that I want to give you every opportunity, can you please identify the name of any of the licensed plumbers you've accepted cash payments from - - -?---Right.

40 - - - during your period of employment as a PIAS inspector?---You want me to name somebody?

I, I do, I want you to name all of them that you can remember?---Oh, gee, who, who - - -

THE COMMISSIONER: Well, you think about that, how long will be you be, there is, you've got questions to ask I assume and Ms Di Gregorio, you will have questions to ask? Think, think about it over lunch, you'll still be

in the witness box after lunch and perhaps you can tell Mr Payne the answer to the question after lunch.

MR PAYNE: Yes. Yes, if the Commission please. Before if the next witness, if we didn't finish I was going to ask for a five minute indulgence to discuss a matter with Mr Stevenson?

THE COMMISSIONER: At this stage?

10 MR PAYNE: No, no, but after this witness but if we don't get to that point  
- - -

THE COMMISSIONER: I don't think we will finish Mr Vecchio before lunch.

MR PAYNE: Yes, yes. Well, what I'd like you to take up the Commissioner's invitation if you would, Mr Vecchio - - -?---Yes.

20 - - - and over lunchtime make a note of all of the licensed plumbers that you can remember who've made payments to you. I don't need precise amounts  
- - -?---Mmm.

- - - but obviously those that you have dealt with for a longer period no doubt will stick in your mind?---Okay.

Yes. I want to make a few suggestions to you though about particular licensed plumbers and ask for your assent to these propositions. Do you know a Mr Khaled Mahmoud?---Yes.

30 He's a licensed plumber?---Yes.

You have inspected his work on many occasions in the past?---In the past, yes.

Do you accept that you have received cash payments from Mr Mahmoud?  
---Yes.

40 On how many occasions approximately would you estimate you've received cash payments from Mr Mahmoud?---Specifically how many times I've seen him I couldn't tell you. I have, I know I haven't seen him for quite a while. It's, specifically I couldn't tell you.

Is it likely to be more than five occasions you've accepted cash payments from him?---Four or five, yes. I couldn't - - -

It's likely to be more, is it?---I couldn't tell you because you don't see them, I, like I said, I haven't seen him for a long time and it's not that you see them, you know, regularly.

Just doing the absolute best you can though - - -?---Yes.

- - - you've agreed with me that it's likely to be more than five occasions, have you?---Possibly.

And have you got any recollection of any particular occasion where cash was paid to you?---You want a specific job?

10 If you have a recollection of a specific - - -?---No, no, because it's not that you remember every job that you see them on, it's been quite a long time since I've seen, seen Mr Mahmoud.

Yes. Can I ask you then about a Mr Romanous?---I haven't seen Ray Romanous for a long time.

I suggest to you, however - - -?---Yes.

20 - - - that you knew his father well and you inspected jobs of his father's as well?---I can't remember, I really can't remember his dad.

I suggest - - -?---What was his first name?

THE COMMISSIONER: I don't think we know that.

MR PAYNE: You have the advantage of me I think, Mr Vecchio?---I'm sorry.

30 Mr Fox will know, he knows everything. What I've just said to you is incorrect. Mr Vecchio - - -?---Yes.

- - - I suggest to you that Mr Ray Romanous made cash payments to you on a number of occasions. Do you agree?---I agree, yes.

Do you remember any particular occasions when Mr Romanous did?---I don't because I haven't seen him for a long time.

I suggest to you that he made payments to you of 20 or \$50?---Yes, yeah.

40 You agree?---I agree, yes.

And are you able to estimate how many occasions - - -?---Oh - - -

- - - Mr Romanous would have made such cash payments to you?---Like I said, I haven't seen him for a long time, it's not that you see them every

month, every week, sometimes months go by that you don't see them, maybe a year, 18 months, its, its specifically how many times, I can't really say.

THE COMMISSIONER: You don't remember?---Yeah, it's not that you keep - - -

No, it's all right, Mr Vecchio.

10 MR PAYNE: And in relation to those two individuals, were the payments of the kind you've described to me likely to be made not, not for passing any defective work but rather as an appreciation for you perhaps coming early to a job at their request?---Yeah, that's correct, yeah, or not necessarily going early but that you inspect the work, it's done right and, and that's it, that's the occasion.

Just excuse me for one moment, Mr Vecchio?---Yes.

I have nothing further Mr Vecchio.

20

THE COMMISSIONER: Yes, thank you, Mr Payne. Can I be advised please if any counsel wish to ask Mr Vecchio questions other than Mr Stevenson and Ms Di Gregorio. Well, Mr Stevenson, the field is yours again.

MR STEVENSON: Mr Vecchio, I am the barrister for Sydney Water?  
---Yes.

30 You understand that. When you were being examined on 25 August - - -?  
---Yes.

- - - a few weeks ago, you've got I think, you've got the transcript there, do you?--Yes.

It's numbered P77. You started off saying didn't you that you thought it was okay to receive money as long as it was not a substantial amount?  
---Yeah.

40 That's what, that's what you said in the other examination?---Yes.

And you said I didn't think it was necessary to disclose the money unless it was a large amount?---That's correct.

But you understood didn't you that your obligation was to disclose to your superiors any amount you were paid weren't you?  
---Well, I don't know. It's, a substantial amount I would take, you know, 3, 4, \$500, \$200. That's what I would disclose as a substantial amount or over.

So you understood that it would be contrary to your obligations as an employee of Sydney Water to take a substantial amount of the kind you've described?---I would've, yes, I would've disclosed that.

And are you telling the Commissioner it would've been wrong of you to take substantial amounts of dollars?---Yes. And like I said, the most that I've received and it's very rare is \$100. It's usually 10, \$20 for you know, and I didn't think that that was an amount in relation to payment.

10 So was there some dollar limit in your mind over which it would be wrong you thought to take money?---Yeah, over \$100.

So \$100 was okay?---Well, if, I'm saying, yes.

I think you've told us that you did take \$100 on - - -?---On occasion.

- - - at least, at least one occasion. More?---On two occasions, yeah. But very rare.

20 So \$150 would be (not transcribable)?---Yeah, no, look as I said I'm, I'm not into passing work for payment and never have been.

Mr Vecchio, I'm not suggesting - - -?---Yeah.

Just as a, I'm not suggesting that you took money to pass work. I was asking you whether there was some dollar amount that you thought was wrong to take as gratitude?---Yeah. Yeah.

30 Was there? What (not transcribable)?---Like I said I've never taken more than \$100.

You told the Assistant Commissioner on the occasion a few weeks ago that you thought that taking money was like if you go to a restaurant and you tip the waiter?---Exactly, yes.

40 And you thought you were getting a tip did you from these plumbers?  
---Well, that's the way I took it, yes. Because it's not, as I keep saying, it's not that I've passed defective, like I've taken payment as a, as a passing work defectively. It's just it was offered in appreciation at the end of the job. It's not, not that I thought that it was corrupt or bribery. It was just like a tip like when you go to, you know, that's the way I considered it.

So it's your position that you thought there was nothing wrong with taking the payments that you've described?---No.

So you agree with me now do you?---Oh, yes, yeah. Okay.

Just to go back to what I was asking you about before. You thought taking \$100 was okay?---Yes, up to \$100.

As a tip?---As a tip, yes.

But \$150 would be no good?---No, I thought it was getting too much out of them, it was getting over the, you know - - -

\$110, would that be okay?---No. Like I said at the most 100.

10

That's where you drew the line?---Yep. Yes.

You know though didn't you that you weren't supposed to take anything?  
---Yes, I suppose you're right. Yes.

Well, that's exactly what you said - - -?---Yes.

- - - to the Assistant Commissioner the other day isn't it?---Yes.

20

And that you've been to presentations at Sydney Water very recently haven't you?---Yes.

Where that was made very clear to you?---Yes.

You, you said in answer to some questions Mr Payne asked you about, these are the words you used, you said, it was mentioned and you meant you were instructed not to take money?---Yes.

30

It was mentioned. All right. And you said there were some group talks?  
---That's correct. Yes.

The group talks which you refer are seminars on fraud awareness training. Remember that?---Yes.

And that you've been to those a couple of occasions - - -?---A couple of occasions, yes.

- - - over the last few years haven't you?---Yes.

40

And I'm not talking about the orientation session you got at the Department of Fair Trading?---Yes.

I'm talking about back at Sydney Water?---Yes.

I'll show you a document, because it's not paginated I put a sticker on the page I want to go to?---All right. Thank you.

Now before you start leafing through it, you recognise this as a collection of documents which you saw - - -?---Yes.

- - - as a slide presentation?---Yes.

Do you agree?---Yes.

Do you recall who the presenter was?---I couldn't remember at the moment, no.

10

If you go to the page which I've marked?---Yes.

It's a page headed Sydney Water Gifts and Benefits policy?---Yes.

And you recognise that you don't you as being a printout of slide that you saw (not transcribable) presentation?---Yes.

And the first bullet point is that employees - - -?---Yes.

20

- - - and contractors should not accept gifts or benefits (not transcribable) business relationships?---Yes.

Now you understood that that benefits referred to money?---Yes.

And that was in fact explained to you wasn't it at these seminars?---Yes.

And it's then said that employees may take token gifts or benefits and the examples are given of promotional pens or mugs?---Right.

30

And there's a reference to moderate hospitality supplied during business meetings. Do you see that?---Yes.

Now when you attended this presentation it was made very clear to you, that Sydney Water's policy was that you shouldn't take any money - - -?---Right.

- - - that wasn't your working position?---Yes. I see that.

40

You can see it but you remember that was (not transcribable) - - -?---Yes.

You and all the others who were there doing the seminar?---Yes.

And that came as no surprise to you did it?---No, I suppose not.

Right. Well, I suppose you knew full well that you weren't supposed to take any money or anything from a plumber or a contractor in any circumstances?---Yeah.

(not transcribable)?---Yes (not transcribable) Yes, but in, in this which, what we're discussing is I didn't think that I would put myself or Sydney Water in a compromising position.

You're not quite dealing with what I'm putting to you is it? What I'm putting to you is you were told that you couldn't, you shouldn't take money in any circumstances?---It said mutual benefits.

10 Well, what I'm suggesting is you were told benefits includes money?---Oh, right.

Correct?---I suppose so, yes.

Because obviously it's a benefit includes money?---Yes.

Because you did get that didn't you by being paid this money?---Yes. I see.

20 All right. It still doesn't mean you were being paid every single (not transcribable) you were paid over the last 30 years?---Yeah. Yes, I suppose.

Well, what do you mean you suppose? It's obvious isn't it?---Well, the way you're explaining it, yes, I suppose it is the way you say it. Yeah.

Well, it's the way it is isn't it?---The way it is.

And the benefit you got was cash in your pocket week by week over the years?---Well, it wasn't week by week. It wasn't, it wasn't every week.

30 A couple of weeks you missed out did you?---Sorry?

You missed out on a couple of weeks?---Yes. Like I said, it wasn't an every day every week thing. And it wasn't substantial payments for, for passing work. And, and I never thought that it was compromising position between me and Sydney Water or, or put Sydney Water in a compromising position with anyone.

Did you include the other money you received from these plumbers in your taxable income?---No.

40 And you didn't because you regarded it as being black money?---No, I didn't regard as being, as I said I thought it was just like a tip or, or, an appreciation. It wasn't a payment as (not transcribable) employed by these people to be paid.

But you claim don't you that you had some sort of epiphany in 2009. Do you know what I mean by that?---No.

Suddenly in your mind some revelation of what you were doing had been wrong?---Yeah, yes, because in going into, into the Office of Fair Trading I, it was something that I thought no, we're not going to continue this, this thing.

You suddenly realised did you that it was wrong of you to do it. Is that what you're saying?---Yes. Yes.

That's false isn't it?---No, it isn't.

10

And you recall the Commissioner put this proposition to you and it was something to the effect that did you think it would be viewed more seriously, did you think that taking money would be viewed more seriously by the Department of Fair Trading than by Sydney Water. Remember the Commissioner asked you a question about that?---Yes.

And you said, Yes, (not transcribable)?---Yes, yes.

20

Yes, you said yes, you thought DFT would regard the taking of money more seriously than Sydney Water?---Yes.

But you agree don't you that it was made clear to you at these seminars where they were discussing it Sydney Water that told you you couldn't do it at all ever fullstop. Correct?---Yes.

30

So you don't think do you that the Department of Fair Trading takes this matter more seriously than Sydney Water because you realise they both treat the matter as seriously as each other?---Yeah, I can see it now, yes, that they both treat it very, very seriously.

Don't you agree that you were given amongst other places an absolute prohibition about taking money, do not accept gifts or benefits?---Yes. See do not accept gifts or benefits, look, I, I don't have an answer for this, it's, it's, it's there, I realise now and it's - - -

Were you taking money right up to the point when you moved across to the Department of Fair Trading?---No, not right up to the point.

40

It stopped around about the time the centralised scheduling system came into force didn't it?---Yes.

That's the real reason you stopped (not transcribable)?---No, just because it, it wasn't offered like it was before.

You're saying the plumbers changed their conduct (not transcribable)?---I don't know but it's certainly not, not a thing offered like it was before.

Isn't this the case that this centralised scheduling system commenced at around (not transcribable) 2008, November 2008?---Yes.

And you were, the area you worked was moved wasn't it?---Yes, it was moved, yes.

To a centralised location?---That's correct, yes.

10 So you know don't you that around the end of, late 2007 early 2008 there were various satellite offices that you worked in from time to time (not transcribable)?---That's correct, yes.

And the old system whereby you had a whole municipality as your domain (not transcribable)---That's right, yes, yes.

And a number of regional centres were, so regional areas were created? ---Yes.

20 With a number of inspectors like you in each area?---Yes.

And you were rotated weren't you around those areas?---We were rotating, yes.

So it became far more difficult for you to get away with taking money under this new system didn't it and that's when you stopped?---I don't know, I don't know that it was, you know.

30 Another aspect of the system of change was that plumbers could no longer ring you and make a time with you for the inspection?---Yes, that's correct.

The plumbers had to ring a centralised 1-300 number?---Centralised, yes. That's right.

And from that point on the inspector that plumber got was completely at random so far as the plumber was concerned?---That's correct, yes.

It might be one of his mates it might not be?---Exactly, yes.

40 So there was no longer any possibility, I'll start again. Before the centralised scheduling system you and the plumber could make an arrangement at a particular time (not transcribable) - - -?---But making, making an arrangement - - -

(not transcribable)?---Sorry.

Before the system changed in late 2008 you and a plumber could make an arrangement about exactly where and when you met for the inspection? ---Yes, at the time, yes, on the job.

And after the new system came in (not transcribable) couldn't happen anymore?---No.

All right. Another change was that after the new system came into place there were regular field audits weren't there, random audits?---Yes, random audits.

That was new too wasn't it?---That's correct, yes, that's new.

10 For all you under the new system an auditor might turn up on an occasion when you were doing an inspection?---That's correct.

That was a new situation?---Well, that's, that's a new situation, yes, but the understanding of the audit inspections is that no one showed up as an inspector on the job but someone could've showed up to see whether the job was done right or backfilled after the allocated half an hour time.

Well, isn't it the case that so far as you were concerned (not transcribable) - - -?---No, yes.

20

- - - an auditor could turn up at any time?---Any time.

You were looking, you'd have to look over your shoulder wouldn't you to see whether the auditor was arriving if you were going to continue to take the money?---No, no, I never, I never thought of that at all.

That's the reason you changed your ways?---No, that never entered my mind. It's just that I thought it was a, you know, I honestly say that I thought it was a great system change, you know.

30

Yes, thank you, Commissioner.

THE COMMISSIONER: Ms Di Gregorio.

MS DI GREGORIO: Thank you. I just, Mr Vecchio, I want to ask you a couple of questions about the drawings that you prepared and have told the Commission today - - -?---Yes.

40 - - - they were prepared in your own time. Now when you, on the one occasion that you told us that you inspected the work of, I think his alias is, is it Vasco or Bill?---Bill, yes.

That you drew his diagram?---I drew the diagram a few days before.

And then it just so happened that you were allocated the inspection? ---That's correct.

Can you tell me what you do when you attended inspections where you have your plan?---No, when we attend, when we attend an inspection we have no plans, we have the name of the plumber, of the appointed time, his phone number and all that and then you go there, you inspect the work and at the, when you inspect the work then he gives you the drawing and a permit to work.

Okay. So the, the drawing is of the work that you're inspecting?---That's correct.

10

Okay. And you need, the work has to be represented - - -?---Represented on that diagram.

- - - on the diagram?---Yeah.

Okay. And Mr Vecchio, did you ever have an offer, did you ever receive offers to pass defective work?---I have but I've never taken that up because I didn't, don't pass defective work.

20

And have you ever asked for a payment after an inspection?---No, never, I don't ask for payments.

I think that covers it, Commissioner.

THE COMMISSIONER: Yes, thank you.

MR STEVENSON: Commissioner, I've just received some instructions which lead me to seek leave to ask one more question.

30

THE COMMISSIONER: Yes.

MR STEVENSON: Mr Vecchio, you were suspended this week, weren't you, from duties?---Yes, I was.

And it was on the day of your suspension, that this week - - -?---That's correct, yes.

40

- - - that you told Mr Sharp about your extra curricula activities doing drawings for your mates, that's true, isn't it?---No, I told him a couple of weeks ago, two or three weeks ago.

And that you said to him, and I'm suggesting that was this Monday or Tuesday, I can't believe this has happened. All I have done is draw a few drawings for friends?---That's correct.

That was this week, after - - -?---No, no, no, no, it wasn't this week that I've drawn drawings, I haven't done any this week or last week.

No, I'm talking about when you told Mr Sharp - - -?---Oh, right.

- - - of you doing the drawings, perhaps if you could focus on the question, the time you told Mr Sharp - - -?---Yes.

- - - about doing the drawings was this week after you were suspended?  
---No, not after I was suspended.

This week?---It was before.

10

Before when? Before this week?---When I was in the office.

(not transcribable) that?---I just can't remember, I didn't go Monday, on Monday I was here, Monday or Tuesday I got suspended, I think it was one day last week when I went back to work that I mentioned it to him.

Commissioner, I tender the fraud awareness, fraud awareness and ethics document I showed earlier.

20 THE COMMISSIONER: P78 is the fraud awareness and ethics document.

**#EXHIBIT P78 - FRAUD AWARENESS AND ETHICS DOCUMENT**

THE COMMISSIONER: I think we'll adjourn until 2.00pm.

MR PAYNE: Thank you, your Honour. Was that 2.00 or 2.15?

30 THE COMMISSIONER: 2.00. Is that in order, 2.00? Do you need more time?

MR PAYNE: 2.00 will be suitable, thank you.

THE COMMISSIONER: Yes, 2.00pm.

**LUNCHEON ADJOURNMENT**

**[12.50pm]**

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