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INDEPENDENT COMMISSION AGAINST CORRUPTION

THERESA HAMILTON ASSISTANT COMMISSIONER

PUBLIC HEARING

OPERATION CRUSADER

Reference: Operation E09/0195

TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON MONDAY, 23 JANUARY 2012

AT 2.00 PM

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

ASSISTANT COMMISSIONER: Thank you, please be seated.

<COLIN JAMES McCALLUM, on former oath

[2.00pm]

ASSISTANT COMMISSIONER: Yes, Ms Williams.

MS WILLIAMS: Thank you, Commissioner.

10

Mr McCallum, I was asking you some questions about the University's mail services contract?---Yes.

It was subject to an expression of interest in 2007?---Yes.

I think you've indicated that the reason why SNP was invited to submit an expression of interest was because they were familiar with the site?---Yes.

20

Was any other contractor invited to submit an expression of interest on that basis?---No.

Why was SNP as opposed to for example Quad Services invited to submit a tender simply because they were familiar with the site?---Probably 'cause they already had clearances, they were security guards, licensed security guards, it just - - -

You didn't need security guards to deliver the mail though did you?---No, no, no, just, no.

30

So Quad Services already had personnel on site doing the cleaning work, correct?---Yes.

And they were familiar with the site as a result of doing that work?---Yes, yes.

Is there some reason why SNP in particular was included on the invitation list?---No, it was just I spoke about our intentions to do that and they indicated an interest to do it.

40

All right. And just because, just before I ask you some further questions about SNP, going back to the Quad Services tender in 2009/2010, do you recall I asked you some questions about the, the hours submitted by Quad Services?---Yes, yes.

And in particular the 18.23 hours for the grandstand?---Yes, yes.

I think you indicated in your evidence that you were aware that that figure was an error in the FMS benchmark figures, do you recall giving that

evidence?---Yeah, I think, I know we made an adjustment, yes, I think I said yes, yes.

All right. Do you remember when you became aware of that error?---No.

No?---I, I, I couldn't say.

All right. Not a precise date but can you remember whether it was before or after the tender period commenced?---No, no, sorry, I, I can't.

10

All right. Do you recall that a Mr Drew Kendal of Mastercare queried how the University had come up with that figure of 18.23 hours for the grandstand?---Yes, I do, yes, yes.

And do you recall responding to his query?---Yes.

Do you know whether at the time you responded to his query you were aware of the error in the FMS benchmarks in relation to that figure?---I think I possibly was.

20

All right. And do you recall whether when responding to Mr Kendal you disclosed that error to him?---No, I didn't.

You didn't disclose it to him?---No, from - - -

All right?---Well, I don't recall anyway, I don't recall disclosing it to him.

All right. I want to suggest to you that you didn't disclose to him?---Yes, yeah.

30

Do you think the position is that you knew about the error but you decided not to disclose it, is that the effect of your evidence?---Yes.

And why did you not disclose it even though you knew about the error?
---Because it was such a significant difference in hours overall I just didn't think it was necessary because it wasn't just that, they were just examples of the buildings we chose to highlight but there was, you know, just substantial different numbers of hours across the board.

40

But the position is, isn't it, that you went, you responded to Mr Kendal's query by saying the figure is 18.23 hours per week and this is how we'll break it down, that was the substance of your response wasn't it?---Yes, that's the response I saw the other day, yes.

All right. Do you want me to show you that response again?---No, no, no, no, no.

And do you have any other explanation as to why when you say - - -?---No, no, no, no, the, because there was such a substantial different number of hours across the tender I just didn't deem it necessary.

Did you think it was necessary to disclose to any other contractors for the cleaning contract that there had been an error in the FMS benchmark for the grandstand?---Ah, no.

10 Did you raise it with Ms Slade at the time?---I, I could, I have, I have a foggy memory that maybe Chris Ipkendanz might have pointed out, raised the, brought out the error to me but I can't recall when.

You can't recall when but you think it was before you responded to Mr Kendal's query, is that - - -?---Yeah, quite possibly, yes.

Wouldn't it have been more honest to tell Mr Kendal about the error but say despite that there is such a discrepancy in the overall hours submitted by Mastercare that we don't wish to take, take it further with you?---Yes.

20 So is there any explanation as to why you made the less honest response? ---Because of the, I just deemed that there was a substantial savings, the hours distance was so substantial I just didn't.

Returning to the subject of SNP and the mail services tender, do you still have volume 6 there in front of you?---Yes.

Can you turn to page 101, please. Do you recognise that as the tender submitted by SNP?---Yes.

30 For the mail services?---Yep.

Can you turn to page 111 and have a look at section 3.8A?---Yes.

And that there sets out doesn't it the University's requirement that the successful tenderer will provide the necessary vehicles to carry out the services. That's right isn't it?---Yes.

And can you turn to page 118, please. And look at 118 through to 121 of volume 6?---Yes.

40 That was the University's stipulated schedule for the mail services van delivery runs wasn't it?---Yes.

And effect of that schedule was that the van would be fully occupied between the hours of about 9 o'clock in the morning and 3 o'clock in the afternoon. Correct?---Yes.

And it would be fully occupied delivering the mail through that period and not available for other uses. Correct?---Yes. Yes.

And then can you turn to page 123, please. The material in that page inside the box represents SNP's response to the University's requirements. Do you agree with me about that?---Yes.

And I'll ask you to look at the paragraph about halfway down that box commencing it is SNP's intent?---Yes.

10

It was a key, do you agree having read that paragraph - - -?---Yes.

- - - that it was a key feature of SNP's tender that they would where possible achieve efficiencies by combining resources used for security for use also in the mail services area. Is that right?---Yes.

And one of the things they were proposing was to use the seven seater van that was used for security purposes as the mail delivery van. Correct? ---Yes.

20

And they reduced their, their price that they were putting forward on the basis that they would not need an additional vehicle. Do you recall that? ---Yes.

That there was a small amount of about \$3,000 allowed to modify the existing seven seater vehicle. Correct?---That's correct.

And the University accepted the tender on the basis that there would be no additional vehicle. That's right isn't it?---That's correct.

30

Can you turn to page 158 of volume 6, please. Just before I ask you about the report that appears at that page, it wasn't practical was it for the same van that was to be tied up between 9 o'clock and 3 o'clock each day delivering mail to be used for security guards, for example to respond to emergencies and the like?---We had had discussions during the expressions of interest and the, and they spoke about efficiencies being I suppose we looked that it could be possible.

40 But wasn't it obvious to you at the time you were considering the tender that it wasn't practical to use the same van for mail delivery full time between 9.00am and 3.00pm and at the same time to expect security guards, without an additional vehicle, to respond to emergencies and first aid incidents? ---Well once implemented I think we were looking at making some changes to see if we could create those efficiencies. So we thought it was possible.

How was it possible for, how was it going to be possible in your mind at the time for SNP to discharge their obligations under the security contract particularly in relation to emergency and first aid responses all over the

campus if this seven seater vehicle was tied up delivering mail?---I think one of the things we looked at is whether we, if there was an alarm in an area where the mail was going off then those guards could possibly get, you know, not possibly, could go and look at it and, and create efficiencies along that line.

Yes. And if there was an alarm going off in a completely different area? ---Well, there would be other – there'd still be security staff on that could attend.

10

And how would they get there if the mail van happened to be on the other side of the campus?---Because most of the alarms during the day are fairly low level alarms.

If you could have a look please at the report that starts at page 158 of volume 6?---What page, sorry?

Page 158?---Yes.

20

Right. Is this a report that you prepared following your evaluation of the tenders?---Yes.

And you evaluated SNP's tender that I took you to earlier together with a tender received by Australia Post, is that right?---That's correct.

And is this the process that Mr Fisher was involved in? I think he's referred to at point 5 on page 158?---No, his would've been the – he certainly had those spreadsheets for the mail costings, I think that was the limit of his involvement.

30

All right. Thank you. And if you could look at page 159. You see there you've got an evaluation matrix for mailroom services?---Yes.

Is that a matrix that you completed based on your evaluation?---Yes.

And do I take it that a score of five is the highest and a score of zero was the lowest in completing that evaluation?---Yeah.

40

I'm sorry, it says so does it not at the top of page 159?---Yes, it says so. Yes. Yes.

Thank you. On what basis did you award SNP a score of four or very good for relevant experience when you evaluated these tenders?---For their site knowledge.

Right. But certainly they had no mailroom experience did they?---No.

And past performance, on what basis did you award them a score of five or excellent?---For their current performance in the security contract.

But not in relation to performance of any mail duties?---No.

Does it disclose anywhere in this report that SNP has no mail services experience?---I don't believe it does, no.

10 So that was something that Mr Quinlan and the tender committee at the University were not informed about, is that right?---No, it's not in the report so no.

Would they have otherwise known that or they just weren't told?---I'm not sure, I would've explained the evaluations but just on why I chose them – not chosen them, chosen them is a bad word, recommended them.

20 Wasn't it somewhat misleading to give them a score of five or excellent for past performance without at the same time disclosing that that performance had nothing to do with mail services?---Basically on the site knowledge which was the key, that's all I can say, I did, I based it on the site knowledge for their knowledge of the campus which is 80 per cent of being successful on the mail.

But would it have been apparent to Mr Quinlan and the University's tender committee reading this report that that was the basis of your evaluation, site knowledge rather than mail services experience?---No.

30 Was there some reason why you were particularly keen for SNP to win this contract?---I thought it would be of benefit to the University because they were on site, it increased the diversity of the works they were doing and gave more day shift.

You attended a race day and rugby match hosted by SNP and at their expense during this tender process didn't you in 2007?---I did.

When you were invited to attend that function you initially said it was inappropriate because they were in the middle of a tender process didn't you?---I did.

40 And then you subsequently attended?---Yes, I did.

Why did you change your mind?---Because it was a large group so there wasn't sort of like a one-on-one where you'd be sitting down so I thought the risk was minimal.

But when you initially were given the invitation and declined you knew didn't you that it would look very bad in the eyes of anybody else who

might know about it that you had attended this function as SNP's guest - - -
?---Yes.

- - - at the same time as evaluating a tender of theirs, that's right isn't it?
---Yes.

And that didn't change at all did it by reason of it being a large group that
perception problem?---No.

10 Did you tell anybody else at the University, Mr Quinlan or anybody else
that you had accepted this invitation?---No.

Did you conceal it from him?---Yes.

And again you did that because you knew it was not only contrary to the
Code of Conduct in the letter of the code but it did give rise to a real or
perceived conflict, didn't it?---Yes.

20 It's something that should have been disclosed in a conflict of interest
declaration before you participated in evaluating the tenders, isn't it?
---Yes.

And should have been disclosed in this report?---Yes.

From SNP's point of view you were aware, weren't you, that the reason
they would be inviting you to attend this function was because of your
position at the university?---Yes.

30 And because you were responsible not only for administering the security
contract but now making a decision in relation to the mail services contract
they tendered for?---Yes.

So it was obvious to you, wasn't it, that they extended the invitation in the
hope that it would somehow help them in their relations with the university.
Correct?---Well, well, I can't, I can't answer for their perceptions but it was
just one of the events we went to, it just- - -

40 But it was obvious to you, wasn't it, that they wouldn't have been inviting
you to this function had you not been responsible for administering a major
contract of theirs in the university?---Oh, yes, yes.

And had you not been responsible for making a decision about another
contract they were trying to win?---Yes.

Could you turn to page 163 of volume 6 which you have in front of you.
And that's a requisition that you raised after the decision was approved to
award the mail services contract to SNP. Do you recognise that?---I do.

And do you see there that the period for which the requisition relates is 23 July, 2007 through to the end of 2007?---Yes.

And 23 July, 2007, that's the date on which SNP started actually performing the mail services at the university, isn't it?---That's correct, yes.

10 Once they started performing those mail services, what was the process of approving, first all SNP issuing and the university approving payment of invoices for those services?---They'd be just issued under that purchase order number and come to me for approval.

And you would sign them off as approved or otherwise and- - -?---Yes.

- - -send them on to finance. Correct?---That's correct.

Anybody else within FMS would check them or have any involvement?
---No, there was, no there was no one else.

20 SNP ordered an additional vehicle to use at the university in order to perform the mail services as well as the security services, didn't it?
---They did.

And that vehicle was delivered to the university shortly before or at the same time as they started performing the mail services. That's right, isn't it?---That's correct.

30 Under the terms on which the university had accepted SNP's mail services tender, SNP wasn't entitled to charge for that vehicle, were they?---That's correct.

You agreed with Mr McLean however that SNP could charge the university for that vehicle. Is that right?---That's correct.

And you specifically instructed him to describe it not as vehicle charges but as additional alarm service work under the security contract. That's right, isn't it?---Yes.

40 And SNP did then issue invoices each month under the security contract for that vehicle described as alarm service work. Correct?---That's correct.

And the amounts charged were \$897 a month. Does that ring a bell?---Yes, it does.

Do you have a recollection of that amount or would you like to see the invoices?---I recall it from the other day so- - -

Did you inform anybody else at the university about this arrangement you'd made with Mr McLean?---No, I didn't.

Did you explain to Mr McLean why the charges had to be described as alarm service work?---Yes.

10 And what did you say to Mr McLean about that?---Oh, the, somewhere between, what we probably, I suppose we realised that our attempts to actually make those savings, and there was an attempt to make those savings even though the contract hadn't started when we set it down, wasn't going to work and it would, you know, being so close to the, the actual closing of the tender that it would be an issue but for, you know, I could see that for operational needs I agreed with it.

And the issue would be that the University would say we're not paying for it. We don't have to under the contract isn't it?---Yes.

20 And why would that, why did you want to bring about a result other than that?---Just, I don't know, just for the, I suppose just as I said probably realised it was, as I said the other day, is that we thought it was a possible proposition but in the end it didn't work out that way and from an operational safety need I thought it was, I made the call that it was better to do it that way than again, you know, argue the toss.

It was SNP's responsibility to bear, sorry, I'll withdraw that. It was SNP's responsibility to make those operational decisions in putting its tender together wasn't it?---Yes.

It was SNP who had put forward the prospect of this particular efficiency saving using the vehicle for two purposes. Correct?---Yes.

30 So why were you not content to let SNP bear the cost of the fact that its proposal had turned out to be flawed?---I just, as I say, I can only put it down to, well I just did, I can't, I just went through the operational reasons and I agreed.

Did having enjoyed SNP's hospitality at the races and rugby day have anything to do with your approach to this?---I'd have to admit, say to a degree, yes.

40 You're in a difficult position aren't you when a contractor is taking you out on a, for a pleasant occasion and then a difficult decision arises and you have a hard decision to make either against the contractor or to the detriment of the University?---Yes.

And you were in this difficult position about this particular decision weren't you?---I was.

And you wouldn't have been in that position had you not accepted SNP's invitation in 2007. Correct?---Correct.

Did Mr McLean or anybody from SNP tell you what the cost of the vehicle would actually be to SNP?---I recall they had standard leasing costs that they charged out for different types of vehicles.

And did they give you a dollar figure for what it would be for this particular vehicle, which was a Toyota Yaris?---Yes.

10 And do you remember what that figure was?---I believe it was the figure that was invoiced.

So as far as you were concerned SNP were simply passing on a cost to the University?---Oh no, they had standard costs that they charged, that they showed that they charged other, other companies, so - - -

Did you understand then that that charge would involve some element of margin for SNP?---Probably, yes.

20 So SNP was not only avoiding having to bear the costs, it was able to make a margin on this. Is that correct?---Probably, yes.

And this arrangement about the invoice and the extra vehicle continued from the outset of the contract in July 2007 right through until the end of 2009 did it not?---Yes, it did.

And that is invoicing referring to alarm services but the charges were in fact for vehicles. That's right?---At some stage there it did come in as a break up for a vehicle.

30 I suggest to you that was about 2010?---Well I wasn't there in 2009, so probably, yeah, 2010.

All right. And as far as you're aware SNP continues to charge for that, that vehicle?---That's correct.

It would have been open to you at the time the issue arose in July 2007 to deal with it as a variation to the contract wouldn't it?---Yes.

40 And to do that what is the process that you would have had to go through? ---I would have had to make a submission to my director who then would take it to Finance or, I don't know what the, what the budget allocation was but there would have had to be an approval level above me.

All right. And why did you not at the time say to your director, Mr Quinlan, look we thought we could achieve this saving, we now realise we can't, we need to vary the contract?---I just didn't. I was running the, running it so I just did it.

Was it your preference when you could to run things yourself without involving others in the decision making process?---Well there was a lot of, the day to day, yes, absolutely.

Now this was a variation to a contract that would add up significantly over its five year term wouldn't it, at just under \$1,000 a month or \$900 a month?---Yes.

10 But you felt it was categorised as day to day and therefore something that you would just sign off and in effect hide through the books?---Yes.

Do you remember in about August 2007 shortly after this arrangement had been made with the vehicle going to a football match in Newcastle with Mr McLean or others at SNP, Cowboys and the Knights?---Yes.

And that was something arranged at your suggestion wasn't it?---Yes, it was.

20 Was that a common practice of yours to suggest to contractors that you'd like to be taken out to particular events or - - -?---Only on a - not a common but I have done it on a couple of occasions that being one of them.

And why was it on this particular occasion in August 2007 that you felt it was appropriate to suggest you'd like to go to this football game?---I just was a mad Cowboys supporter.

30 Did you have a view that SNP owed you something because you'd helped them out on the vehicle side of things?---No, no, no, it was because I was - I just said a very strong Cowboys supporter.

ASSISTANT COMMISSIONER: Well, that explains why you'd want to go, it doesn't explain why you'd think they should pay for you to go. You could've paid for yourself couldn't you?---I could've, Commissioner, yes.

That doesn't seem to have occurred to you at the time?---No, it didn't.

40 I mean obviously the fact that you suggested that they pay, that you had it in your mind that they probably owed you something - - -?---Yes, I was aware that they had a table at the football so that's why I suggested it.

Yes, Ms Williams.

MS WILLIAMS: You were also aware weren't you that it would be difficult for them to say no, that you can't come to the football given what you've just done for them with the vehicle under the mail and security contract, that's right isn't it?---Yes.

So you were pretty sure when you suggested it they'd say, "Sure, come along."?---Yes.

Did SNP have a tab at the St Kilda Hotel so far as you're aware?---Only if we were there. Well, sometimes we went there.

Who's we?---Martin McLean and myself.

10 All right. Were there occasions where you and other FMS staff would go to lunch at the St Kilda Hotel and it would be put on some account or tab that SNP had there?---Not without them being – only the Melbourne Cup day.

So SNP contributed to Melbourne Cup in the same way as Quad Services, is that right?---That's correct.

So they'd put a bit of money into the kitty, as it were, to fund that particular lunch?---Yes, yes.

20 And Melbourne Cup day coincided pretty closely with the anniversary of their security contract didn't it?---That's correct, yes.

That was often an occasion when they happened to be in town, is that right? ---Yes, yes.

So they would or someone from SNP would typically participate in those lunches?---Yes.

30 Did SNP from time to time provide a carton of beer for the FMS Friday afternoon drinks?---Yes.

And was that at your suggestion or request or just something they took it upon themselves to do?---No, no, it was probably at my request.

Did you disclose the football tickets you got from FMS – sorry, from SNP in August 2007, did you disclose that to anyone else at the University? ---No, I didn't.

40 And the Friday afternoon beers was that generally known within FMS where they came from when SNP provided them?---Not always, just that they were there, you just put them in a, in the storeroom and not everyone would know, you wouldn't specifically go out there and tell people.

Was that something you tried to conceal though or was that something that you just didn't bother advertising the source but it was no secret if anybody asked?---Probably the latter, yeah.

But what about the attendance at the rugby matches and things of that nature, that was something that you concealed from the University?---Yes.

Because you knew you shouldn't be doing it didn't you?---That's correct.

And you knew at the time it was contrary to the Code of Conduct and the Gifts and Benefits Policy?---Yes.

At the time did you think of it as being corrupt, did you think of it in those terms?---No, I didn't to be honest.

10 Did it cause you any concern that you'd engaged in this behaviour at a later point in time when you put yourself forward for the Acting Director of Risk and Audit?---No.

What about when you started working on the Prevention of Fraud and Corruption Policy, did it cause you to reflect at that point in time in 2009? ---Yeah, probably, yes, I'd have to say it did, yes.

20 Can you remember coming to any conclusions at that stage about things you may have done that you should have done?---I probably, yeah, I'm probably glad that, you know, I was in a different position and, yes.

In a different, do you mean in a different position as Acting Director, Risk and Audit?---Well, not being involved with those, yeah, and, and, and not being involved with the, you know, the, the contracts type of thing.

30 But did it cause you to form the view in 2009 that the entertainment and hospitality you'd enjoyed from contractors over the previous years as Campus Services Manager could be described or was a corrupt thing to do? ---It was probably more in 2010.

That didn't occur to you in 2009 when you were writing the fraud and corruption prevention policy?---It was, it was just, it was just so, I was just so busy then I, I, I can't say that I did. I, I - certainly in 2010 once I'd changed positions and that, yes.

And you're referring to when you've returned to work as Campus Services Manager?---Yes.

40 And at that, is that early 2010 or late 2009, thereabouts?---Early 2010.

All right. And do you say at that point in time you took stock and reflected and came to the realisation that it was inappropriate and corrupt for you to enjoy hospitality from contractors?---To the level I was, yes.

All right. Do you remember in February 2008 arranging some security training for two students who were to be employed by SNP and some others?---Yes.

The others were a Mr Tapper at FMS?---Yes.

He was one of them and Mr Turner was the other one?---Yes.

And the University paid for that training and that was arranged by you, is that right?---The, the rate, the payment was arranged, the training I didn't arrange.

10 All right. Sorry, the training was arranged by SNP?---Yes.

The payment was arranged by you? Did you arrange for Mr Turner to be included in the training as a favour to him because he was a friend of yours? ---Yes.

20 There was no other reason was there for you to arrange for Mr Turner, a staff member of Quad Services, to be trained in security at the University's cost?---As I have said, I believed that we had to pay for a set number of spaces because the trainer had to have so many and I offered, offered him to have one of those slots.

Do you remember that in about, at about the same time, in about February 2008 SNP were looking to fill a mailroom position at the University?---Yes.

And do you remember suggesting to Mr Richey, SNP's onsite supervisor - - -?---Yes.

30 - - - that he should employ your daughter Jasmine for the role?---I said she was available, I didn't, I didn't, I wouldn't say we'd suggested he, he employ her. I said that, he said he was looking for someone and I said I knew someone who'd be interested.

All right. Could you turn to page 262 of the volume that you've got in front of you, volume 6. Just read on that page your email to Mr Quinlan of 21 February, 2008?---Yes.

The first statement made in that email that Jasmine had responded to an advertisement for the position wasn't correct, was it?---No.

40 Why was it that you didn't tell Mr Quinlan that SNP had mentioned the staff need and you had suggested that Jasmine be employed?---I suppose I just, oh, well, I suppose I wanted her to get the position.

And you thought Mr Quinlan might say no or someone above him might say no if it hadn't been advertised. Is that right?---Well, possibly, yes.

And that's because, isn't it, an advertisement would at least ensure a pool of candidates and, and (not transcribable)?---They advertised on numerous occasions without, you know, response, adequate response but no, it was a

bit of a stretch to say that she had responded to a particular advertisement but they had advertised.

They had advertised for this particular position, is that your evidence?
---They, they advertised, they sent out a blank ad for, advertisement for positions.

And on page 261 do you see there towards the bottom of the page Mr
Quinlan's email to Adrian in relation to an issue that you had raised- - -?
10 ---Ah hmm.

- - -Jasmine's employment?---Yes.

Adrian was superior to Mr Quinlan?---Yes, yes.

And then Adrian Robinson it appears by the next email had no objections.
Is that what you referred to earlier in connection with the subject of
Stephanie's employment as the ruling that you relied on?---Yes.

20 This is the ruling here, is it?---Yes.

So the ruling was obtained based amongst other things on your statement
that Jasmine had responded to an advertisement, which was untrue. Is that
correct?---Yes.

You also say in your email on page 262 that you had not approached SNP at
any time to employ Jasmine. You had however suggested that they look at
employing her, hadn't you?---I said that she was available. At that stage the
only, the only thing I said was she was available.
30

Right. Do you remember that Jasmine obtained a full-time job with SNP in
May 2009, a little over a year later?---Yes.

That position was obtained at your request, wasn't it?---It was.

If you turn to page 333 of volume 6 there, you see on the second half of the
page your email to Mr McLean on 20 May, 2009?---Yeah.

40 Indicating that Jasmine would love an offer of a full-time position?---Yes.

And you were effectively asking Mr McLean to create that position for her,
weren't you, or find one?---Yes, find one, yes.

And you see at the top of the page that Mr McLean indicates he was in the
process of doing that?---Yes.

You knew, didn't you, that Mr McLean would be hard-pressed to say no to your request to look for a full-time position for Jasmine, given your position at the University?---Yes.

And you were effectively using that position to obtain the full-time job for the benefit of your daughter, weren't you?---I was.

And you realised at the time that that was contrary to the University's Code of Conduct?---Yes.

10

And at the time you made this request you were the Acting Director of Risk and Audit. Correct?---Yes.

Just going back to 2008, do you recall being entertained by SNP on numerous occasions during that year?---Yes.

From time to time they paid for you to stay at a place called Warner's on the Bay. Is that right?---That's correct.

20

That was a motel or hotel?---Yeah, hotel, yes. Motel, motel, sorry.

Near Newcastle?---Yes.

Is that roughly the region? I want to suggest to you that you stayed there at SNP's cost on about 13 April, 2008?---I can't remember the specific times, but yes.

30

All right. I want to suggest that you stayed there again for two nights at the end of June 2008 in conjunction with attending another race day and rugby function hosted by SNP?---Yes.

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

And SNP provided, the rugby and races was in Sydney I take it. Is that correct?---That's correct.

40

And SNP provided your accommodation at Warner's on the Bay, transport to Sydney for those sporting events and then back to Warner's on the Bay. Is that right?---Yes.

All food and drinks provided?---No, not all, no, not at the races, no, we bought all our own drinks and food at the races.

Right. Did you go to something called the ASIAL Conference in August 2008, towards the end of August?---Yes.

What does ASIAL stand for?---Australian Security Industry Association.

And was that at SNP's expense?---I went to the gala dinner, yes.

Right. And that's an SNP event, the gala dinner, is it?---No, no, no, no, it's the ASIAL, that's there, the ASIAL dinner's the security industry's awards night.

Right. And SNP have a table at the gala dinner. Is that right?---They do.

And, and at their cost you attended that gala dinner on their table?

10 ---I was already in Sydney at another conference and went to that dinner.

All right. But your attendance at the dinner was at SNP's cost, was it?

---Yes.

And who did you, who from SNP did you sit with on the table that you can remember?---Well, it would have been Martin and probably Tom Roach.

All right. Martin is Martin McLean?---Yes.

20 And he was your main contact at SNP?---Yes.

And that was the case for the period from 2005 until you stood down as Campus Service Manager. Correct?---Yes.

I want to ask you some questions about a recommendation you made in October 2008 to merge the security and the mail contracts?---Yes.

30 What was the, well I should in fact take you to page 225 of volume 6. This is a memorandum that you prepared to Ross Williams as Acting Procurement Manager. Is that correct?---Yes, it is.

And what was the nature of the approval process? Why did your recommendation have to go through the procurement office?---'Cause of the extent, well it was the merging of two contracts into one and they would have had to change the attributes to a purchase order.

All right. So this wasn't purely an operational decision to simplify invoicing and payment arrangements. Is that right?---No.

40 You were actually merging two contracts?---Yes.

And one affect of that was that the term of the security contract which was otherwise due to finish at the end of 2010 - - -?---Yes.

- - - was automatically extended so as to coincide with the termination or expiry of the mail services contract. Is that right?---Yes.

So SNP in effect got a, a little over a year extension without having to do anything for it - - -?---Yes.

- - - on their security contract. Is that right?---That's correct, yes.

Did it also mean that when the contracts came to be relet there would be one tender combined for security and mail services?---Yes.

10 That followed as a matter of course did it from this merger?---Oh well, yeah, it would have been the, the relevant decision at the time, yes.

And that would place SNP in a particularly advantageous position wouldn't it, being the only contractor who would be able to say we have been performing both of these services simultaneously?---Well not to that degree. I mean anyone who was coming in, there was very few people around the University world that had done, done both, but certainly from a logistics point of view the savings were in, if you split them up then it would cost you money.

20 Okay. Perhaps you could elaborate just a little for the Commission on the savings that resulted from SNP performing both the security and the mail services?---The, the issue is because they were both on, because they had security services and, and the mail services they had a pool of staff that, you know, if you got busy in the mail room and it was quiet in security, they could send staff to assist. A good example would be during the Christmas period where the mail room is shut down, then the other staff would go in and sort mail during the Christmas period and you didn't have to bring in extra staff once the University shut down to cover that. And if you had non-
30 performance in one, say for instance the mail contract, if you had to bring someone else in to do that specifically, then there wasn't those efficiencies or the synchronisation.

I'm not sure I quite understand your evidence about if you had non-performance in one, for example if you had a performance issue on the mail services contract - - -?---Well it would cost someone more because of the way we, it was set, the way it was operating and the fact that it was running on the bare minimum of staff. So, and it got supported by staff from security. If it was two separate contracts then they would have to bring in other people at a cost to the University.

40 So if you had a non-performance on the mail services side of things, in other words the University are saying you're not performing to this standard. Is that the scenario you're referring to?---Well that's, the supporting was one scenario, the non-performances again if you brought, if you had to terminate that contract and, and bring in someone else it would be at a higher expense because they didn't have the synergies of having people on campus.

But if the University were dissatisfied with the performance of the mail

services and so wanted to terminate SNP from providing those services - - -
?---Yes.

Didn't merging the contracts mean that they would have to terminate SNP
from providing the security services also or just - - -?---Absolutely,
absolutely.

- - - put up with them?---Absolutely. No, it was the contract and so non-
performance in one put the whole lot under the hammer.

10

So in the event that there was no performance that was disadvantageous to
the University wasn't it because the University faced a greater risk in
terminating two significant campus services as opposed to one?---That's an,
yeah, you can have that as an opposing view, yes.

20

So why was the prospect of non-conformance a factor in favour of merging
the two contracts?---It, it was the way I saw it at the time. I believed it was
the, the, the, the best value and the best way to perform the works was to
combine the two. We'd been, there'd been an series of cleaning and that,
we'd put a whole series of smaller cleaning contracts into the main one. We
were continuing to downsize our own administration so to have the bigger
contracts with the one point of call was the best option. I, I can't explain to
it any other way, that's the - - -

So SNP were already providing both services, security and mail?---Yes.

What was the practical benefit then to the University at this point in time in
October, 2008 - - -?---Yes.

30

- - - in merging the two contracts as opposed to having SNP provide both
services?---It gave, it just gave continuity that just brought, gave continuity
and brought the dates together with a view to going to the single contract
tender the next time round.

40

Is it fair to say that contractors other than SNP would be at a disadvantage in
that single tender process when it came around because only SNP would
have been given the opportunity to perform both services on campus?
---Well, they're both, no, well, they're both manpower contracts, it's no,
even if ones were single it's no difference in someone putting in the tender
that has done the works on campus before but believes they can do them. I,
I can't draw that, that's not an analogy that I drew.

The date of your recommendation or memorandum to Mr Williams is
31 October, 2008, you see that there on page 225?---Yes.

I want to ask you in particular about the statement in paragraph 2 of that
memorandum actually the - if you refer there to major savings in the mail

services contract are the use of vehicles and equipment, the vehicle savings had not eventuated, had they?---No.

So why have you referred to that in your memorandum to Mr Williams as a major saving?---I shouldn't have.

What other equipment had there been a major saving in as a result of the mail services and security services being performed by SNP?---They're basically manpower contracts.

10

Yes, but you're referring there to vehicles and equipment. What equipment other than the vehicles had been the subject of a major saving?---I can't, I can't, I can't tell you the, the, the exact logic behind that, the detail behind that.

You go on to say that if either of those contracts changed then the cost of mail services could rise by as much as \$100,000 per annum?---Yes.

20

What was the basis of that estimated cost rise?---I suppose in the, the, the difference in the final tenders when they were received.

But that was a difference in the Australia Post and the SNP tenders for the mail services that you're referring to?---Yes.

But that difference was before you went to Newcastle at the end of March 2007 to point out to both SNP and Australia Post that they had over-estimated the labour costs, correct?---No, they were still different at tender time.

30

Yes, because, because Australia Post had not reduced their tender sum much to your amazement despite being explained - - -?---Yes, yes.

So if some time after October 2008 the mail services contract was terminated and you had to relet it you wouldn't expect the cost to go up \$100,000 from what SNP was then charging would you?---No.

Was this second paragraph to your memorandum – well, it's incorrect isn't it?---Yes.

40

Did you know at the time that it was incorrect?---At best I'd say the figures – some of the figures were rubbery, yes, so yes.

But the statement about the vehicles being a major saving that was quite simply false wasn't it?---Well, we still had savings from not having the other University vehicles that were attached to the mailroom area so there were some savings but probably not to that extent.

But the savings relating to those other University vehicles they're the vehicles that the UNE internal mail services had previously used, correct?
---Yes.

Before it was outsourced to SNP?---Yes. Yes.

It wasn't a saving that resulted from the linking of the mail services and security services contracts was it?---No.

10 See I want to suggest to you that at the time you wrote this memorandum you knew very well that at least the statement about the vehicles was false?
---Yes.

Did you deliberately make that false statement in paragraph 2 of the memorandum about the vehicles being a major saving?---I have to say yes, I can't – there's no other explanation.

20 At the time that you wrote the memorandum were there any particular contract management issues or problems that were arising in the mail services and security contracts?---There was always ongoing issues with the – some issues with the mail but they – once you got the right people in the right positions they'd settle, they'd settle down.

So nothing that you couldn't manage without merging the two contracts, that's right isn't it?---Yes.

You refer at the end of the third paragraph, if you can just take a moment to read that, to procurement guidelines?---Yes.

30 What are the guidelines that you're referring to there?---I think it was to do with contracts going till about six years or so.

Did the University have particular procurement guidelines or a procurement manual in place at that time in October 2008?---They had a part – I recall the sort of part one that was – they had on their web page but it wasn't an official policy.

40 Is it the case that they had a draft policy underway for a number of years?
---Yes.

Was it ever finalised to your knowledge?---Not while I was there.

Did that create problems in terms of procurement processes or confusion in your experience?---Yes.

What sort of problems and confusions did it create in your experience (not transcribable)?---In my experience you just – they seemed to change their requirements from tender to tender or even during some processes.

They being the – was it the Central Procurement Directorate, was that the name of the - - -?---No, it was just – they had their own internal names down there, I think they were called Central Procurement in the end but basically we just called them Finance, yes.

I see. And the procurement section was part of the Finance Department, is that right?---Yes.

10 The University acted on your recommendation and agreed to merge the two contracts, is that correct?---They did.

And that was on or shortly after 31 October 2008 as best you can recall?
---Yes.

Were you taken to dinner by Mr McLean a few days later on about 4 November at the Moore Park Inn?---Yes.

20 That's a hotel in Armidale is it?---Yes.

And that was an expensive dinner with some very nice wine?---It was nice, yes.

Was that a thank you for arranging for the contracts to be merged?---I think they come up and signed them and we were again discussing the – any implementation issues of the merges.

Well, there weren't too many implementation issues were there - - -?---No.

30 - - - given that they were already doing both services?---Yeah, that's true.

So it was really just a thank you wasn't it?---Yes.

Did anybody else from FMS attend that dinner with you?---No.

Did you tell Mr, was it Mr Quinlan or Mr Munro at that time was your supervisor?---I think it was still Mr Quinlan. I'm not sure.

40 In any event did you tell your supervisor you were going to dinner with SNP?---No.

Were you aware by this stage that you needed to not only be careful about actual and perceived conflicts of interest but that you needed to disclose and have recorded in a register at the University any benefit or gift you received of more than \$100?---I wasn't aware of the gifts register, no, at that stage. That was - - -

You were aware though weren't you that you weren't supposed to accept or receive any gift or benefit that might impact or be perceived as impacting on your functions as a University officer?---Yes.

And this dinner clearly had or could be seen to have that sort of impact couldn't it?---It could, yes.

And you knew that at the time?---Yes, I did.

10 A little later in 2008 did you go to an SNP gala dinner as opposed to an ASIO gala dinner in Sydney?---I did.

And that was at SNP's cost?---Yes.

That was an SNP function rather than an industry function?---Yes, yes.

All right. And SNP threw into the bargain accommodation at Warners on the Bay again. Is that right?---I stayed somewhere. They did throw in accommodation, I can't, yes, they threw in accommodation, yes.

20

And similarly did you go to that same SNP gala function in 2009?---I don't recall going to anything in 2009. I don't recall, oh yes I did, sorry. I was on my way to, I was actually in Sydney going to Adelaide I think so I did attend, yes.

And going to Adelaide on University or personal business?---University.

Do you remember asking SNP to arrange your accommodation in Sydney for that particular evening?---Yes, I did.

30

And they put you up at the Ibis Hotel at the airport didn't they?---I can't remember the motel, but I did get put up, yes.

Did SNP put you up at Warners on the Bay again in about August 2009? ---Quite possibly, yes. There was rugby, yes.

And Mr McLean took you out to dinner at Scratchleys at the same time. Do you remember that?---Yes.

40 And that's quite a nice restaurant in Newcastle isn't it, on the waterfront there?---It is.

And the dinner at Scratchleys was that at your request or suggestion?---On one occasion I did suggest it, yes.

And in 2009 this was, you were doing this while you were the Director of Risk and Audit. Correct?---Yes.

And what was the purpose of having ongoing involvement with SNP whilst you were in that position as opposed to Campus Services Manager?---I suppose my weakness for rugby.

And dinners and fine wines and so forth?---Mmm.

You were well aware weren't you that it was not only contrary to the Code of Conduct and Gifts and Benefits policy but also the very Fraud and Corruption Prevention policy that were you writing in 2009?---Yes.

10

And from SNP's point of view they expected did they that notwithstanding your change in position, I'll withdraw that. Did you tell SNP that even though you had changed position in the University you still had an input or a say in what happened with their contracts?---No.

To your, did you understand that they thought you did or were capable of having that influence?---No, I don't think, 'cause no the gentleman that was doing it was doing it in my absence. I didn't have hardly any communications with him at all.

20

Why did you think that Mr McLean of SNP was willing to extend this hospitality to you during 2009?---I suppose we'd become personal friends.

Just friendship did you think or did you think it had something to do with your position at the University?---Well obviously we wouldn't have become friends if we hadn't done business.

30

Has Mr McLean taken you out for dinner since you stopped working as Campus Services Manager?---We've only bumped into each other once or twice.

But he hasn't been inviting you to dinner and rugby and races and SNP gala dinners has he?---No.

So I want to suggest to you that the reason he was prepared to wine and dine and entertain you in 2009 was because of your position at the University and not because of any personal reason, do you agree?---Ah, possibly, yes.

40

Did you also attend another race day with SNP in about February last year, February 2011?---Quite, I can't remember but, but quite possibly, yes.

Sorry, I'll give you a bit more detail. I think it was a race day held at Newcastle and it was - - -?---Oh, yes, yes.

And you stayed at Warners Bay and again had dinner at, at Scratchleys?
---Yes.

That rings a bell now?---Yes, yes.

I want to ask you some questions now, Mr McCallum, about the security guards for the NERU finals for the years 2006 to 2008?---Yes.

Do you remember that the finals those years were held at the grounds of Sport UNE?---Yes.

And you were responsible on behalf of NERU for making those arrangements with Sport UNE?---Yes.

10 And you were also to some extent wearing your FMS cap in doing so, is that fair to say?---Yes.

You arranged with Mr Richey, SNP's site supervisor, to provide security guards for those games didn't you?---I did.

And SNP charged the University for those security guards, is that correct?---Yes.

20 And that was shown as additional guard hours on the invoices you received?---That's correct.

And when you received those invoices you recognised them as being additional hours of the rugby matches, correct?---Yes.

And you approved those invoices for payment by the University?---Yes.

As far as you're aware they were paid by the University, correct?---Yes.

30 And NERU did not reimburse the University for those guard hours, did it?---That's correct.

And so NERU obtained I want to suggest to you quite a substantial benefit as a result of your approving those invoices for payment and making those arrangements, do you agree?---Yes.

I'll suggest that the, the benefit, the total benefit over the three years was about \$5,700, does that sound correct?---Yes.

40 Was that another example of you deciding that the University should do some community engagement?---Yes, but we'd provided security for, for most main events, at community events at no cost to those that were hosting them.

What other kinds of community events did you do that for?---Ah, NIAS, the Northern Inland Academy of Sport had big sporting days there or there was always some events down at Sport UNE, sometimes they'd make part payment for the guards, sometimes we'd cover some of it so - - -

Were you, did you hold an executive or other position with any of the other community organisations that you provided these or that - - -?---No.

In this case, however, being NERU was an organisation of which you were the executive officer?---That's correct.

In those circumstances you should have disclosed the situation to the University shouldn't you?---Yes.

10

And allowed somebody else to make the decision as to whether NERU was to be billed for the guards' costs?---Yes.

And the reason you didn't do that was to effectively save NERU several thousands of dollars, correct?---Yes.

And in an indirect way that benefited you, didn't it, because NERU needed to pay you a monthly allowance of \$600, is that right?---That's correct.

20 And 10 per cent of sponsorship moneys, correct?---Yes.

And as an organisation it generally was short on funds rather than flush with funds, that's right, isn't it?---That's correct.

So a saving of thousands of dollars made it easier for NERU to discharge its other bills, correct?---That's correct.

Including the amounts owed to you?---Yes.

30 Do you remember suggesting to Mr McLean that SNP establish a staff rewards scheme?---Yes.

You made that suggestion in about November 2008, does that sound right? ---Yeah.

Shortly before you took up your position as Acting Director of Risk and Audit?---Yes, I can't remember the exact - I remember, I remember making the suggestion, I can't remember when.

40 That's all right. If you turn to page 323 of volume 6 which you have there. I'll correct myself and say it was in fact October 2008. If you read your email there, just let me know if you agree?---Yes.

That's correct. And Mr McLean in fact carried out that suggestion in that he made the payment to the Moore Park Inn for the two vouchers, correct? ---Yes.

And then that was invoiced back to the University as extra hours?---Yes.

Why did it have to be invoiced to the University as extra hours as opposed to a charge for a staff reward scheme?---I suppose that was already – the charges were already in place and there was contingency for that.

Would Finance have raised some questions if they'd seen it was for some staff reward scheme?---Most probably, yes.

10 Really any staff reward scheme that SNP wanted to implement they should've paid for themselves would be the view Finance would take wouldn't it?---Well, it was my request to establish one.

And what were the reasons for making that request?---The – in some of those excursions with other people that did business with SNP that they had initiated such programs and it had lifted the whole performance of the contracts to another level.

20 And were two \$500 vouchers awarded shortly after October 2008?---I believe so, yes.

And who made the decision as to who to award them to?---In the end it was me but I used to get the recommendations off the site supervisor.

And you made the decision didn't you to award one of them to Jasmine McCallum?---I did.

30 And you in fact went so far as to make arrangements with the Moore Park Inn to book dinner for yourself and Jasmine and your other daughter before Jasmine even knew she had the award, is that right? Do you remember that?---No, I don't remember making those arrangements, I certainly remember making the arrangements – she hadn't received the award, I believe she was aware she was getting it but she hadn't received the award.

Can you just have a look at page 329 of volume 6?---There you go. Yep.

So what I want to suggest to you is that you made arrangements for the University to fund this \$500 award, \$1,000 in total?---Mmm.

40 You then award one of the \$500 vouchers to your daughter Jasmine so you and her and your other daughter can go out for a family dinner, that's what happened isn't it?---It was also – that's what happened but she also was a star performer.

There's a perception problem isn't there if anybody else knew about this? ---Yes.

And the perception would be that you were making arrangements to use University funds to pay for nice family dinners, correct?---Yes.

And that's what the best part of the \$500 voucher was used for isn't it, it was used for the farewell dinner that you refer to in that email?---Yes.

Did you disclose to anybody else at FMS that you were putting this staff reward scheme in place?---No.

I want to ask you some questions about SNP's sponsorship of the New England Rugby Union?---Yes.

10

They sponsored the NERU at \$5,000 a year didn't they from 2008, is that correct?---Yes.

And was that sponsorship put in place at your suggestion or request?---My recollection is I – to the best is that in a meeting with SNP and Martin McLean that they sponsored rugby in other regions and they said they could – they might be able to do something with the rugby and then obviously after that I worked on that in putting it together.

20

Now, when you say you worked on that you proposed NERU as the organisation to be sponsored, correct?---Yes, I did.

In making that proposal to SNP did you tell them that you would get ten per cent of the sponsorship moneys?---No, I didn't.

Was that something you didn't want them to know or you just omitted to tell them?---Just omitted to tell them.

30

In May 2009 you asked Mr McLean for an extra \$2,000 for NERU didn't you?---That's correct.

And the purpose of that extra payment was to help NERU repay debts that it owed to the St Kilda Hotel. Correct?---Yes.

And Mr McLean made that payment at your request?---Yes, some months later, yes.

40

And when you asked him to make a contribution you knew didn't you that he would be hard pressed to decline given your position with the University?---Yes.

And even though you were the Acting Director of Risk and Audit at that stage you knew didn't you that he perceived you as continuing to have some influence or potential influence over the mail and security contracts. Correct?---Yes.

And so again you used your position to obtain the \$2,000 for NERU?---Yes.

Did you mention that to anyone else at the University?---No, I didn't.

As the Acting Director of Risk and Audit you were in no doubt that this was inappropriate in May 2009 were you?---Yes.

You agree with me you had no doubt it was inappropriate. Is that right?
---Yes.

10 Sorry, I wasn't sure about the effect of your answer. There's a company
Prosys Services being involved in maintaining and installing the
University's Cardax access control system?---Yes.

And Prosys Services were an authorised channel partner of the
manufacturer, Cardax. Is that correct?---Yes.

And at some stage SNP became a channel partner also. Do you remember
that?---Yes.

20 And did you understand that there was some kind of moratorium period
during which SNP was not allowed to tender for other channel partners
work?---That's correct.

In late 2010 or early 2011 did you have discussions with SNP about
submitting an expression of interest for SNP to carry out that Cardax work?
---Yes.

30 And you had those discussions didn't you with a view to SNP being
awarded that work rather than Prosys continuing with that work. Is that
right?---Oh, to give, to be, yeah, to have two people bid for that work, yes.

I see. You wanted to have two separate people bid for that work?---Yes.

Could Mr McCallum be shown volume 13, opened at page 90, please. Just
take a moment to read that email, Mr McCallum?---Yes.

40 So in this email you were making it known to Mr McLean weren't you that
you wanted to move away from Prosys Services as the Cardax or
preventative maintenance supplier to the University?---We were looking at
how to manage the minor maintenance, yes, by having someone on,
someone that was on site.

And you were indicating to Mr McLean that there would be a tender process
coming up?---Yes.

And gave him the name of the consultant which you thought would be
handling the tender process?---The University had signed over all
procurement to that group.

Was that something otherwise known to Mr McLean or this was news to him in this email (not transcribable)?---I could have told him previously that the University outsourcing procurement.

And you give Mr McLean, in the third paragraph of your email, and indication of the onsite resources for support that the University requires. Correct?---Yes.

10 And the particular subcontractor AFS Security that you have in mind as being appropriate. Is that right?---But it's only on Fire and Safety, yes.

Okay. And that's effectively what you were saying to Mr McLean in that paragraph that they were be an appropriate subcontractor. That's right isn't it?---Yes.

20 And in the final paragraph the figure of \$250,000 per annum, that's effectively an indication to Mr McLean of the price that the University is expecting the tender to come in at isn't it?---No, that was an indicative value of the works if they come out, not a price to put in. bit an indicative value of the works.

And that email gave Mr McLean quite valuable information didn't it as to how to approach the tender for this additional work with the University? ---Yes, when it came out, yes.

30 And it was your proposal at the time wasn't it that you would merge this work, the preventative maintenance work together with the mail and security contracts. Correct?---I said there was (not transcribable) there would have been a long process in prior to that for those ones to be merged. That was my thought process, yes.

Well at that stage the mail and security services contracts, the merged contract - - -?---Yes.

- - - was coming up to be retendered in about the middle of 2012. Is that right?---Yes.

40 And your proposal as at the end of 2010 was to fold in the preventative maintenance work with that tender. Correct?---I think I was looking at the, as best as I recall I was looking for something to put in place just to take us up to that period, so again we could maybe try another option and take us up to the period where I could make recommendations on the scope of contracts or works to be tendered.

And if you had ultimately recommended merging the, I'll withdraw that. If you had ultimately recommended doing one tender in the middle of 2012 for the three areas of work, mail, security and Cardax, SNP would have been the front runner for that tender almost certainly wouldn't it, if it had been

performing all three areas of work?---Hopefully we could have included fire as well, so, you know, to split that up, but because that's the, we're not big enough to have individual technicians so we just have people running on and off all the time. But yes, they would have been in a strong position.

Isn't what's happening a gradual process of the University letting bigger and bigger contracts, you at the same time cementing stronger relationships with the incumbent, partly through their entertainment and hospitality and you're inclining towards favouring the incumbent for these increasingly large contracts?---Yeah, if you have a good incumbent, yes, you favour them, yes.

Was it the quality of the service they were providing though or just as much to do with the wining and dining?---No, no. No, lived and died by their performance. You know it's a, in a small regional town like that the, if there's anything non-performing it all gets, comes out fairly quickly.

I've mentioned Prosys Services, I just want to ask you some more questions about their role. They were responsible from about 2000 up until 2011 for the installation and maintenance of the Cardax system. Is that right?---Yes.

Was there an electronic or a record kept on some electronic system of all the work done to the Cardax system at the University?---Not that I recall.

All right. It was a fairly highly controlled access system. Is that correct?---Yeah, it's a proprietary (not transcribable) system.

Right. And it's important for the University to maintain a record of what work is done on the system. Is that right?---The, the increases and, yes, it would.

And do you have any knowledge about how the University maintained that record?---No.

That would have been done by somebody else operating on a more operational level than yourself, is that right?---We, yes, I'm just trying to - -

You were a number were you of the, a group known as the Tertiary Education Cardax Users Group?---Yes, I was.

And that was a group of university officers in positions similar to yourself responsible for the contracts for security systems?---Yes.

And the aim of the group was to negotiate collectively with Cardax about various matters enabling you to get a better deal?---Particularly enhancement that suited the tertiary environment.

All right. And as a result of your membership of that group you were aware of the concept of channel partners weren't you?---Yes.

Those being companies authorised to distribute and install Cardax systems?
---Yes.

And you knew, didn't you, that there were a number of channel partners that the University could potentially ask to provide quotes or enter into contracts with?---Yes.

10

As Campus Service Manager you caused the University to engage, sorry, to engage Prosys Services on a number of occasions, that's correct, isn't it?
---Yes.

And on each of those occasions you would get them to give you a quote for the work required?---Yes.

The quote would have to be obtained before the work started, correct?
---Yes.

20

In fact the quote would have to be accepted and a purchase order raised, correct?---That's correct, yes.

You wouldn't allow them to start work without those two things having happened, correct?---Only, only in an emergency but 99 times out of a hundred, yes.

Well, otherwise when you got an invoice you'd have trouble getting it paid, wouldn't you?---Yes.

30

All right. And do you remember a process coordinated by Sinclair Knight Merz in 2007 which resulted in about \$172,000 worth of work being awarded to Prosys in November of that year?---It wasn't awarded in that one, oh, well, that was awarded in stages - - -

Oh, I see?--- - - - if and when combined, it wasn't a lump sum on that day.

All right. Could Mr McCallum be shown volume 9 please and volume 6 might be handed back, volume 9 at page 13?---Thank you.

40

Do you have pages 13 and 14 there, Mr McCallum?---I do.

Is that the tender submitted by Cardax in response to a tender process coordinated or quotation process coordinated by Sinclair Knight Merz in November 2007?---Yes.

Was it a formal tender or did Sinclair Knight Merz simply seek alternative quotations on behalf of the University?---Sinclair Knight Merz ran the, ran

the process for us. They, they were aware about the long-standing relationship with Prosys so they were there to sort of tick off on the quotations and, and actually oversee the project if and when it went ahead in stages.

And were quotations, as part of this process were quotations obtained from anybody other than Prosys?---Not that I'm aware of.

10 So if you could then turn to page, sorry, at page 14 I'll get you to note - sorry, I'll withdraw that. If you could then turn to page 15 of volume 9. Is that a requisition order raised by you and signed by you?---Yes.

And do you see there against, about two-thirds of the way down the page against the word "Recommendation" it says "as per SKM"?---Yes.

Is that a reference back to the SKM process in relation to which the tender at 13 and 14 relates?---Yes.

20 So this was, this \$19,605 figure was for one stage of that work, is that right? ---That's correct.

And you see there in the table headed "Value of minimum number of quotes" - - -?---Yes.

- - - the words "two written quotes" have a tick or a mark next to them? ---Yes.

Did you make that mark?---I did.

30 And does that indicate that two written quotes were obtained?---No, because if there was a second one you have to put it on the document.

I see. So the fact that column B in the table below is blank indicates that there was in fact no second quote?---That's correct.

But ordinarily two quotes would need to be obtained for that value of work - - -?---Yes.

40 - - - is that right?---Yes.

And the reason they weren't in this instance was?---We, as I said, we'd been using Prosys for a number of jobs.

Why was that a reason not to obtain an alternative quote?---Just again, just the preferred, we had them preferred, as a preferred supplier. They were doing the majority of the work.

But how did you know you were getting value for money for the University if you weren't even obtaining an alternative quote from another channel partner?---When you went to those, those Cardax user group meetings you, you, everyone discussed what projects they had on and what their current costings were so it was fairly, you were fairly aware of what the current rates were.

10 So you were relying on discussions at these user group meetings as informing you about the - whether or not prices were competitive by price?
---Yes.

And how often did you attend these meetings?---I think there was two a, two a year.

So every six months or thereabouts you'd get a hearsay update as to whether or not Prosys's rates were competitive, is that it?---Ah, yes. We, we spoke, yeah, you'd be in contact with people, yes.

20 It would have been a simple matter wouldn't it to just get an alternative, a second alternative quote from another channel partner?---We had tried some other channel partners to a varying degree of failure.

And who had, who had you tried?---Ah, we'd used Chubb before, previously um, Team Security in Brisbane.

You weren't very happy with Prosys's service though were you in about the middle of 2008?---Ah, that was, yeah, for a particular reason, yes.

30 And if you would turn to page 12 of volume 9, are the reasons set out in that email that you wrote to Mr Anley on 2 July, 2008?---Yes.

And for how long before 2 July, 2008 had the business relationship between the University and Prosys been precarious in your view?---A few months.

And for how long after this email did it remain precarious?---Um, oh, they made, they made it, they made a change in their structure which addressed most of the issues. I can't tell you how long afterwards but it was after that.

40 And if you can move forward in that same volume 9 please to page 17. Is that a requisition for a purchase order authorised by you for further work to be performed by Prosys Services to the value of about \$48,000?---It is.

And you signed that on 11 July, 2008?---Yes.

Just nine days after that email that I took you to?---Yes.

Are you telling the Commission that all of the complaints had been resolved within that nine day period?---No.

Yet despite those complaints and the fact that they hadn't been resolved you didn't obtain alternative quotes on this occasion either did you?---No, I didn't.

And the value of the works was not insignificant at \$48,000 was it?---That's correct.

10 Against the word "recommendation" you see you've written the words "see over"?---Yes.

Is that a reference to what appears at page 18 of volume 9?---Yes.

And is that a statement written by you to be reviewed by finance in raising the purchase order, was that the purpose of that statement?---Yes.

20 Was it correct that Prosys had the sole accredited technician in Armidale who could supply effective support?---As, as a recall they did and didn't in stages.

Right. But as at 11 July 2008 when you wrote this or you signed this requisition they weren't supplying effective support were they?---In some of the instances, yes.

And the accredited technician they were using was a subcontractor, correct?---Yes.

30 And any Cardax channel partner would be able to use the same subcontractor, correct?---My recollection is that they worked for – in a region they worked for one channel partner, they didn't – in our region they didn't cross-reference channel partners.

And what was the basis of your understanding about that?---Just in talking with Cardax and the companies involved.

40 Right. Who at Cardax in particular told you that channel partners – sorry, that subcontractors could only work for one channel partner?---The business – one of the business development guys. He actually sent an email down the track in relation to them when we made Prosys the sole supplier.

Right. Is that a Mr Smith, Mr Adam Smith?---Yeah, yeah.

And you say do you that he told you that a subcontractor can only work for one channel partner and can't work between different channel partners?---Yes.

And what inquiries had you made about other contractors and other channel partners in July 2008 before you wrote this statement?---Probably none at that stage.

10 So you hadn't checked with Cardax so what was the basis for this statement that you made for Finance to read?---Well, Team Security had indicated to me when they'd missed out on a job at quotation years ago that they were no longer interested and I suppose that the – at worst they had – used to bring people from Tamworth so it was still a very quick response. I can't actually commit to say that they still had someone actually in Armidale, there was, as I said, there was people on and off.

When you received an invoice from Prosys for work that they had done what was the approval process, did that simply involve signing by you? ---Yes or I'd try and get someone, one of my staff to go and check to see what had been done.

To make sure the invoiced work had actually been carried out?---Yes.

20 And you would then send the invoice off to Finance and it would be paid, is that right?---Yes.

Can you turn to page 21 of volume 9. That's a copy of an email from you to – is the recipient address Mr Ross Williams' address at the University? ---Yes.

And you were writing to Mr Williams in his capacity with procurement, is that right?---Yes.

30 And applying for Prosys Services to be awarded a sole supplier status? ---Yes.

What was the significance of them being awarded a sole supplier status from the University's point of view?---Well, we had been using them as preferred supplier for a few years so we just took it to the next step to formally apply for sole supplier.

40 If they were accorded sole supplier status did that effectively mean that you didn't have to worry at all about alternative quotes, was that - -?---That's correct.

So whilst you hadn't been obtaining alternative quotes for some time this formalised that in effect, is that right?---Yes.

And you say there in paragraph 2 that they, that is Prosys, are the only company with local subcontractors within the region?---Yes.

Had the – well, was it still your understanding at this time that subcontractors could only work for one channel partner?---Needed to be accredited also in the latest version of Cardax.

Yes?---Yes.

But an accredited subcontractor, you thought, could only work for one Cardax channel partner?---That was the case I believe in our region, yes.

10 Had the issues that you had raised about Prosys's performance in your email to Mr Anley of 2 July 2008 been resolved by the time you made this application to Mr Williams?---The majority, yes, but anything that wasn't we were amicably working through.

Was SNP a Cardax channel partner by this stage?---I don't believe that they – no, I couldn't tell you exactly but if they were it would've been in their moratorium period.

20 And despite your difficulties with services provided by Prosys you never challenged Cardax about that moratorium period?---I asked them about it certainly.

And what were you told?---That the other channel partners virtually in approving SNP to come on as a channel partner said there had to be a two year moratorium.

You don't disclose in this email to Mr Williams the problems that you'd had with Prosys as recently as 2 July 2008 do you?---No.

30 That should've been disclosed shouldn't it in circumstances where you were effectively asking him to approve – absolving you from the need to obtain quotes from alternative suppliers for this work?---Well, overall they had been by far the best Cardax performer on site.

Did you discuss this with Mr Quinlan or anybody else within FMS?---Yes.

And Mr Quinlan supported the application did he?---Yes.

40 Did he ask you any questions about it or he just didn't disagree with your recommendation?---Probably – well, he was probably aware of the work, the time they'd been on campus so just agreed. I can't remember anything else.

I want to suggest to you that the total value of work that Prosys did with the University from January 2004 to date is in the order of \$2.4 million, does that figure surprise you?---It does because significant works were done during building projects where – which didn't involve me.

I see. So not all of that work would've been signed off by you, is that right?---Absolutely not, no, they did a lot of construction work, it was in the UNE design standards to install Cardax if there was a new building or a significant retro fit.

10 And having been accorded sole supplier status in September 2008 would that mean that they wouldn't necessarily have had to tender for that other new building work?---Well, they – and I'm not an expert because I'm not one of the construction guys but it just formed part of the overall principal contractor building contractor's tender submission. How they submitted that to the – how they worked out their prices with them is between that and the principal contractor.

All right. So your expectation is that for those building works Prosys would've been a subcontractor to the head contractor?---To three or four contractors down the list.

20 I want to ask you some questions now about Prosys's sponsorship of a New England Rugby Union function on 6 November 2008?---Yes.

Do you recall asking Mr Magi whether Prosys would be willing to sponsor a fundraising function that the NERU was organising?---Yes.

And Mr Magi agreed to sponsor it, or for Prosys to sponsor it to the tune of about \$3,000, correct?---Yes.

And the function was held on 6 November 2008. You attended of course? ---Yes.

30 And Mr Magi attended?---Yes.

And NERU issued an invoice to Prosys for the \$3,000, correct?---Yes.

And the invoice described the amount as not being for a function but being for sponsorship, is that correct?---Yes.

For ground advertising or something of that nature, do you recall that? ---Yes.

40 Was that something that Mr Magi requested be stated on the invoice or something that you arranged?---I honestly can't recall how that came about. I would've advised the NERU Treasurer but - - -

And do you remember asking Mr Magi shortly before the 6 November 2008 function if Prosys would pay an additional amount of \$7,000 - - -?---Yes.

- - - towards the function?---Yes.

And that amount was to be paid directly to the St Kilda Hotel. Is that correct?---That's correct.

And are you aware that St Kilda Hotel issued an invoice for that amount directly to Mr Magi at Prosys Services?---Yes.

You told Mr Magi didn't you that if Prosys would pay that amount to the St Kilda Hotel then you would arrange for the same amount to be effectively reimbursed by the University to Prosys Services?---I did.

10

And that was the basis on which Mr Magi agreed to pay the money because his company wasn't going to be out of pocket was it?---That's correct.

MR STEIRN: I object to that. Your Honour, Commissioner, this witness can't answer that question as to what Mr Magi, it might his view but certainly not Mr Magi's view.

20

ASSISTANT COMMISSIONER: Yes, well look I understood he was answering in the context of discussions he'd had with Mr Magi, but perhaps Ms Williams could - - -

MS WILLIAMS: I accept the, the point raised, Commissioner. I'll clarify. The terms agreed between you and Mr Magi and your discussion with Mr Magi were that he would arrange for Prosys to pay \$7,000 to the St Kilda Hotel for the NERU function if the University would in turn pay \$7,000 to Prosys. Correct?---That's what I recall saying, yes.

That was something that you proposed to him in effect?---Yes.

30

And he accepted that by his words back to you. Is that right?---Yes. I don't remember his words back to me, but certainly we obviously made, reached an agreement somehow.

And a few days after the function on 6 November, did you ask Mr Magi to send you a quote for that \$7,000 amount?---I did.

Can you turn to page 39 of volume 9. Is that the quote that you received from Mr Magi on 11 November, 2008?---Yes.

40

Had you asked Mr Magi to provide a quote for the work that is referred to in that document or simply to provide you a quote for \$7,000?---I believe I asked him to provide in that format.

When you say in that format are you referring to the description of the words or just - - -?---Yes, the description of the words.

And can you describe please the work that is referred to there? What it

actually - - -?---There's importing cab drawings into Cardax FT workstation.

All right. And was that work that the University required to be done in November 2008?---It would have been beneficial, yes.

Was it something that was required to be done other than the arrangement you had reached with Mr Magi about the \$7,000?---Yeah, it certainly was a benefit, yes.

10

Was it work that was being done from time to time in small pieces in any event?---On occasions, yes.

And on some occasions that work was in fact been done by SNP. Is that correct?---No, I wasn't aware, I wasn't aware of that. SNP, there was some crossovers in duty that created some conflicts, but as far as the cab drawings go they would have had to get them off the cab operator at FMS. If it did occur I certainly wasn't aware of it.

20

Would you have asked Mr Magi to provide you with a quote for the work described in this document at page 39 if Mr Magi hadn't agreed to arrange for Prosys Services to pay \$7,000 to the St Kilda Hotel?---No.

If you turn to page 40 - - -

ASSISTANT COMMISSIONER: Sorry, can I just try to clarify something. Is it, is it your evidence then that this work was done or was this just a method to reimburse the money?---It's a bit of both, Commissioner. The work was being done over a period of time but it did reimburse NERU costs.

30

Well if it was being done under a period of time would that have been under their existing contract?---Yes, while they were doing, probably, if I recall sometimes some got done when they were doing some of the maintenance visits, but also I lost a bit of, I lost track of what things was going on after that, it was a bit sort of - - -

Well to your understanding was this work that would not normally have been separately invoiced in this way but it was done to reimburse? I'm just trying to understand what you're saying?---It was, it was, it was, my recollection it was done to assist with the reimbursing.

40

Yes. All right. Just to my way of thinking it wouldn't be reimbursing him if it was just work that he was doing and paying people to do anyway. If you know what I mean?---Yes.

It would only be reimbursing him in effect if it was work that he either didn't have to do or that he was already getting paid for through the normal

contract?---I know they were converting stuff to cab, I can't recall and I don't know what percentage complete that is to this day.

All right. Well in terms of this invoice and the words specified on it would it be fair to say that you do not know whether this work as invoiced was done?---That's correct.

Okay. Yes, Ms Williams.

- 10 MS WILLIAMS: And is it the case that you approved the invoice for this \$7,000 amount plus GST for payment not knowing whether or not the work had in fact been done at the time you approved it?---That's correct.

If you could turn to page 83 of volume 9. Just to clarify the dates, do you agree with me that that's your signature approving that invoice for payment on 4 December, 2008?---Yes.

And so far as you're aware the University made that payment to Prosys shortly after that date, correct?---Yes.

20

And did you become aware after that that Mr Magi had not yet arranged to pay the \$7,000 to the St Kilda Hotel?---Yes.

And did you chase Mr Magi to do that without further delay?---I did.

Because you were extremely concerned weren't you about a situation where the University had paid a \$7,000 amount to Prosys and Prosys hadn't upheld its end of the deal and paid the St Kilda Hotel?---Yes.

- 30 And Prosys did in fact pay the St Kilda Hotel putting your mind at rest towards the middle of January. Is that right, January 2009?---Yes.

By approving the invoice for payment in December 2008 to give effect to your arrangement with Mr Magi, you were effectively defrauding the University of \$7,000 weren't you?---Yes.

MR STEIRN: I object to that. If he doesn't know whether the work was done or not then in my submission what he thinks is not, it's got to be - - -

- 40 ASSISTANT COMMISSIONER: It's not just that he doesn't know whether the work was done or not, it's that he had an agreement with Mr Magi on his evidence whereby he would arrange for this to be paid so that a bill for the St Kilda Hotel could be paid.

MR STEIRN: Yes, but to take the Commissioner's point, your point, if the work was done that puts a totally different complexion on the matter. See the way the, the way Counsel Assisting opened to this inquiry was on the basis of whether the work was done or not. There seems to be real doubt at

this stage whether the work was done according to this witness's evidence, but my instructions are the work was done. So if that's wrong, we're wrong, but in my instructions the work was done. So to say this was a fraud committed on the University may not be quite to the point because if the work was done and the University got money, got, got a benefit for it regardless of whatever deal occurred between this witness and Mr Magi.

10 Yes, but from this witnesses point of view he says he had no reason to think this work was done. He signed the invoice because he wanted to affect the reimbursement that had been agreed to previously. So I don't see how it's unfair to suggest to him that from his point of view signing this invoice may have amounted to a fraud.

But it is unfair to Prosys and Mr Magi, because they believe the work was done.

ASSISTANT COMMISSIONER: Well, look, I'm sure your client will be able to give evidence about what he believed.

20 MR STEIRN: Yeah.

ASSISTANT COMMISSIONER: But I don't think it's unreasonable for Counsel Assisting to put to this witness the effect of the combination of his evidence is that the University paid for something that he has not reason to believe was done. That is the effect of his evidence.

MR STEIRN: Yeah, providing it remains at that, on that basis, according to him.

30 ASSISTANT COMMISSIONER: Yes, Ms Williams.

MS WILLIAMS: Mr Magi will be called in due course, Commissioner. Mr McCallum, did Prosys have a tab or an account at the St Kilda Hotel to your knowledge?---Yes.

And was that an account that you were able to make use of from time to time when it suited you?---When they were in town, yes.

40 Right. So when a representative from Prosys was in town?---Yes.

Did you become aware of other staff from FMS using it on occasion?---Yes.

And was that a cause of some concern for you?---Yes.

And did you instruct Prosys to make sure or to try and make sure that that didn't happen? Is that right?---Yes.

Did you speak to your own FMS staff about it?---Yes.

And instruct them not to do it?---Yes.

Were they aware though that you made use of the account from time to time?---Yes.

Was that another case of one rule for you and one rule for everybody else at FMS?---Yes.

10 If you can turn to page 41 of volume 9, please. Is that an email from you to Mr Magi in November 2008 about Prosys' St Kilda account?---Mmm. Yes.

Do you recognise that?---Yes.

And is it the case as you say there that you were the recipient of nightly hospitality on Prosys' St Kilda account?---On that, that week, yes.

20 Ah hmm. And you were offering to make a contribution of \$1,830 to the account to pay for your portion of the hospitality. Is that right?---No, no. I was happy to contribute to that figure.

Oh, I see?---Not the actual 1,830.

You're correct, I apologise. So is it the case that you enjoyed hospitality of a substantial value from Prosys via its St Kilda account in that week?---Yes.

And on other occasions no doubt from time to time. Is that correct?---From time to time, yes.

30 Do you recall also enjoying expensive dinners at the Deer Park Inn with Prosys' local technician, Mr Anley?---Yes.

And did Prosys also contribute to the Friday afternoon beer supply from time to time at FMS?---On occasion, yes,

And do you recall one occasion when you received a rather expensive bottle of wine from Prosys, about \$160 bottle of wine as a Christmas gift?---Yes.

40 And your acceptance of all of these benefits was contrary to the Code of Conduct. Correct?---Yes.

And you knew that, you were aware of that at the time you accepted them. Correct?---Yes.

And also the Gifts and Benefits Policy. Correct?---Yes.

Would you turn to page 900, sorry, page 23 of volume 9?---Yes.

Is it the case that you had to set up Prosys as a sole supplier each, each and every year, you didn't get a standing sole supplier status?---Yeah, no, we only applied for a year, that's correct, yes.

Right. Could Mr McCallum be shown volume 7, please, at page 235?---Ta.

Is that a letter to you from Mr Smith, Mr Adam Smith of Cardax?---Yes.

10 And is that the correspondence you referred to earlier about Prosys being the only channel partner?---At that time, yes.

That is the only channel partner with a Cardax technically-trained member of staff. Did you, when you, sorry, I'll go back a step. I assume this letter resulted from some inquiry that you made with Mr Smith. Is that right?
---Yes.

20 And when you contacted Mr Smith, did you ask him about which other channel partners might be able to service the region, that is your region?
---I, I'm trying to remember the wording that I did use. It was probably more along the line, you know, was, was Prosys the only ones as opposed to was there any others.

Did you ask Mr Smith on that occasion about the prospect of other channel partners using subcontractors in the New England or Armidale region?
---I did, because I know we spoke about SNP and the, and the moratorium and I believe at that stage (not transcribable) Cardax were bringing in a system where accredited technicians could only work for one channel partner.

30 But they didn't have that system prior to February 2010. Is that correct?
---I, I can't be specific and answer that. I believe there was somewhere in 2010, it was definitely during that year, whether it was in place then that they'd actually brought in that once a subcontractor was accredited he was only accredited while he was working with the company that he was accredited to.

And I'm sorry, I don't think I quite picked up the first part of your answer. That was at some stage during, during 2010, was it?---Yes.

40 So prior to that an accredited subcontractor could work for any Cardax channel partner. Is that right?---They could, but they didn't, it was in our region they didn't, they normally attached themselves to a company and that was it.

Did you not indicate to, to finance by your statement on the purchase order that you signed in July 2008 that Prosys were the only channel partner with an accredited technician in the area?---Because the accredited technicians were with them.

I thought in your evidence about that when I asked you about that document I thought one of your reasons for making that statement was that the subcontractors could only work with one Cardax channel partner?---I, I thought I countenanced that by saying in our, in our region. There was a, if I did, that was incorrect. Back in those days accredited people might have moved around in the city but in the region they attached themselves to a channel partner and they believed to be- - -

10 MS WILLIAMS: So is the effect of your evidence now that that wasn't necessarily a Cardax restriction in July 2008 but that as a matter of practice was what occurred, is that right?---Yeah, that'd be, that's a better way to put it, thank you.

Okay. Commissioner, if that's a convenient time I might just briefly tender the volumes that I have taken Mr McCallum to today. I do have a few more questions left for tomorrow but I won't take long tomorrow. Although it's a little unorthodox might I suggest that the exhibits be numbered in
20 accordance with the volume numbers so that we can all be clear about volume and page number and by the end of the inquiry we will have a list of exhibits that commences with number 1. I'm in your hands, Commissioner, but that's simply an operational suggestion.

ASSISTANT COMMISSIONER: Well, that's assuming we will get up to nine, 14, 15 exhibits which I don't know that we will if we're restricting ourselves to - sorry, I don't really understand what you're suggesting.

MS WILLIAMS: Well, for example, I wish to tender volume 3, the legal
30 representatives have been provided with documents that also have that, that number, the volume numbers are the same.

ASSISTANT COMMISSIONER: Do you mean you're going to tender the entire volume not just the parts that have been shown?

MS WILLIAMS: Yes, yes, the entire volume.

ASSISTANT COMMISSIONER: Yes, all right.

MS WILLIAMS: And I was going to request that volume 3 be marked as
40 Exhibit 3 rather than Exhibit 1.

ASSISTANT COMMISSIONER: All right. All right. Well, volume 3 will be Exhibit 3.

#EXHIBIT 3 - VOLUME 3

MS WILLIAMS: Thank you, Commissioner. Might volume 4 be Exhibit 4.

ASSISTANT COMMISSIONER: Yes.

#EXHIBIT 4 - VOLUME 4

10 MS WILLIAMS: Volume 6 Exhibit 6.

ASSISTANT COMMISSIONER: Yes.

#EXHIBIT 6 - VOLUME 6

20 MS WILLIAMS: And volume 9 Exhibit 9.
ASSISTANT COMMISSIONER: Yes.

#EXHIBIT 9 - VOLUME 9

MS WILLIAMS: Thank you, Commissioner.

30 ASSISTANT COMMISSIONER: Didn't we also look at something in 13
or - - -

MS WILLIAMS: Yes, I was unsure about that but if that's your
recollection, Commissioner, then I will abide by that, if volume 13 could be
Exhibit 13.

ASSISTANT COMMISSIONER: Yes. Well, I think it was 13, it was
somewhere up that end of the table.

MS WILLIAMS: Mr Laurence confirms that we did.

40 ASSISTANT COMMISSIONER: All right. Well, so that will be Exhibit
13.

#EXHIBIT 13 - VOLUME 13

MS WILLIAMS: Thank you, Commissioner.

ASSISTANT COMMISSIONER: All right. We will resume at 10 o'clock tomorrow morning.

AT 4.00 PM THE MATTER WAS ADJOURNED ACCORDINGLY
[4.00pm]