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INDEPENDENT COMMISSION AGAINST CORRUPTION

THERESA HAMILTON ASSISTANT COMMISSIONER

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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. Yes, Ms Williams.

MS WILLIAMS: Thank you, thank you, Commissioner. Before I continue with Mr McCallum could I just indicate to the Commission and for the benefit of the legal representatives that after asking Mr McCallum some further questions today and after any other legal representative has done so I propose to call Mr Turner, followed by Ms Cutler, Ms Slade, Mr Yardley and then Mr McLean. In addition to the witnesses I indicated yesterday I do  
10 not propose at this stage to call Mr Mark Lawler, Mr Ross Williams or Mr Bruce Reeves but as previously if any other representative would wish to ask those people some questions they might let me know.

ASSISTANT COMMISSIONER: Yes, thank you.

<COLIN JAMES McCALLUM, on former oath

[10:02am]

20 MS WILLIAMS: Mr McCallum, I was asking you some questions yesterday about the Tertiary Education Cardax User Group and your membership of that group?---Yes.

And I think you've indicated that you through discussions with other members of that, that group from other universities have an understanding of the rates at which and terms on which channel partners provided services to those universities for their Cardax systems, is that right?---Yes, yes.

30 And you had an understanding for example of the rates that Prosys were charging other universities as a result of those discussions. Is that right? ---Yes, yes.

Was it your understanding from those discussions that Prosys had to tender for work at those other universities?---Not at all of them, no. Some yes ah, as I - in, in, in that email that, to finance there was, it was working at sole supplier at some other universities and being used exclusively as preferred supplier.

40 And in other universities they had to tender, that's right, isn't it?---In some universities, yes, that's right, that's correct.

And is this a fair summary of the evidence you gave yesterday about this issue, that the reason you didn't call for tenders for work on your University's Cardax system was because you thought no other channel partner in the region would have either a staff technician or a subcontractor they could use to perform the work in the region, is that correct?---Ah, yes, that's one of the reasons, yes.

All right. Sorry, what were the other reasons?---Oh, the other reasons as I say is we had, as I said yesterday we had used some other companies and the ah, Prosys had been by far the best so we listed them as a preferred supplier in our design standards.

There were about 12 to 15 channel partners in New South Wales that were accredited with Cardax during the period that you working as Campus Service Manager, is that right?---Oh, I couldn't tell you the number.

10 You don't know how many channel partners there were?---No.

Did you ever find out?---No.

You didn't take steps to find out how many channel partners there were and who they were?---No.

How then did you come to the view that no other channel partner would be capable of performing the work in Armidale either through a staff member or a trained subcontractor?---Well, we just looked, I just looked at ones that  
20 had other previous tertiary experience.

All right. So you didn't look at channel partners generally?---No.

You see at least with the benefit of hindsight you could have asked anyone of those 12 to 15 channel partners to put a proposal to the University, including with detail as to how they would carry out the work and reviewed what arrangements they could make and consider them as an alternative to Prosys couldn't you?---I could have, yes.

30 And you then would have had a reference point, a comparison for the prices that Prosys were submitting to you. Correct?---Yes.

And one reason why you didn't do that that influenced you was that Prosys were looking after you nicely in terms of hospitality isn't it?---Oh, not in the initial stages, on. When, when they, the first work they got at the University was the conversion to the latest version of Cardax which went to, out to competitive quotation.

40 And when was that?---2000 or 2001.

What about by 2009 say for example, was it Prosys' hospitality something influencing you by that stage do you think?---Well the, obviously I enjoyed doing business with them, so yes.

Well when you say you enjoyed doing business, you enjoyed being taken out for drinks and lunch and dinner didn't you?---Yes.

I put to you yesterday that Prosys had been paid \$2.4 million by the University from January 2004 to date. Do you remember me putting that?  
---Yes, yes.

And as I understood your evidence you suggested that part of that sum would probably relate to building contracts for which you were not responsible. Is that correct?---Yes.

10 I want to suggest to you that \$2.237 million was in fact paid to Prosys referable to FMS work?---Oh, right.

Paid directly by the University not by building contractors. Does that figure surprise you?---Yes.

If that figure is accurate, just assume for a moment that it is, that's a very large amount of money paid to a subcontractor, I'll withdraw that. Paid to a contractor who was not required to compete in a competitive tender process isn't it?---Yes.

20 And you were the person making the decisions to use Prosys. Correct?---It was my recommendation, yes.

And did anybody at FMS or the University ever query or challenge your recommendation?---No, they were our preferred supplier at FMS. Finance might on occasions question some of the values, but we used to explain it to them the reasons why.

30 To take an example did Mr Quinlan ever say to you when you were recommending - well I'll go back a step. You would have to make a recommendation for each particular quote to be accepted that was above your financial delegation. Is that how it worked?---Yes.

And you would make that recommendation to Mr Quinlan as your Director?---Yes.

40 And on those occasions did he ever say to you something like, well this is a lot of work that Prosys is getting from us, why are we not putting some of it out to tender? Is there anyone else out there?---Yes, he probably, I can't recall the specifics but he probably did, but I would have gone through the reasons why I was recommending them.

Is that the sort of conversation you would have with Mr Quinlan from time to time or are you guessing about what might have happened?---No, no, no, I can't recall exactly what was said but I'm sure all projects were listed at line managers and we used to explain or go through or if I would be taking a purchase order we would explain the reasons why.

And the reasons you would explain to Mr Quinlan were the reasons you've explained to the Commission?---Yes, yes.

In other words that in your view it would be difficult to find another channel partner who had the necessary staff or subcontractors. Is that right?---Yes.

MR STEIRN: I object to that. And also he considers Prosys was in fact by far the best.

10 ASSISTANT COMMISSIONER: Yes, well I think that was an additional factor that he mentioned.

MS WILLIAMS: Yes. And in addition you consider that of the channel – of the other channel partners you had worked with Prosys had provided the best outcome and service. Correct?---Yes. Absolutely.

But the other channel partners you had worked with were two, is that correct, two others?---Yes.

20 And you hadn't made inquiries or taken steps to ascertain whether the other 10 or 12 partners would be able to carry out the work. That's right isn't it? ---That's correct.

Could Mr McCallum be shown volume 9, please at page 57 or opened at page 57, if he can have the whole volume, please.

Just take a moment to read the emails on page 57, Mr McCallum, and then I'll ask you some questions about them?---Yes.

30 All right. Mr – well, first of all the second email on that page dated 10 March at 7.53am that's from Mr Todd Anley to you isn't it?---It is.

And Mr Anley was a Prosys technician who worked at the University of New England when Prosys was doing work there?---Yes.

In the first line of that email Mr Anley refers to Harley, who is Harley? ---He's the owner of St Kilda Hotel.

40 All right. And in this email Mr Anley was complaining or raising with you the problem, wasn't he, that he on behalf of Prosys had received a bill from – had yet again received another large bill from the St Kilda Hotel, correct? ---Yes.

And he couldn't understand why the bill was so large given that he hadn't been there very often, correct?---Yes.

And then in your response to Mr Anley at the top of page 57 you say there you were aware of one stuff-up that you were going to correct, do you

remember what that was?---I'll have to have a think about that for a minute if I may.

That's all right. My only recollection is I probably took it up with Harley as to – I might've spoken to him about it and there might've been an incorrect charge to their account.

So it was a stuff-up of some kind with the St Kilda Hotel to Prosys?---Yeah. It was a very loose system.

10

Did you typically see the accounts that St Kilda Hotel issued to Prosys?  
---No.

But you had seen it on the occasion that you wrote this email had you, if the stuff-up related to the St Kilda Hotel bill?---I can't recall the exact order of events but obviously I might've spoken to – does it say when I opened the email? It just says - - -

20

Your email in response has a date and time marked of 10 March at – I think that's 8.30am?---Yeah.

But it's not clear?---I might've phoned Harley in between receiving that email but typically no. I could've on this occasion but typically no.

Do you see you also say in that email, "There may be an issue with other FMS persons using the service."?---Yes.

30

The service you're referring to is that the Prosys bar tab at the St Kilda Hotel?---Yes.

And you thought that it may be the case that Prosys's bill was so high because other FMS staff had been using that tab, correct?---That's correct.

ASSISTANT COMMISSIONER: As I understood your evidence yesterday, Mr McCallum, I thought you said that the bar tab was only ever used when you were there and Prosys staff were present?---When I was there, yes.

40

Well, this makes it seem like that's not the case. I mean they're obviously complaining, aren't they, that it seems that the tab's been used at times when they're not up there?---Yes, that's correct. I can only speak for myself, I certainly used it when they were there, I have no issue with that but I said I was aware that someone else may be using it, it was a very loose system where they just virtually had a piece of paper behind the bar.

But the email you were taken to yesterday where you offered to make some contribution because you said you'd been there every night in a week - - -?  
---Yes, yes.

- - - well, they wouldn't have been there every night in a week would they?  
---Yeah. No, they were that week, that was for a maintenance week.

So you were with someone from Prosys every night that week?---Yes.

Thank you. Yes, Ms Williams.

10 MS WILLIAMS: Could you turn to the following page, page 58 please, Mr McCallum and just take a moment to read those two emails. You see that those emails are sent on the same day as the emails on page 57 and that it appears to be, they're about 15 minutes later or thereabouts?---Yes, yes.

So part of the same conversation effectively and do you see Mr Anley's email to you says, "Don't worry, you did sort last month, thanks." What was it that you had sorted the previous months, was that the St Kilda Hotel bill?---It was probably the incorrect charging or the, why it all came through.

20 All right. And is it likely that you had taken up the error with the St Kilda Hotel owner and had the bill fixed up by rectifying the error, is that right?  
---Yes.

All right. Mr Anley then says "and I will sort out this month, just not sure what's happening when you and I are not there," and that's another reference isn't it, to Mr, is it Mr Anley there saying he also suspects that people are using the Prosys bar tap - - -?---Yes.

- - - when neither you nor he are present?---Yes.

30 All right. Your response, you still have a surprise in Prosys when you next visit, what was that a reference to, can you remember?---No, no, I don't.

Can you have a look then at page 59, the following page of volume 9. It's an email from you to Mr Anley the following day, 11 March, 2009?  
---Mmm.

And you say there "have found the error." That's the error in the St Kilda Hotel bill, is that right?---Yes.

40 The one that Mr Anley had raised with you the previous day?---Yes.

And the error that you identify in the email is that someone else's bill from an event that you had held had made its way onto Prosys's bill, is that right?  
---That's correct.

Now, first of all, what was the event that you had held that you're referring to in that email?---It would have been a rugby union event.

All right. And who was the person who should have got the bill for that event?---Ah - - -

Who was the someone else?---The New England Rugby.

All right. And you then go on to say “I will cover 12 hundred.” Is 12 hundred the amount of the error concerned?---It must be if that’s what - - -

10 “I will cover 12 hundred on the next quotation as I do not expect you to pay”?---Yes.

What does that mean?---Oh, I was just covering for New England Rugby again.

Were you by those words indicating to Mr Anley that Prosys could add 12 hundred dollars to its next quotation to the University so as to recoup the excess erroneous charge on its St Kilda Hotel bill?---Yes, that’s what I would have been suggesting, yes.

20 Right. And so far as you can recall did Prosys increase its next quotation by 12 hundred dollars taking up your suggestion?---I can’t recall.

But if they had done your position as communicated in this email was that you were quite willing to accept such an additional charge on the quotation, correct?---Yes.

And ultimately to approve an invoice for payment accordingly, correct? ---Yes.

30 Was that something you did from time to time with contractors generally? Ah, not really, no. It was only the, the, no because with Quad and SNP they, they came up and settled on the day.

That is settled on the St Kilda Hotel?---Mmm.

So you didn’t have to get involved in that, they would simply pay the St Kilda Hotel bill - - -?---Mmm.

40 - - - there and then on the spot?---Mmm.

Can you move forward in the volume please to page 69, volume 9 page 69. This is an email from you to Mr Anley on 22 June, 2009?---Ah hmm.

And you’re in the first paragraph effectively warning him aren’t you that the next account that he will receive from the St Kilda Hotel is likely to be a big one. Is that the purpose of your writing this email?---I think we had, yes it is.



And in the second line you refer to Scott, who is that person?---Scott Norton.

Right. He's the fire safety officer at the University?---Yes.

Is that right?---Yes.

Is he within FMS as fire safety officer?---Yes.

10 Did he report to you?---Yes.

So you're indicating to Mr Anley that you believed that Mr Norton had utilised the Prosys account at the St Kilda Hotel. Correct?---Yes, we had discussed that. I wasn't there but - - -

But in this email you're referring to a particular evening and you're indicating to Mr Anley that you believe Mr Norton utilised the Prosys bar tab at the St Kilda on that evening without you or Mr Anley being present. Is that correct?---Yes.

20

And then in the last sentence of that first paragraph you say, it's all right telling Sash, who's Sash?---He was one of the employees at the, the St Kilda.

Right. And Mr Anley had instructed Sash had he that the bar tab was not to be used unless he was present. Is that right?---Yes. He had other staff there that night. They were still, they were still there when I called.

30 Who had other staff there?---Prosys had other maintenance staff there.

Right. And you then go on in that sentence, the last sentence of the first paragraph to say to Mr Anley, you have to tell Scott, that is Mr Anley has to tell Scott that it's not his gig. Why was it up to Mr Anley rather than you to tell Mr Norton that it was not for him to be using the Prosys bar tab?---Well I did as well but I just asked Scott, ah, Todd to do it as well. I just thought it reinforced that or whether there was any - to stop any misunderstandings or whatever.

40 But Mr Norton was your staff member reporting to you?---Yes.

Did he ignore you when you told him?---No, no, no, no. This was just reinforcing it. He had his own - I think at that stage he argued the toss whether he did or he didn't, but the perception was that he had.

When you say he argued the toss, he argued the toss whether he had or had not done this?---Yes.

You then say in the second paragraph that you, that is Mr Anley, will need to manage these costs in the overall charging for the visit. How were the costs of the St Kilda bar tab to be managed in Prosys' charging for the visit in your view?---I'm not sure. I'm not sure the reason why I wrote that.

Did you think that Prosys were including the cost of the St Kilda bar tab in their overall fee structure to the University?---Not, not completely no, no.

10 Well it would be reasonable to assume that they had some overheads factored into the fee structure?---Yes, yes. Yes.

And of course they had overheads resulting from their staff having to travel to Armidale and stay there. Correct?---Yes, yes.

But did you think that separately from that or in addition to that Prosys were including the St Kilda bar tab costs in their charging for the visit?---Not, not that I was aware of.

20 Did you think that they would or should start doing that? Is that what you meant by those words?---No, I was probably concerned about the fact that the system was so loose at St Kilda, where it was just a note behind the bar and bar staff don't know who's with who that I had seen other accounts where people they hadn't even known you know, just charged to a tab. So it was more the managing – from what I can recall my thought process was it was just a managing of that so – for the costs to them.

30 If that's what you meant you wouldn't have needed to refer to the overall charging for the visit would you?---I can only, I can only reiterate what I recall and the fact that I was obviously concerned if their costs were blown out, I was concerned for them.

Isn't this the position, Prosys since at least March 2009 - - -?---Yes.

- - - had become fed up with the amount of the bills it was getting from the St Kilda Hotel, correct?---They brought certain ones to my attention, yes.

40 And Prosys perceived that at least one of the reasons why the bills were so large was because your other staff were making unauthorised use of the tab, correct?---Yes.

And isn't it the case that you were becoming concerned that Prosys might stop the tab?---No, no.

Weren't you concerned that Prosys might stop providing you the use of the tab if it was getting so out of control?---To be perfectly honest if I received entertainment that was well and good, if I didn't that didn't concern me.

Aren't you here in this first part of the second paragraph suggesting to Prosys that they manage the costs in their charging the University for their visits, that's what you mean isn't it?---As I said I'm trying to recall the logic behind that sentence. I said I was concerned for their costs definitely.

Well, what I'm suggesting to you is that your meaning in those words is that Prosys should manage the costs that they're incurring by charging the University accordingly, that's what I'm suggesting you intended to convey by those words?---I can't, I can't recall that as my logic.

10

Right. And I'm suggesting that was your logic because you wanted to ensure that you could continue to use the St Kilda bar tab?---No, as I said that if, if I received entertainment well and good, if I didn't it didn't concern me.

Right. You see towards the end of the second paragraph you tell Mr Anley in no uncertain terms, "You're to stop providing entertainment for UNE staff again as per my previous advice or I will get involved."?---Yeah.

20

Did those UNE staff include you or just all other staff?---Other staff.

Right. Not you, just everybody else?---Yes.

One rule for you, one rule for everybody else?---Yes.

Would some of your staff be at the St Kilda Hotel on a social basis and see you drinking there on Prosys's account from time to time?---Yes.

30

Is that something that's likely to have happened?---Yes.

Is that something that did happen to your knowledge?---Yes.

And how do you think your staff perceived it that you were allowed to do this and they weren't?---Probably not fair.

And it's no wonder that they may have from time to time made unauthorised use of the account if that's what they saw you doing?---Yes.

40

Now, I'll ask you again why are you making it Mr Anley's problem to tell your staff what they cannot do?---I just – I did it myself and I just asked him to reinforce it.

If you had already done it yourself why do you need to say at the end of the second paragraph, "or I will get involved."?---I was – I might've been concerned that I suppose because of my actions they might've ignored me.

Well, how else were you going to get involved if you'd already told your staff not to use the Prosys bar tab?---I know I spoke to him about it, could've been after this event but I definitely spoke to him and it did end.

Right. Well, it's no wonder that, as you say in the last line, it had got out of hand, is it when your staff saw you behaving in that way with the Prosys bar tab?---Yes.

10 And the reason it ended was because Mr Anley adopted your suggestion in the second paragraph, isn't it, by moving to the Deer Park Inn?---Yes.

Mr Anley had previously stated another place and had his meals and drinks at the St Kilda Hotel, correct?---That's right.

And at your suggestion in this email he moved his accommodation to the Deer Park Inn?---Yes.

20 And whilst he might still shout you drinks occasionally at the St Kilda Hotel more frequently after June 2009 he would buy you dinner at the Deer Park Inn instead, correct?---Yes.

Dinner with wine and beers and whatever you wanted to drink with it, correct?---Yes.

And at that location your staff were far less likely to observe you, correct? ---That's correct.

30 And that's why you made this suggestion, isn't it, or one of the reasons to enable you to continue enjoying Prosys's hospitality without having a revolt on your hands amongst your staff?---Yes.

Mr Munro was your manager at this time wasn't he?---He was.

What did he know about all of this?---Nothing I don't believe.

So far as you're aware he didn't hear about it from you or anybody else in FMS?---No.

40 I asked you some questions yesterday about contractors from time to time providing beer to FMS for Friday afternoon drinks?---Yes.

Mr Anley on behalf of Prosys did that from time to time, correct?---Yes.

Did Mr Munro whilst he was the Director of FMS, did he know about these Friday afternoon drinks?---Yes.

He knew they occurred?---Yes.

Did he know where the beer came from?---Not on, no, not on all occasions, no.

But on some occasions did he?---He would have to, yes.

How would he have to?---Ah, I might have, sometimes um, on occasions some of the people that dropped them in might join us for a beer.

10 All right. So it probably would have been obvious to him on those occasions - - -?---Yes.

- - - who was providing the beer?---Yes.

Did he ever raise any objection or concern about it with you?---Ah, no.

20 I want to ask you some questions now just at a general level about the University's site plans. The University maintains site plans for all of its facilities, is that right?---They, we have a, we, we have a technical section within FMS, yes.

Right. And is that called the CAD or the CAD section?---I'm not sure what it's called now but - - -

Right. Have you heard the expression CAD plans or drawings?---Yeah, yeah, CAD plans, yes.

And what does CAD stand for, is it short for something?---I couldn't tell you what the acronym stands for.

30 All right. But they are in any event quite, as you understand it - have you seen some of these plans?---No, they're all on the computer.

All right. Have you seen the computer system that they're on?---Oh, I would have had a presentation on it - - -

Ah hmm?--- - - - from the section when they were started. They converted all the hard, hard site plans into electronic plans.

40 And that was when you started you said did you?---No, no, no, no, that was, that section came - I couldn't tell you but it came later on.

Right. So somewhere between, somewhere after 2003 these, a section was created to create and maintain these electronic plans. Is that right?---Yes.

And do you have an understanding about the purpose for which the University used these plans?---Not overall, I wasn't, I used to limit myself to my portfolio and the use that they would be for my portfolio.

All right. Your portfolio included fire safety, is that correct?---Yes.

Did you have any understanding about what if any fire safety information would be shown on the CAD plans?---There was a staged implementation and, and I, there was, there was discussions over what would be shown and what'd be shown, I can't say, remember exactly.

10 You can't recall or you don't know whether any fire safety information was included on the CAD plans?---Oh, there would have been, they would have marked exits and extinguishers and stuff like that - - -

Right?--- - - - because they have to have a, a building emergency plan.

And do you know who would have done that, that work, marking those locations?---Ah, Scott Norton, Scott Norton or ah, the contractor.

20 Right. What sort of information about the Cardax system if any was shown on those CAD plans?---There was, I don't think there was any originally. It was more the reason why we were going to - I'll have to try and remember but there was none originally because they were just converting the current plans into, into the, the CAD plans and there was nothing marked on the old hard building site plans that I'm aware of.

All right. The work that Prosys did at the University included for example maintenance work, just maintaining the security?---Yes.

Sorry, I'll withdraw that?---Yes.

30 Maintaining the Cardax system?---Yes.

They also from time to time would implement new aspects of the system, for example, a new card access controlled door, correct?---Yes.

Or in some cases a whole new building, a security system going into the new building?---Yes.

40 On those occasions what if any changes would be made to the CAD plans as you understand?---The, well, hopefully the - if, if there was, I'm not sure what would be - changes would be made to the, I honestly don't know what changes would be made to the CAD plans. I know we used to - and someone might have to prompt me but the, I think we used to, any changes, any physical changes to a building we just sent to the CAD, the CAD operator, the guy that managed that, the line manager.

All right. So when you say we that's FMS?---FMS or, or it could have been Prosys at times.

Who, who reporting to you within FMS was supervising the work that Prosys was doing?---At one stage no one. I had to do it all myself and then we moved a guy called Vic Toshack in there.

Right. And when, when Prosys implemented a new element of a security system either in an existing or a new building - - -?---Yes.

10 - - - is your evidence that either FMS or Prosys would send the details to the CAD office at the University?---Look I really don't – they used to – I don't honestly know the link – the actual formal link between CAD and those, those upgrades.

20 Does that mean you don't know whether there was any link or - - -?---Yes. I, I – the only – I know that – the only thing that I was aware of was – not the only thing – the only point that I'm aware of obviously when they put something new on that they would have to upgrade the site plan in Cardax. Now that site plan could be a non-CAD plan or it could be – I'm no subject expert in the actual operations of those systems. What I did was actually just overview the whole system and recommend where best to be installed. But the actual day to day operations I'm certainly not a subject expert.

Right. You referred just then to they would have to upgrade the site plan in Cardax?---Yes.

What does that mean? Was there a separate system other than the CAD drawings that would store site plan details?---Well it just was the Cardax system.

30 Right. And what information was stored in the Cardax system about the site plans?---The, the CAD ones or the, or the – well they used to put – every, every device that got put in had to be registered in the system so it got recognised by the system.

And what I'm asking is did the system include electronic copies of the University site plans or was the information in the system arranged in some other way in the Cardax system?---Both.

So the University had electronic CAD plans or site plans?---Yes, yes.

40 The Cardax system also had electronic site plans. Is that correct?---Yes.

And whenever Prosys made a change to the Cardax security system in one of the University buildings they would need to, they would need to update the Cardax site plans accordingly?---That's correct.

Correct?---Yes.

And that's something they would do as a matter of course to finish off the particular job they were doing. Is that right?---Yes.

Typically at the end of a job that involved a new element of the Cardax system as opposed to maintenance there'd be some kind of commissioning wouldn't there?---Yes.

Would the update of the Cardax system site plan be part of that commissioning?---Yes.

10

All right. And how, if at all, were the Cardax site plans talking to or made to reflect the University's electronic CAD plans?---As, as I said I'm no, I'm no subject expert on how it transcribed, but the, the – as far as I understand the CAD drawings had to be sent to Prosys to be converted into some other logic to be implemented to be imported into Cardax.

Right. And is that something that was done periodically from time to time so that Prosys could make sure that the drawings or the plans it had on the Cardax system were up to date plans of the University building. Correct?

20

---As, as CAD drawings became available we were trying to get them implemented, yes.

So what – just so that I understand your evidence because this is quite technical, for me at least?---It is for me too, trust me.

Prosys needed the University's CAD plans to make sure that those were the same plans on the Cardax - - -?---No, no. They would, they would replace. My understanding is they would replace, just the little diagram that was the Cardax one.

30

Right. So did the – were the site plans in the Cardax system out of date in some way, is that why they needed to be replaced?---Well the, the University going to CAD drawings was a three or five year project. It wasn't something that just happened overnight.

Right. I see?---And, and there were certainly different priorities so where we might have had time where we were going to, you know, have the CAD people produce these plans for us and have them imported or whatever, there was, you know, if there was other pressing priorities it was just something – that's my recollection. I mean the CAD guys were, were flat out all the time.

40

So prior to the University creating these electronic CAD plans - - -?---Yes.

- - - there were plans in existence on the Cardax system, correct?

---Whatever the standard thing is in Cardax.



So the plans in the Cardax system didn't reflect the University building layout because it was a standard thing?---I can't answer that technically, I've never looked at one.

10 Right. Just excuse me a moment. Mr McCallum, I'm just going to provide you with a bundle of documents and ask you some questions about them. Provide one for the Commissioner also. Now, I'm sorry, they're not paginated but can I ask you to – I'm sorry, they are on the top I'm told. Could you turn to page 11 using the numbering in the top right-hand corner?---Yes.

Is that an email from Mr Anley to you on 7 July 2008 asking for University drawings in a particular format for the purpose of the Cardax system, is that right?---Yes.

20 And having read that email do you have any recollection about the context in which Mr Anley made that request?---It was because we were moving – as I say the University – my recollection is the University had put the majority of its plans into the CAD and we were then looking at using that system for total asset management and preventative maintenance and schedules so we would need to then list the Cardax assets we required on those plans.

Right. And was the proposal that the UNE CAD plans would be copied over into the Cardax system, is that right?---Yes, as well as, yeah, so that they married up, yes.

30 And that copying over was the purpose for which Mr Anley required the plans in one of the particular formats that he's nominated here, is that right?---Yes.

Okay. And then if you look at the following page 12 you see there in the middle of the page in response to that email you've made an inquiry of Cam who I take it to be Cameron Marshall, is that right?---Yes.

And he was a CAD officer at the University, is that right?---Ah hmm.

40 And does that reflect what was happening with the CAD drawings at that time, that is, FMS was supplying them to Prosys?---That was the plan, yes.

And Prosys would then incorporate those plans in the Cardax system? ---Yes.

And was that happening as one big project or just from time to time as Prosys was doing other work on the system?---At that stage we were just – I think we were still working out how we were going to do it, it was just the fact of that was the initial inquiry on how we got the information to them.

Right. You see there at the top of the page Mr Marshall has made an inquiry directly at Mr Anley and then on page 14 there appears to be an email from Mr Marshall to Mr Anley attaching a particular plan on 16 July 2008, do you see that?---Yes.

So does that indicate to you that the plans were, the University CAD plans were starting to be provided across to Prosys - - -?---Yes.

- - - by about July 2008, correct?---Yes.

10

And that seems to be confirmed, does it not, by the email at page 15, do you agree?---Yes.

And the work seems to have been continuing in October 2008 by the email at page 16, is that correct?---Yeah, it could have been, I'm not sure 'cause we go from a building number to a building name, whether that's a request that the, that those first tests plans whether they worked or didn't work, I'd have to - I can't answer that but certainly it shows the progression of work.

20

Now, you were responsible for the work Prosys was doing and, and what they were being paid for that work, correct?---Yes.

So was this work with the plans something that you specifically asked Prosys to do?---Yes.

And when did you make that request, can you recall?---Oh, look, it would have been somewhere during, it was probably back when we started talking about prior to that original email where we discussed the benefits of having those in the system.

30

All right. So prior to July 2008?---Yes.

And when you asked Prosys to do this, what did you say to Prosys about whether or not the work would be paid for and on what terms?---I can't, I can't recall the specifics but certainly obviously it was, I'll have to try, I can't recall the specifics straight off the hand, I'll have to, it could have been a variety of ways and as I said, there was ongoing discussions. I think some we could have, we were trying to incorporate - I'm just trying to remember what I said.

40

All right. Is it the case that in some instances the work would be done to a particular plan at the same time as Prosys was doing other work in relation to the relevant building?---Well, they would certainly - as I said previously they would certainly add, add stuff to the system, whether that was in the, on the CAD 'cause it just says site plan, Cardax doesn't differentiate when that actually reports I don't think, it just says site plan but some, yes, to be incorporated.

So in some instances it may have been part of the commissioning aspect of work that Prosys was otherwise doing?---Yeah, quite possibly, yes.

And in other instances it may have been - - -?---Extra.

- - - something additional?---Yes.

10 How frequently did Prosys send Mr Anley up to Armidale to do work at UNE around this period, so the second half of 2008?---Oh, I think it was fairly regular, I think there was a lot of work going on there, obviously the, I think he was there fairly regularly at that stage, yes.

All right. Was it the case that sometimes this work on the plans was done to almost as fill-in work to finish off the rest of a day before Mr Anley would return to Sydney given that he'd had to come up for a particular job?---I, I, I couldn't, I couldn't answer that. I, my, my day to day supervision when I was doing it by myself was virtually impossible.

20 Based on the emails I've, I've shown you and particularly the one at page 16 in October 2008 - - -?---Yes.

- - - would you agree that the work as at the end of October 2008 was still ongoing?---Oh, yes, yes.

And it was still ongoing at the time you ceased to be Campus Service Manager wasn't it?---Yes.

30 So it's something that is happened piecemeal, bit by bit, is that right?---Yes, yes.

SNP started doing a good deal of the work that Prosys had been doing at the University in about early 2011, didn't they?---Yes.

And has SNP also been involved in incorporating University CAD plans into the Cardax system?---Not that I'm aware of. I'm aware of them modifying, you know, if someone, if a device got changed or whenever they had an operator that could actually modify those plans.

40 All right. So although SNP took over quite a bit of Prosys's work from early 2011 you don't think that that involved incorporating site plans?---Not that I can recall, no.

Commissioner, could that bundle of documents be marked MFI 1 for the moment please.

ASSISTANT COMMISSIONER: Yes. This bundle of documents will be marked MFI 1.

## #MFI 1 - BUNDLE OF DOCUMENTS

MS WILLIAMS: Thank you, Commissioner. Mr McCallum, I think you still have volume 9 there do you?---I do, yes.

10 Could you turn to page 85 of that volume. From page 85 to the end of volume 9 page 138 is a document which is entitled an Activity Report for the University of New England?---Yes.

Have you ever seen that document or a document in similar format previously?---On occasion I've seen a similar document, yes.

All right. Are you able to identify for the Commissioner what the document is?---It's just an overall – all events, everything that happens in the Cardax system.

20 Right. So it's a report generated from the Cardax computer system you were referring to earlier?---Yes.

Is that right?---Yes.

30 And what is your understanding – when you say all events what sort of things are classified as events within the Cardax system?---Virtually – well, there's various reports, this one says all priorities, I don't know the specifics but there's – certainly the system is capable of reporting on virtually, you know, if you touched a key or you changed a time zone or you changed device or you changed the name of something it virtually – everything it does gets recorded and you can request various reports.

And are you able to explain the mechanism by which things done get reported? Does somebody have to manually type a report into the system or is it something that happens automatically?---I think you have to request it.

Right. So for instance an operator changing something in the system would be given an option to request that a report be entered about that change?---I can't answer the – I'm not that technical on the system, I'm sorry.

40 Right. Who was responsible for operating this system, was it the University or Prosys and/or SNP?---It was – for a period there it was Prosys and SNP, we had no staff.

But was it a system owned and, in effect, controlled by the University albeit only worked on by contractors?---That's correct.

Right. So it's a system from which the University can generate a report at any given time, is that right?---If you had, yeah, operator – you need to

engage a Cardax work, what's called a workstation, you just can't hop onto a computer because it's on a separate secure server.

And the only people who have access to that secure server are Prosys and SNP, is that right?---Yes, I probably had access but I never used it because I didn't know how to use it.

10 And adding a site plan to the Cardax system is one of the kinds of events that should be recorded in this activity report, is that right?---Yes. Yes.

And something that should be recorded automatically unless the operator declines that a report be made, is that how it worked?---No, no, I think it's fully audible, you can't – if you've done something in the system then it's my understanding in the system you can get that out of the system.

So you can or you can't?---You can.

20 Right. So an operator could add a site plan and then say, "I don't want it to be recorded on the system (not transcribable) - - -?---No, no, no, no, no, that's not my understanding.

The other way around?---My understanding is that if you touch the system and do something somewhere with the – someone with the technical ability would be able to find that event.

I see. So any site plan added to the system should show up - - -?---Yes.

30 - - - in this all events activity report, is that correct?---That's my understanding.

Right. Thank you. You see that the report commences from the period 1 November 2008 - - -?---Yes.

- - - and goes through until the end of 2011?---Yes.

And if you just take a moment to look at page 85 being the first page of the report?---Yes.

40 Do you agree that there are two instances in November 2008 of Mr Anley of Prosys having added a site plan to the system?---We have the first one don't we?

I think they're both – if you see they're both on the same date, 27 November, 2008. And they're the first two - - -?---Yeah, no there's an added and a modified.

Oh, I see. So the second entry is actually a modification rather than adding?---Yes.

Thank you. And then the next two entries relate to an addition and a modification by Mr Jason Richey. Correct?---Yes.

And Mr Richey was an employee of SNP. That's right isn't it?---Yes.

And the only other entry for work done by Mr Anley in the year 2008 is the following entry of 18 December. Correct?---Yes.

10 And that's a modification of a site plan?---Yes.

So do you agree with me that we see from this report that in November and December 2008, Mr Anley added one site plan to the Cardax system?

---That's what it says, yes.

Now having reviewed those documents I just want to take you back to and clarify your evidence about the \$7,000 invoice that I asked you about yesterday?---Yes.

20 If you could turn first please to page 39 in volume 9?---Yes.

That's Prosys' quotation sent to you by Mr Magi under cover of the email at page 38 on 11 November. Do you agree?---Yes.

Now can we just go through what is described as included in the quotation in points number (i) to (iii)?---Yes.

30 The first point – import UNE CAD drawings into the Cardax FTSW. The Cardax FTSW is that a reference to the Cardax computer system you've been referring to as you understand it?---Yes.

All right. And the work there described is the importation of the UNE CAD plans into that system which you've been describing. Is that correct?---Yes.

All right. What do you understand as being involved in the work described in point (ii)?---Well if you put in - my understanding is that if you import a new plan then you have to move all the devices then you then have to modify it to put all the devices on to it.

40 All right. So it's a modification of a site plan once it's been moved into the Cardax system?---I believe - that's my, that's my understanding, yes. Again I say, I'm no expert in the actual machinations of how it all goes to work.

And in point (iii) what do you understand to be involved in the work described there?---It has a – there's a process you have to go through then for the system to recognise those changes, I believe.

So that's some system process to get the system to accept the changes that have been made as you understand it?---I think – there's a whole series of tick boxes you have to go through and then it goes in and – because there's a whole degree of when you're changing something they might be linked or whatever, so there's a whole checking process.

And then if you turn to page – back to page 83 of volume 9. Do you recognise there Prosys' invoice for \$7,000 plus GST?---Yes.

10 And that invoice was issued by reference to that quotation. Correct?---Yes.

Now just to clarify your evidence yesterday, when you approved this invoice for payment on 4 December, 2008 the work described there had not been done had it?---Not in total – not that I recall, no.

Well as we saw from the log at page - - -?---Yes.

- - - or the report at page 85 - - -?---Yes.

20 - - - one site plan had been added by SNP by Mr - sorry, by Prosys, by Mr Anley and one site plan had been modified during November 2008, correct?---Yes.

And a further site plan was modified on 18 December, 2008 after this particular invoice was issued, correct?---Yes.

And in fact the work done by Mr Anley as shown on page 85 was done on 27 November, two days after this invoice was issued, correct?---Yes.

30 Is it the case that you knew at the time you approved the invoice the work hadn't been done?---Yes.

And the \$7,000 figure was calculated not by reference to the value of the work that might be done in the future but by reference to the amount that Prosys had agreed to pay the St Kilda Hotel for the 6 November, 2008 rugby function, is that correct?---Yes.

40 Just before we move on from this topic all together, Mr McCallum, did you, did you have a budget as Campus Services Manager or was there just an overall budget for Facilities Management Services?---No, I had a budget for Campus Services.

And was there an allocation within that budget for Cardax work or for Prosys?---Not initially, no, I made it out of other budget savings but yes, there was in the end.

By the second half of 2008 was there a specific allocation in the budget for Cardax or Prosys?---If it, if it was in - I'd say yes, yes.

And how was it that you were able to allocate - I'll withdraw that. The \$7,000 payment, did that go against the Cardax or Prosys allocation of your budget, is that how it was recorded?---Yes.

10 And how was it that you were able to find \$7,000 in the budget to pay this invoice for work that hadn't been done when you approved it?---Because the, the figure was a budgetary figure that you have to put in nearly 18 months in advance in your budget submissions so you might have some specific projects but you have also just money sitting there for projects that are required during the year.

And did you have a budget allocation for the importation of site plans into the Cardax system?---I don't recall specifically. I had a, just had a sum and I don't recall the figure but we'll say hypothetically 75,000, it was just there for, there was two, there was two budget allocations, one for, one for new works and one for maintenance works.

20 All right. And a bit of contingency in the maintenance work area was there in the budget?---Well, we, we used to just take the, as we say we're projecting, projecting three years in advance so - - -

Volume 9 can be handed back, please and MFI 1. Right, Mr McCallum, I've asked you some questions about your position at the New England Rugby Union - - -?---Yes.

30 - - - and your \$600 a month allowance from that organisation and your 10 per cent share of sponsorship moneys. Do you recall those questions? --- (NO AUDIBLE REPLY)

I want to ask you about the rugby union's hire of Sport UNE facilities in August 2010?---Yes.

You negotiated arrangements, did you, for Sport UNE facilities to be hired by NERU for the rugby grand finals in that year, is that correct?---I did.

And there was a fee payable for that hire, correct?---There was.

40 And that fee together with a couple of other hire fees outstanding by NERU came to approximately \$9,635, do you remember that?---That's correct.

And at this particular point in time NERU was in some financial difficulty, is that right?---Yes.

It was struggling to pay some major debts that it owed?---Yes.

You told Mr David Schmude of Sport UNE, didn't you, that FMS had agreed to sponsor the New England Rugby Union?---That's correct.



And you told him the amount of the sponsorship was about the same amount as the hire fees, correct?---Yes.

And you made an arrangement with Mr Schmude that the easiest way to give effect to the sponsorship arrangement was for FMS not to invoice Sport UNE for two months worth of cleaning, that's right?---Yes.

10 And that amounted to about nine and a half thousand dollars worth of cleaning fees, correct?---Yes.

And in return Sport UNE would not issue an invoice to NERU for the ground hire, is that right?---Yes.

It's your understanding, isn't it, that Mr Schmude agreed to that because he believed your statement that FMS was sponsoring NERU to the tune of nine and a half thousand dollars, correct?---Yes.

20 But that was in fact false, wasn't it, there was no such sponsorship arrangement?---That's correct.

The way the arrangement was put in place was that you instructed Mr Creagan who reported to you - - -?---No, he didn't report to me.

I'm sorry, but in any event Mr Creagan was the person responsible for - - -?--Invoice.

- - - ensuring that FMS invoice Sport UNE for cleaning?---Yes.

30 And you instructed him not to issue invoices for a two month period to Sport UNE?---Yes.

And as far as you were aware he obeyed that instruction?---Yes.

Who did Mr Creagan report to?---Greg Smith was his supervisor.

Sorry, Greg Smith is it?---Yes.

40 Did you inform Mr Smith of this arrangement?---I don't recall doing it, no.

Right. Do you know whether Mr Smith raised any issue with Mr Creagan about the invoices not having been issued?---I couldn't tell you that.

So in effect you intentionally deprived the University of nine and a half thousand dollars worth of revenue for the benefit of NERU, correct?---Yes.

Did Mr Munro, your Director at the time, know about or approve this arrangement?---No, he didn't.

And nobody else within the University knew about it, correct?---No, they didn't.

And this was after you had written the Fraud and Corruption Prevention Policy in 2009, correct?---That's correct.

So you knew very well what you were doing was wrong, correct?---Yes.

10 I just want to ask you finally some very general questions about the way in which you were supervised in the performance of your role as Campus Services Manager by first Mr Quinlan and then Mr Munro?---Yes.

Did you have to provide formal reports to them from time to time in relation to the work you were doing?---We did formal budget reports but most of all the other work we had regular line management meetings.

20 And who attended those line management meetings?---Well, the Director and Deputy Director when there was one and the other line managers and the Office Manager.

And would you have to provide written reports in advance of those meetings?---No.

Just verbal reports at the meetings, is that right?---Yes.

30 And what sort of information and level of detail were you expected to provide in your verbal reports to those meetings?---It was probably an update on the section and any issues or projects that were in place.

And what sort of information would you be expected to give by way of update other than financial or budgetary information?---We'd have –if there was issues it might be on levels of, you know, sometimes we had complaints about new projects or it was just, yeah, we just went through what we were basically – work in progress really.

40 Right. Did you have formal performance indicators that your performance was measured against so far as you're aware?---Yes. I did have a – there was a formal performance, an annual one in place but since – when I switched jobs I think I missed that at both ends for about a couple of years.

All right. But you did – otherwise apart from those years you had annual performance reviews?---They brought in performance management, yes.

All right. And do you remember what the performance measures were? ---No.

Were there specific performance measures?---Yeah, there was a fairly standard form that sort of just covered different gradings of staff.

And you were rated by Mr Quinlan and then Mr Munro so far as you're aware?---Yeah, you used to rate yourself first and then they used to comment whether – it was a self-assessment first that you then handed, as I recall, to your supervisor then agreed or disagreed.

Commissioner, I have no further questions for Mr McCallum, thank you.

10

ASSISTANT COMMISSIONER: Thank you. Yes, now do any legal representatives for other witnesses seek to cross-examine Mr McCallum?

MR STEIRN: Madam Commissioner, I intend to cross-examine this witness, but at this stage I need to get some instructions given the material raised this morning and the transcript of yesterday's proceedings which gave reference to the various documents. It wasn't available until 20 past 9.00 this morning. The disc in relation to all those documents was not given to us until shortly before 10 o'clock yesterday. So at this stage given the documents referred to, as a matter of procedural fairness I'd like to get on top of that and get some instructions from my client, so on that basis I ask that the – my cross-examination for this witness be deferred for a certain time for that to be done.

20

ASSISTANT COMMISSIONER: Well can I ask whether anybody else is going to seek - - -

MR MCGIRR: I'm in a similar position. I am Paul McGirr for Mr Anley.

30

ASSISTANT COMMISSIONER: Is anybody in a position to question the witness at this time?

MR NEIL: I am. I would wish to seek leave to cross-examine Mr McCallum about two of the documents that he gave evidence about this morning.

ASSISTANT COMMISSIONER: Yes.

40

MR NEIL: Page 59 in volume 9 and if my note is correct, the next document page 69.

ASSISTANT COMMISSIONER: Yes, now - - -

MR NEIL: And I can do that now.

ASSISTANT COMMISSIONER: Oh well that's good. You will have to come forward to one of the positions with a microphone, either on the table

in front of you if someone wouldn't mind just giving up their position. Now Mr Steirn, sorry - - -

MS McGLINCHEY: Can I seek leave at this point to seek leave to appear for Mr Munro.

ASSISTANT COMMISSIONER: Yes.

10 MS McGLINCHEY: My name is McGlinchey. I will also have some short questions for the witness but I would like to seek some instructions.

ASSISTANT COMMISSIONER: Yes, yes. Now Mr Steirn and other people have, sorry - - -

My name is McGlinchey..

MR WATSON: (not transcribable) Commissioner, I'm in a similar position (not transcribable)

20 ASSISTANT COMMISSIONER: All right. Well the people who say they need time to take instructions will they be ready after the morning tea break? Mr Steirn?

MR STEIRN: I won't be.

ASSISTANT COMMISSIONER: Well Mr Steirn the nature of these inquiries is that sometimes there is limited time to take instructions, but - - -

30 MR STEIRN: You must appreciate Ms Commissioner, this investigation took many, many months before it came into the public arena and a great deal of documents were obtained as I understand through the documents referred to us, as a matter of procedural fairness we need, we need at least some reasonable to understand and to get instructions.

ASSISTANT COMMISSIONER: But the issues involving your client are in relatively short compass.

40 MR STEIRN: That's true. But the matters raised this morning, which I need to get instructions about and I was shown documents for the first time this morning which was shown to this witness and I need to get instructions from my client as to what they mean and get his instructions as to what I should put to this witness as a matter of fairness.

ASSISTANT COMMISSIONER: Yes, well look I'm willing to allow the cross-examination to proceed after the luncheon adjournment.

MR STEIRN: Thank you.

ASSISTANT COMMISSIONER: But I really can't put it off any longer than that. So anybody - - -

MR STEIRN: That means by 2 o'clock?

ASSISTANT COMMISSIONER: Yes.

MR STEIRN: Yes, thank you.

10 ASSISTANT COMMISSIONER: Anybody who wishes to not cross-examine Mr McCallum until after lunch will be allowed to do so. Would anybody who is ready to cross-examine him now please come forward and do so. Thank you.

MR STEIRN: Can I excuse myself to do some (not transcribable)

ASSISTANT COMMISSIONER: Yes Mr Steirn, you may.

MR MCGIRR: Might I do the same?

20

ASSISTANT COMMISSIONER: Yes, Mr McGirr.

MR NEIL: Yes I (not transcribable) do so. Perhaps I might come forward. I wonder if, sorry, it's all right I'll just slide in here.

ASSISTANT COMMISSIONER: Yes. And if you could just indicate to Mr McCallum whose interest you represent to him.

MR NEIL: Mr McCallum, I am here representing the interests of the  
30 University of New England.

ASSISTANT COMMISSIONER: Yes, yes Mr Neil.

MR NEIL: And I wondered Assistant Commissioner, whether Mr McCallum might first be shown page 59 in volume 9, you have that there. Mr McCallum, do you remember having a look at this document a little earlier this morning and being asked some questions about it?---I do.

40 Could you just read it to yourself please and familiarise yourself with its contents and let me know when you have done so, thank you?---Yes.

Now, you were asked by Counsel Assisting whether this document reflected an appreciation on your part that Prosys would include the St Kilda bar tab in question in the charges that it would make for the visit in question? ---Yes.

You answered, if my note is accurate, "Not completely, no." Do you remember giving that answer?---No. I, I can't, I'm trying to recall, I was

asked a series of questions, I recall saying that I don't know whether they did or they didn't, I believe, was my recollection.

Well, what, what appreciation did you have or understanding did you have at, as to whether Prosys would be including the bill that you are here writing about - - -?---Yes.

10 - - - in charges that it would make for one of its visits?---I, I had made, I had, I had simply, I had no appreciation, I simply made the offer to them at that point and I don't know whether - I cannot recall specifically whether they accepted that offer or not.

Well, do you see that you refer in this document to something that you call "the next quotation"?---Yes.

Do you see that?---Absolutely.

20 What's that referring to so far as you can recall?---The next time I requested a new job came up.

It's referring is it not, to a quotation made by Prosys to the University, correct?---Well, yeah. Well, if, when it did it's an event in the future.

That's the kind of document that you were talking about when you used the words "the next quotation" is that correct?---Yes.

30 That is a quote or a quotation ostensibly referable to work that Prosys had done for the University, is that right?---No, no, no, no, no, no, they haven't done it at that stage. I'm sorry, I'm, I'm misunderstanding your question.

Very well. Have a look at the words "the next quotation" as they appear in this document, do you see that?---Yes.

Now you've, you've got no doubt have you that this is a document of which you were the author, is that right?---Absolutely.

Now, what I want to do is to understand what it is you were referring to when you used those words, do you understand?---(NO AUDIBLE REPLY)

40 Do you understand what I'm asking you there?---No, but I thought, I thought I've answered.

Do you understand what I'm asking about?---No.

All right. I want to ask you, to understand from you what kind of document you were referring to when you used the words "the next quotation"?---It would be quotation from Prosys.

And that was a quotation which when it was made would refer to work that Prosys either had done or would do for the University. Is that right?---Yes.

Work for which the University would be expected to pay Prosys, is that correct?---Yes.

10 Now, when you talk as you do in this document about covering a sum of money on the next quotation could you explain to me what you were referring to?---It was obviously to cover some of the, the, it was obviously to cover costs from the St Kilda Hotel.

You weren't referring to paying the money yourself, were you?---No.

No. You were referring to - I withdraw that. You were making an offer to authorise payment by the University on Prosys's next quotation of an amount of \$1,200, is that correct?---Yes.

20 An amount which so far as it appeared in the next quotation would ostensibly be referable to work that Prosys either had done or would do for the University, is that correct?---Yes.

Which in fact referred to work that Prosys had never done and would never do, is that right?---Yeah, oh, yes.

Yes. And you knew that when you wrote this document on 11 March, 2009. Is that correct?---Yes.

30 Now, are you as you sit there in the witness box now able to recall any other communication with Mr Anley or anyone else from Prosys about this amount of \$1,200?---No, I can't, as I said when I gave my evidence I can't recall whether they, whether they did or they didn't.

Can you just attend to the question for a moment please. Can you recall any communication after 11 March 2009 with anyone from Prosys about this amount of \$1,200?---I might've spoken to Todd about it but I have no clear recollection of a specific conversation, no. He might be able to prompt me differently, I don't know.

40 And what about an email or something of that - - -?---If there was an email - - -

Can you recall any subsequent email?---If there was an email, trust me, it would be here I believe.

Well, your inability to recall any such email or a conversation to that effect rather suggests, doesn't it, that Mr Anley took you up on your offer, would you agree?---No, I - - -

MS HUGHES: I object to that, Commissioner, I don't see how you can possibly – he can draw that conclusion in that answer.

ASSISTANT COMMISSIONER: Yes.

MS HUGHES: I mean he says he doesn't recall it, how does that then give rise an assumption that he took him up on the offer?

10 ASSISTANT COMMISSIONER: Well, I suppose on the basis that silence is assent, he hasn't come back and said no, I'm not going to do that, but I agree, I don't think - - -

MR NEIL: I won't press the question.,

ASSISTANT COMMISSIONER: - - - it can be taken any further.

MR NEIL: I won't press the question. That's all I wish to ask about page 59. I wonder if the witness could be shown page 69 please. Now, Mr  
20 McCallum, do you remember being asked about this document by Counsel Assisting and looking at it in connection with those questions. Would you be good enough to read the first – I withdraw that. Now, again you don't have any doubt, do you, that you were the author of this document, is that correct?---No, no, no, no.

Now, I wonder if you'd be good enough please to read the first paragraph of the email to yourself and let me know when you've done so?---Yes.

And the first paragraph refers to something that occurred on a particular visit that Mr Anley made to the University of New England, is that right?  
30 ---Yes.

And it refers to particular costs that were incurred on that occasion, is that correct?---Yes.

The Scott to whom you refer in the first paragraph is, as you told Counsel Assisting, Mr Norton, is that right?---That's correct.

And Mr Norton was, at this time, an employee of the University of New England, is that correct?---Yes.  
40

He was employed within Facilities Management Services, is that right?  
---Yes.

He was employed in a position that was subordinate to you, is that correct?  
---Yes.

Did he report directly to you at this time?---Yes.



Now, what you are talking about in the first paragraph is an occasion when after you and Mr Anley left the Deer Park Mr Norton –or used the Prosys bar tab, is that correct?---Yes.

Now, that was an occasion when Mr Norton’s use of the Prosys bar tab after you and Mr Anley left followed immediately after his use of the bar tab while you and Mr Anley were there, is that correct?---That’s correct.

10 Mr Norton on this occasion was there with you and Mr Anley, is that right?  
---Yes, he was in - - -

And in your – and while you were there Mr Norton, as you recall it, used the Prosys bar tab, is that correct?---Yes.

And observed you using the Prosys bar tab, is that correct?---Yes.

20 And can you tell me please how was it that Mr Norton came to be there on that occasion?---I think he was with another – he was with another group of people.

You encountered him by chance, is that your recollection?---Well, he probably would’ve known I was there, there was – I was there most nights.

But you weren’t there most nights using the Prosys bar tab were you?---No.

How was it, so far as you can recall, Mr Norton knew that he could avail himself of the Prosys bar tab while you and Mr Anley were there?---I probably invited him.

30 When you made that invitation what words did you use so far as you can recall?---I might’ve said I was having a beer with Todd, he was helping me out with Cardax did he want to come.

But what about the bar tab? You told the Assistant Commissioner a moment ago as I understood your evidence that you had invited Mr Norton to avail himself of the Prosys bar tab while you and Mr Anley were there, is that right?---Well, he drank, we, we, there were some beers put on the, on that tab, yes.

40 Yes. So it is correct that you invited Mr Norton - - -?---Yes.

- - - to avail himself of the Prosys bar tab while you and Mr Anley were there, is that correct?---Yes.

Well, what was the effect of the words that you used when you made that invitation?---I really can’t recall.

Do you think it was the first time that you invited Mr Norton to make use of the Prosys bar tab?---No, no, I've already given evidence previously that on occasions Scott joined us for lunch or - so I've already given that evidence.

Now, was Mr Norton the only employee of the University of New England subordinate to you to whom you made such an invitation?---The, on a very rare occasion some of the, one of the - if there was a big construction job on one of the construction guys might drop in.

10 And when one of the construction guys dropped in your practice was to invite them to join you in making use of the Prosys bar tab, is that correct? ---I'd say that's fair.

And on each occasion when you made such an invitation whether to Mr Norton or one of the construction guys, you made it clear did you that the tab was being picked up by Prosys?---Ah, well, we were sitting with Prosys so, yes.

20 Now, well, would you, would you look at the first line of the second paragraph please. Read that to yourself and let me know when you've done that?---Yes, yes.

Now, the visit that you refer to on the first line is the particular visit which is the subject of the first paragraph, correct?---Yes.

And the costs that you refer to on the first line are the particular costs which are also the subject of the first paragraph, do you agree?---Yes.

30 The charging that you refer to in the first line is a reference to charges to be made by Prosys to the University at some time after that visit, correct? ---Yes.

Those charges were to be referable to work that was done by Prosys for the benefit of the University during that particular visit. Is that right?---Yes.

40 Now so understood the first line in the second paragraph is a reference to Prosys including in those charges something on account of the costs that are the subject of the first paragraph. Do you agree?---Yes, they would have had charge out rates for out of town work.

Including charge out rates for Mr Norton's drinking after - on the Prosys bar tab after you and Mr Anley had left, is that right?---I can't, I can't answer for Prosys on, on the actual charges.

You see, Mr McCallum, I'm not asking you about that, I'm asking you what you meant by the words that you had used, the words of which you were the author in the first line of the second paragraph. Do you see that?---Yes.

And I'm suggesting to you that if it is correct that you have said that the visit to which you referred is the particular visit on which the events described in the first paragraph occurred - - -?---Yes.

10 - - - and the costs to which you refer are the particular costs that were incurred on that occasion and the charging to which you refer are charges to be made by Prosys to the University after that visit and it must follow that you are talking about Prosys including in those charges something on account of the cost of Mr Norton's drinking on the Prosys bar tab?---Well, it's - - -

Do you agree?---Well, I have to agree they'd be charging for, for some of the costs for the, for the evening.

Do you agree with the suggestion that I am putting to you?---Quite possibly.

20 Indeed, I want to suggest to you, Mr McCallum, that those words cannot bear any other meaning than the one I have suggested to you. Do you accept that?---As I said, I've tried to recall my logic behind it. I accept that, I accept your previous statement but as I said I was also trying to fully recall my logic behind it.

Would you look at the last paragraph please?---Yes.

30 What were you attempting to convey by that paragraph?---Oh, it, it - the, the whole, the whole system I think was just so loose, there was no - as I said, it was just a piece of paper behind the bar as I gave evidence in, gave evidence to so they were questioning their accounts and I, I would question the fact that there was no, well, there was, you wouldn't know who had charged I don't think on some nights.

So is this the case: on 22 June, 2009 you, you were perfectly content for the University to be charged and paid for Mr Norton's drinking on the Prosys bar tab provided that you and Prosys could be satisfied that he had in fact drunk the amounts quoted?---Well, it would - I'll, I'll say yes but there is, I still question whether they, they pass on all those costs. I can't, I can't answer that.

40 That's the - - -

ASSISTANT COMMISSIONER: Thank you, Mr Neil.

MR NEIL: - - - cross-examination if you please,.

ASSISTANT COMMISSIONER: Yes. We'll have the morning tea adjournment at this time and resume at 11.45.

ASSISTANT COMMISSIONER: Thank you, please be seated. Yes, now there was another legal representative I believe who was ready to cross-examine.

10 MR BOURKE: Well I'm certainly ready, substantially ready. I'm happy to go next. I mean – I say substantially ready because I hope that I won't need to sought to have Mr McCallum recalled, but I'm in a similar position to Mr Steirn, mainly the large amount of documents that were produced yesterday.

ASSISTANT COMMISSIONER: Yes.

MR BOURKE: But I'm pretty sure that the bulk of my cross-examine I could finish today and hopefully - - -

20 ASSISTANT COMMISSIONER: Today, I would hope you could finish it in about half an hour.

MR BOURKE: Oh well, yes, probably – I believe in half an hour or so.

ASSISTANT COMMISSIONER: I mean, I mean, yes, we're substantially behind schedule and I would appreciate it if people would not go over material that's already been covered by Counsel Assisting. Obviously your client has an interest in the matter. I'm happy for questions to be asked that go directly to where the interests he has, but, yes, we do need to get a move on.

30 MR BOURKE: Yes, I'll attempt not to be (not transcribable) Just so Mr McCallum understands, Mr McCallum, Bourke is my name. I appear for Mr Martin McLean of SNP. I just want to ask you some questions about a number of topics. Just in relation firstly to when the security contract was originally awarded to SNP, that was in 2005 wasn't it?---Yes.

And SNP won that contract on price essentially. Correct?---That's correct.

40 And after they commenced doing the security contract Martin McLean was your main contact?---Yes.

You developed a good working relationship with Martin didn't you?---Yes.

And subsequently it became both really a business and a friendship relationship. Correct?---Correct.

For example you invited him to your 50<sup>th</sup> birthday party I think didn't you? ---That's correct.

You'd agree wouldn't you that Martin was, was very attentive to any issues that were raised by you in relation to the University?---Yes.

And generally you were very happy with the service that SNP were providing?---Yes.

You were aware weren't you that Martin McLean was doing a fair bit of travel around the state?---Yes.

10 And it was the case wasn't it that sometimes he would drop in to see you on his way somewhere else?---That's correct.

And on many occasions because of limited time it would be agreed between you that meeting would be best handled over lunch. Would you agree with that?---Yes.

Now in 2007 the, the mail room contract issue arose didn't it?---That's correct.

20 And it was about February 2007 that the University called for expressions of interest in relation certain mail services?---Yes.

And you said yesterday I think that Australia Post put in a couple of quotes as well as SNP?---The – yes.

And then you had some discussions after they put in the quotes you had discussions with Australia Post?---Yes.

30 About certain things that they misunderstood in the tender process?---Yes.

And you also had discussions with SNP about the same topic?---Yes.

Namely with Martin McLean?---Yes.

And as a result of those clarification discussions SNP put in a revised price. Correct?---No, no. We went to – we called for – after that we issued a request for tender and then with an addenda. And then they put in their revised price.

40 Right. And if I understood your evidence yesterday Australia Post did not revise their price down?---No.

Would this be a fair statement, that the University expected to have some problem in attracting interested contractors to do this type of work?---Yes. It was – I believe at that stage there was only one other university that had outsourced its mail room operations, is my recollection.

And in fact when you called for expressions of interest or tenders, you got a very poor response didn't you?---Yes, we did speak to – I remember having an initial site meeting with – there was a number of companies that turned up both local and national, I can't recall who they were, and most of them opted out.

And ultimately it was only SNP and Australia Post who put in proper tenders. Correct?---That's correct.

10 And was it apparent to you that Australia Post were not terribly keen on the, on the job, on getting the job I mean?---No, I wouldn't say that. They just had – I met – I think there was 11 people I met with at Australia Post, 'cause I met with Australia Post and SNP on consecutive days in Newcastle.

All right. Anyway subsequently SNP were given the mailroom job?---Yes.

But Australia Post were awarded the courier work. Correct?---It's basically – the mail – the actual – the 55 cent stamps was the majority of the cost and the, yeah, and outgoing courier work, yes.

20

But two separate contracts weren't they? The mailroom and - - -?---They were listed as separable portions in the tender, so even though it went out in the one tender, they were completely separable portions. And, and Australia Post was significantly cheaper than the authorised subcontractor Toll Ipec for SNP.

But subsequently SNP were cheaper in relation to the mailroom?---Yes, that's correct.

30 And that's why they were - - -

ASSISTANT COMMISSIONER: Mr Bourke, I'm loathe to interrupt you. We've been through all this evidence. You've not put to the witness any contradiction or any contrary view of any of the evidence he's given on this topic to date about how the contract was let, the difference in price, you know, I'm happy for you to examine the witness on any points of contention or to you know, test part of his evidence that your client perhaps doesn't agree with, but I don't see the point of going through facts, all of the facts which you've raised to date seem to be not in contention as far as I'm aware.

40

MR BOURKE: Well I'm seeking, Commissioner, to clarify because I don't recall the evidence about the Australia Post contract being brought out through the witness.

ASSISTANT COMMISSIONER: It's apparent from the written documents there was another contract, a large contract which Australia Post won, another component of the contract for the delivery I don't know that that's

relevant to anything we're looking at but to the extent that it is relevant, it is in evidence. I mean if you wanted to ask the witness something particular about it, I'd certainly have no objection to that. But the fact that it was there is there and I just think if we're going to go through these sorts of non-contentious factual issues we'll be here for a very long time.

MR BOURKE: Well I'm reassured Commissioner, by the fact that you are aware of that.

10 ASSISTANT COMMISSIONER: Yes.

MR BOURKE: And that's the point. Because many of these documents we haven't seen yet because (not transcribable)

ASSISTANT COMMISSIONER: Yes.

MR BOURKE: Now I'll cut to the point. There was a – the Australia Post contract that they did receive was for something over \$1.0 million. Correct?---That was our estimate for mail at that stage, yes.

20

But they were awarded that - - -?---Yes.

- - - instead of – well SNP didn't even tender for that did they?---Oh they had – they put in a pricing for Toll Ipec to be their nominated subcontractor I recall.

ASSISTANT COMMISSIONER: Yes, SNP did tender and their tender was substantially above (not transcribable)?---Yeah, for that component of the - - -

30

Yes.

MR BOURKE: Right. And it was not accepted?---Yes.

All right. You said that – is this correct, there were a number of benefits to the University as you saw it by SNP being given the mailroom contract? ---Yes.

40 I don't want to repeat the evidence you said, but would you agree that in addition one of the benefits was, you said site knowledge yesterday. Was another benefit the fact that it was desirable to have a higher security presence on campus?---Oh, it was our intention to have everyone in the mailroom become security guards, yes.

And the people in the mailroom did they wear uniforms?---Yes.

Right. So that was another benefit to the University would you agree? ---Yes.

Now you were asked questions about the merger of the contracts?---Yes.

The SNP contracts, the security and the mailroom contracts?---Yes.

Would you agree that was your idea?---Yes.

It was not something that Martin suggested to you?---No.

10 And that merger idea was something you saw as being of a benefit to the University?---Yes.

Would you agree that it was a benefit because it was easier to administer one contract?---Yes.

It was easier to hold the contractor to account by having a larger contract? ---Yes.

More at stake in other words?---Yes.

20

And did you see there were some cost savings as well with the merger? ---There was, as I gave in evidence there was – the risk was non-performance. And if you had to change contractors then there was – there would have been a cost differential because they had that onsite support.

At the University up to the time when the contracts were merged there was a bit of a recurrent theme wasn't there that with other contractors you were trying to merge contracts into one?---Well obviously the cleaning contract merged a number of smaller contracts, yes.

30

What I'm putting to you is that this wasn't just, this wasn't the only contract that was merged?---No, no, no, no, no.

It was a policy that you were pushing?---Within my section, yes.

And with Mr Quinlan's agreement?---Yes.

Now I just want to ask you some questions in relation to your daughter, Jasmine and the position - - -?---Yes.

40

- - - which she acquired at SNP?---Yes.

You said yesterday that SNP had had problems in recruiting good staff in the area?---Yes.

Do you agree that they were always looking for staff as far as you were aware?---Yes.



In fact at the security office they have a poster in the window didn't they advertising for staff?---Yes.

On the University grounds?---Yes.

Do you know whether Jasmine saw that poster?---I couldn't, I couldn't answer on her behalf.

10 All right. Anyway it was in February 2008 it was Jason Richey from SNP wasn't it who told you about looking for somebody in the mailroom?---He did, yes.

And you suggested to him well what about Jasmine, you should think about her?---Yes.

She commenced as a casual at first?---Yes.

And you came to know that SNP were very happy with her?---Yes.

20 And the Uni was very happy with her?---Yes.

Now, you've been shown that email that you sent to Martin McLean in about May 2009. It refers to Jasmine's job at Big W?---Yes, yes.

You'd agree that that was you raising the issue of Jasmine possibly going to fulltime?---Yes.

30 And that the remainder of the context of that email was talking about your 50<sup>th</sup> birthday party upcoming was it?---I can't recall, it's not in front of me but - - -

Armidale as you've said is not a huge city, do you agree?---Yes.

And quite a significant proportion of the population works in the University or in industries attached to it, would you agree?---Absolutely.

40 I just want to ask you whether you agree with this that in an interview that he gave Mr Quinlan said that in Armidale there's probably a one in four chance that a relative was going to be working at the University, would you agree with that?---Yes.

So the fact that someone was getting a job at the University was not an uncommon thing?---There was - I can't comment on the figures because I'm not involved with this but it was known to me that a number of close family relatives were working together.

Just finally on this topic. When Jasmine originally got the part-time work back in February/March 2008 she went through a formal interview process didn't she?---She did.

With Jason Richey from SNP?---Yes.

You gave some evidence about providing cartons of beer for Friday night afternoon drinks?---Yeah.

Those occasions that beer was provided by SNP was at your request to Jason Richey, would you agree?---Or to whoever was – there was someone else after that, yes.

10

But usually the person on site?---Yes, well, they were all aware that we had Friday afternoon drinks, yes.

Martin McLean was not normally on site was he?---No, no, no, no, no.

You're not suggesting that you asked Martin or Martin provide the cartons of beer?---No, no, the question I was asked was whether SNP did and that's what I answered.

20 All right. And so in your answer you meant Jason Richey or somebody in his similar position?---Yes, well, he left so - - -

In relation to attending dinners and gala dinners and things of that kind - - - ?---Yes.

- - - would you agree that at large functions that you attended with SNP that there were many others present?---Yes.

30 Including people from the private sector?---Yes.

And the public sector?---Yes.

Would you agree that requests for accommodation were usually initiated by you?---Yes.

And would you agree that sometimes it was – to your knowledge it was easier for a meeting to take place in the Newcastle region with you and to put you up in a hotel?---Yes, we got to meet all the operational staff you were required to meet.

40

And that saved a number of SNP staff having to go all the way to Armidale didn't it?---Yes.

Just want to ask you about SNP guards attending at any RU games?---Yes.

You've said, I think, that those requests for guards came from you?---Yes.

And they were made to Jason Richey?---Yes.

Guards for any RU games were not something you requested of Martin McLean was it?---No, no, it's just as I gave evidence to is just we provided guards at big events.

Final topic I want to ask you about, sir, is in relation to the Toyota Yaris vehicle?---Yes.

10 Would you agree with this that after agreement was reached for SNP to take over the mailroom function it became apparent that the vehicle situation was just not going to work?---Yes.

And in that context did you and Martin McLean come to an agreement that another car would be needed?---Yes.

And did you come to the view that it would be fair and reasonable that SNP charge for provision of that vehicle?---Yes.

20 Did you consider that even with the charging of that vehicle there was still some saving that was being achieved by the University?---Obviously you've seen from the figures from the tender they were still – it would've been cheapest, yes.

When you say that you're referring back to the amount of about \$25,000 that was originally in the tender for a van aren't you?---No, no, no, just the end – well, that tender submission, their end tender submission compared to Australia Post for the mailroom delivery.

30 But even in being to bill for the Yaris you still believed, did you not, that the University was still getting a good deal?---Yes.

And there was no doubt in your mind, and there is no doubt is there, that the Yaris was being used for appropriate business?---Yes.

And the description of it as being for alarm service or something of that kind that was at your request was it not?---Yes, sir, it said that, yes.

40 There was no deception of you in those words being used on the invoice was there?---To – I don't get that question.

Sorry. When you saw the invoice for approval if you saw the words "alarm service" you were not being – you were not deceived by that were you? ---No, I knew what it was, yes.

And when you approved the invoice you understood what you were approving?---Yes.

Once you approved the invoice it would just go through to Finance for payment, correct?---Correct.

You were the final gatekeeper really weren't you?---I was.

Commissioner, there's a possibility I may make an application to ask some further questions after reviewing some other documents but I hope not and that completes my cross-examination at this stage.

10 ASSISTANT COMMISSIONER: Thank you, Mr Bourke. Yes.

MR MADDEN: Can I review my position at 2.00pm, I don't think I'll have any questions but my client is going through some documents that were given yesterday.

ASSISTANT COMMISSIONER: Is there anyone else who wants to examine Mr McCallum at this time? If not – sir, sorry, I can't excuse you at this time, you will have to come back at 2 o'clock but you may stand down for the time being?---Thank you, Commissioner.

20

Thank you.

**THE WITNESS WITHDREW**

**[12.07pm]**

ASSISTANT COMMISSIONER: Yes, Ms Williams.

30 MS WILLIAMS: Commissioner, I call Mr William Turner.

ASSISTANT COMMISSIONER: Yes, you're Mr William Turner?

MR TURNER: Correct.

ASSISTANT COMMISSIONER: Are you legally represented, Mr Turner?

MR TURNER: I am, yes.

40 MR STEWART: Yes. Assistant Commissioner, Stewart solicitor, I appear for him.

ASSISTANT COMMISSIONER: Yes, thank you. Mr Turner, take a seat.

MR TURNER: Sorry.

ASSISTANT COMMISSIONER: You've been called here to give evidence and you are required to answer all of the questions asked of you. You may seek a declaration. Is he seeking a declaration?

MR STEWART: He's seeking a declaration.

ASSISTANT COMMISSIONER: Yes. Now, the effect of this declaration is that nothing you say here can be used against you in future civil, criminal or disciplinary proceedings, however, the exception to that is if it's found you've breached our Act by providing false or misleading information or in some other way. Do you understand the effect of the order?

10 MR TURNER: Yes, I do.

ASSISTANT COMMISSIONER: Pursuant to section 38 of the Independent Commission Against Corruption Act I declare that all answers given by this witness during the course of his evidence at this public inquiry are to be regarded as having been given or produced on objection and there is no need for the witness to make objection in respect of any particular answer given or document or thing produced. Mr Turner, you're required to take an oath on the Bible or make an affirmation to tell the truth. Do you have a preference?

20

**PURSUANT TO SECTION 38 OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION ACT I DECLARE THAT ALL ANSWERS GIVEN BY THIS WITNESS DURING THE COURSE OF HIS EVIDENCE AT THIS PUBLIC INQUIRY ARE TO BE REGARDED AS HAVING BEEN GIVEN OR PRODUCED ON OBJECTION AND THERE IS NO NEED FOR THE WITNESS TO MAKE OBJECTION IN RESPECT OF ANY PARTICULAR ANSWER GIVEN OR DOCUMENT OR THING PRODUCED. MR**  
30 **TURNER, YOU'RE REQUIRED TO TAKE AN OATH ON THE BIBLE OR MAKE AN AFFIRMATION TO TELL THE TRUTH. DO YOU HAVE A PREFERENCE?**

MR TURNER: I'll take the oath.

ASSISTANT COMMISSIONER: Yes. Could the witness be sworn please.

ASSISTANT COMMISSIONER: Thank you. Yes, Ms Williams.

MS WILLIAMS: Just for the record could you please state your full name and address?---William Charles Turner XXXXX.

10 Thank you. Mr Turner, you've made a statement to the Commission in connection with this investigation, is that right?---Correct.

And, Commissioner, Mr Turner's statement is in volume 1, pages 131 to 222 and I tender those pages and ask that they be marked as Exhibit 1.

ASSISTANT COMMISSIONER: Yes. Well, pages 131 to 222 of volume 1 will be marked Exhibit 1.

**#EXHIBIT 1 - PAGES 131-222 IN VOLUME 1**

20

MS WILLIAMS: Thank you. Mr Turner, do you have a copy of your statement with you?---No, I don't.

All right. That's all right. I'll have one handed to you if necessary. That's all right. I want to ask you first about your relationship with Mr McCallum. He's a friend of yours. Correct?---Yes.

30 And in April 2007 you were looking for work. Correct?---Correct, yeah.

And Mr McCallum obtained a copy of your resume from you and passed it on to Quad Services. Is that right?---Yes.

That was at your request, that he identify whether he might have some opportunities for you. Is that right?---That's, yes, that's right.

40 And you subsequently commenced work with Quad Services in about the middle of April 2007 as a site manager at the University of New England. Is that right?---That's right, yes.

And you were responsible in that role for supervising the cleaning work being carried out by the cleaners employed by Quad Services?---That's right.

When you commenced at the University, did Mr McCallum give you any instructions in relation to entertaining or your dealings with staff within Facilities Management Services?---How do you mean, what, with relation to his staff?

Yes?---Yes, that I wasn't, we weren't to entertain them, yes.

All right. And, and that was something Mr McCallum said to you, was it?  
---Correct.

Quite soon after you started. Is that right?---Yes.

10 And did you understand the reasons for that?---That was just his rules.

Right. Was it your understanding though that it was permissible for you to entertain Mr McCallum?---That's right, yes.

But not the, not his staff?---Correct.

And you did have fairly regular lunches with Mr McCallum, didn't you, on about a monthly basis. Is that right?---Oh, yes.

20 And often Ms Dobrilla Cutler from Quad Services would attend those lunches with you?---That's correct, yeah.

And who paid for those lunches?---When Dobrilla attended she paid for them, if Dobrilla passed on to me that she couldn't attend, I'd pay for the night and get my money back in reimbursements as expenses.

All right. And Quad would pay you the money back- -?---Correct.

- - -after you completed the paperwork. Is that right?---Correct.

30 And it was your understanding, was it, that Quad would pay Ms Cutler back in a similar fashion?---Yes, yes.

Mr McCallum from time to time indicated, did he, that you should provide a carton of beer for FMS Friday afternoon drinks?---That's correct, yes, yep.

And you did that when you were requested to. Is that right?---Yes.

40 Did you do it on other occasions when he didn't ask, of your own volition?  
---Yes, yes, we did. Generally we went to lunch, as part of the bill we'd put a carton of beer on, on top of it, yes.

So there would be a lunch on a, on a Friday at the St Kilda Hotel- -?  
---Correct.

- - -with Mr McCallum and other FMS staff. Correct?---Some may be there but in different, different areas, but my lunch was with Mr McCallum if I, if I paid for it (not transcribable)

I see. So you and Mr McCallum would go for lunch at the St Kilda Hotel on a Friday?---Mmm.

You would claim the cost of that lunch back from Quad Services. Is that right?---If it was authorised, yes.

All right. But on some occasions it was a personal expense. Is that- - ?  
---To me, yes, yeah.

10 But you would pick up a carton of beer at Quad's expense for the FMS Friday- - ?---If, if it was authorised, yes.

All right. So on occasions when you were authorised to do that by Quad, that's what you would do?---That's correct, yeah.

And who at Quad gave you that authorisation?---Dobrilla.

Did you do some security training organised by SNP, the security contractor, in about January- - ?---Yes.

20 - - -or February, 2008?---Yes.

And it was Mr McCallum who arranged for you to do that, was it?  
---That's right.

And why was it that you were interested in security training at that time?  
---He had a spare spot, I thought I'd do it.

30 Ah hmm. Okay. And the University as far as you're aware picked up the cost of that?---That's correct, yes.

Were you aware during your time working for Quad that they sponsored a local rugby team, the Barbarians?---Yes.

And do you know how much money they were paying for that?---\$3,000 plus GST.

40 And did you have an understanding about how that sponsorship came about?---It was in place before I came there, yes.

All right. Did you know whether Mr McCallum had had anything to do in arranging it?---I don't know about that at all.

Were you aware that the sponsorship moved from the Barbarians to the New England Rugby Union in about 2010?---Of the money?

Yes?---Yes.



Right. And how was it that you came to know about that?---Mr McCallum requested that the cheque be made to New England Rugby for the purposes of I think the Barbarians owed money to New England Rugby and they would take that money, along those lines.

All right. And that was a request Mr McCallum communicated to you, was it?---That's correct, and then I passed it on to our people in Sydney who drew the cheques.

10 I see. I understand. Did, did you know at the time that Mr McCallum was an Executive Officer of the New England Rugby Union?---I certainly did, yes.

And did you know whether he received any payments from the New England Rugby Union in that position?---I did, yes.

Did you know that he received 10 per cent of the sponsorship money?  
---Yes.

20 Is that something he had told you or you were otherwise aware of it?  
---It was fairly common knowledge because of the role.

I see?---The job had been advertised a number of times and I knew other people who had had the role.

All right. And so far as you're aware, did anybody else at Quad know that Mr McCallum would receive 10 per cent of any sponsorship money that Quad paid to the New England Rugby Union?---Not that I can recall, no.

30 I just want to ask you, as at late 2009, if you can cast your mind to that period in time, who were your main contacts at the University in relation to Quad's cleaning work?---What, which period of 2009?

Late 2009. So if we can talk about from say October 2009 to December. And to refresh your memory, Mr McCallum at that time was acting in a role of Director of Risk and Audit at the University?---Yeah.

40 Mr Ipkendanz as I understand matters- -?---Yes, so, so, like, I was, yes, I answered to, to Chris Ipkendanz and my daily business was with Rochelle Slade.

Did you have any contact with Greg Tapper at that time also?---I don't know if Greg was still working there or not.

All right. So- -?---I can't, I can't recall.

So principally Mr Ipkendanz and Mr Tapper in- -?---If, if Greg was there before Rochelle, yes, yeah.

I'm sorry, I withdraw that, I made a mistake. Principally your contact in October to December 2009 was with Mr Ipkendanz and Ms Slade?---If she was in the role at the time, yes, that's correct, yeah.

Did you have any contact with Mr McCallum about the cleaning contract, even though he was at that stage with Risk and Audit?---Not, not that I recall, no.

10 Right. Do you remember that in, towards the end of 2009, the University was moving to issue a new, a tender for a new cleaning contract?  
---Correct, yeah.

Because Quad Services' contract came up for expiry in February 2010, didn't it?---2009.

I'm sorry?---Sorry, 2009.

20 What I'm suggesting to you is that Quad Services was operating under a five-year contract when you joined them?---Oh, okay, yes.

Is that correct?---Yes, I've got you now, yeah.

And those five years came up for expiry in 2010?---Okay, yes.

And so towards the second half of 2009, were you aware that the University was- - -?---Yes.

30 - - -moving towards- - -?---Yes.

- - -a new tender?---Towards a tender, yeah.

Did you have any discussions with Mr McCallum about the University's requirements for the new cleaning contract?---No, just that the tender was coming about.

Right. No information about the requirements or assessment criteria prior to the tender actually being issued?---Not that I can recall, no.

40 Are you aware whether anybody else at Quad had information about the tender and what the University was looking for?---Not that I know of, no.

Do you remember that the tender was, or the request for tender was issued on 17 December, 2009?---I don't remember the date but I remember it going to tender, yes.

Does that timing accord with your recollection, close to Christmas, 2009?  
---Sort of, yeah.

All right. Could Mr Turner be shown volume 1, please, open at pages 114 and 115. Just while that's being turned up, Mr Turner, prior to taking on the job with Quad, you didn't have any experience with cleaning services specifically, did you?---No, but with cleaning products and staff training and staff management I did, yes.

And your background was in sales principally. Is that right?---Principally, yes, yes.

10

All right. Thank you. I just want to ask you to look at pages 114 and 115 of volume 1, please, and let me know whether you've seen, you recall seeing those pages, that document previously?---I don't recall seeing it previously but I know what it's about.

Sorry, you do know what it's about?---Yeah, but I, I don't recalling having seen it before.

20

And how do you know what it's about?---That's the, the cleaning ones that we composed for the tender with the allocation of hours - - -

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

I want to suggest to you this is actually the document that the University recorded its estimated hours on?---Yeah, I don't, I don't recall that.

You don't recall seeing this particular document?---Yes, I don't, no, no, I've never seen this before, no, but I know what it's about.

30

You were involved, weren't you, I think you say in your statement at paragraph 14 in preparing Quad's estimated hours for its tender - - -?---Yes.

- - - in late 2009?---Yeah.

Is that right?---Mmm.

Did anybody else work with you on that or was it principally - - -?---Ah, David Chaloub helped me or I helped David 'cause David was the, the principal BDM on the role - - -

40

Right?--- - - - and Dobrilla had some input as well, yes, and then the, the finality we took it to Andrew for, for overseeing, yes.

As I understand your statement you worked on estimating the hours and Mr Chaloub then extrapolated a cost per - - -?---Yes.

- - - cleaning area - - -?---Yeah.

- - - based on those hours, is that right?---Yeah.

And what prior experience did, did you have that enabled you to estimate precisely the hours that would be required by Quad to clean each particular area of the University?---Just the, the management of the contract over the period that I'd been there and knowing what the staff required and how long it took them to do the cleaning.

10 All right. Had you in your role as supervisor kept particular records of the times they could (not transcribable) particular areas or - - -?---Oh, we had certain parameters to work within and they were the hours and they were the hours that we, we've attempted to do the jobs with, we, we had set hours for set buildings and set areas and that's how we, we worked.

And those were the, the parameters were the hours on which the previous contract was based, is that right?---Essentially, yeah.

20 If I can just ask you to turn to paragraph 16 of your statement which you'll find at page 136 of that volume that you have in front of you?---136.

136 in the top right-hand corner?---Yeah.

I just want to ask you, can you remember roughly when the Bellevue Grandstand that you refer to there was completed?---I think it was just before the finals series of that year when, whenever the finals are, most probably August, just prior to August.

August 2009, is that right?---Yeah, yeah.

30 Okay?---I think so.

40 So by late 2009 early 2010 you'd had, is it fair to say, limited experience in cleaning runs off the grandstand to try and work out what - - -?---Oh, we'd, we'd had a number of events that were there that we, that, yeah, that we'd cleaned and put quotes together for. Some, some of the quotes were accurate, we were right, some of quotes were wrong, we, we lost money because we didn't do them, we didn't accurately quote them but over the period of time we thought we had it down pretty much well, yeah, and then we looked at the spec, yeah.

All right. Is that the reason why you say in paragraph 31 of your statement at page 143 that it was all guess work when calculating the hours required for the Bellevue Grandstand?---Oh, it was guesswork to start with, yeah.

And when you came to estimate the hours for the purpose of Quad's tender there was an element of guesswork involved still wasn't there because it was such a new facility?---Yes, yeah.

It was one of the difficult aspects, estimating?---It was an estimate, it was one of the real difficult aspects, yeah.

Mr Turner, if you could go back to pages 114 and 115 of volume 1 please and could Mr Turner also be provided with volume 3 please, open at page 317. Mr Turner, at page - commencing at page 317 of volume 3 you should see there a Quad document entitled "Schedule 1A" which sets out a number of building names and indicative hours weekly and monthly. Do you see that?---Yeah.

10

Is that the - do you recognise that as the schedule to Quad's tender submitted in January 2010 to the University?---It appears to be, yes.

To assist you if you see page 319 you'll see there's a date 22 January, 2010 on it?---Right, yes.

And do you recognise the buildings referred to as the University buildings for which Quad had to tender for the cleaning?---That's correct, yeah.

20 And are those hours set out in the schedule the hours that were estimated by you for that tender process?---That's correct, yeah. Oh, well, yes.

And what I want to suggest to you is that there are - it's quite a precise process, isn't it, perhaps with the exception of, of the grandstand estimating precisely the amount of time that will be, that will be taken to clean each part of each building and then come up with a weekly figure of hours?  
---Correct.

30 And some buildings, although they're given a weekly figure, only need to be cleaned fortnightly or have different parts cleaned each, each week, is that correct?---That's correct.

And your job is to work all of that out and still come up with an average weekly figure over the term of the year, correct?---Yes.

40 Are you aware that a number of the figures in, the weekly figures in Quad's schedule are exactly the same as the weekly benchmark figures prepared by the University for the purpose of assessing the tenders?---I, I wasn't but I was aware when you brought it up yesterday.

All right. And you've heard the evidence given by Mr McCallum about that yesterday?---That's correct, yeah.

And have you heard me take Mr McCallum to the particular buildings in question?---Yes.

Do you have any, well, do you, do you agree that that is extraordinary that about half a dozen buildings have exactly the same weekly figures between Quad's tender and the University's tender?---Yes.

Do you have any understanding about how that came about?---No.

Were you provided with or given information about the University's benchmarks for any of the buildings listed in the schedule that starts at page 317 of volume 3?---Not that I recall, no.

10

How is it that you came up with the figure on page 319 of 18.23 hours for the Bellevue sports grandstand per week?---How did we come up with the number?

20

Mmm?---We looked at the square meterage of the carpets that were required, we had to work out whether at certain times of the year when there were wet games and dry games there'd be certain times that it'd take a lot more cleaning so we went on the higher scale when we put our estimate in because of the, the carpet extractions that were involved in the, in the four rooms in the grandstand, we had to do a lot of pressure washing and cleaning and things like that and we had to put our annual costs in as well so we went on the high scale, assuming that I put down 13 hours before, once David put it into his formulas and that we come up with obviously the 18 hours that are there.

All right. And that was your, that remained your, your figure and you stand by that figure of 18.23 hours a week, do you?---Correct, yeah.

30

And if the University had subsequently discovered that in fact that was closer to a fortnightly figure and they had made an error, you would still say that Quad's figure is 18.23 hours a week, is that right?---I didn't think it was an error.

So it's a coincidence - - -?---Yes.

- - - that the University's figure of 18.23 is an error and the very same figure appears in Quad Services' tender?---Yeah.

40

Did Mr McCallum ever say to you at any stage after Quad had submitted the tender that he in fact thought your figure for the grandstand was a bit high? ---Not that I can recall.

Did he ever tell you that he'd discovered there'd been an error in the way the University had looked at the cleaning hours required for that facility? ---Nobody ever told me that, no.

You said earlier that you were told by Mr Turner, sorry, by Mr McCallum not to take FMS staff out to lunch or to entertain them other than Mr McCallum himself, correct?---Or if he approved it, yes.

Or if he approved it?---Mmm.

Were there frequent occasions on which he approved it?---No, very rarely that we were allowed to - I think once Greg was allowed to come with us and I think maybe once Rochelle was allowed too.

10

Were there any occasions on which Mr McCallum approved you meeting with one of his staff members without Mr McCallum also being present? ---No.

And did you adhere to that instruction?---Yes.

So you never entertained FMS staff without Mr McCallum there and his approval. Is that right?---Not that I claimed back on expenses, no.

20

See I want to suggest that you did claim expenses for lunch with Mr Ipkendanz in October and November, 2009. Do you remember that?---Yes, and I stated that I falsified those documents.

Well just so I understand what you say about that can you turn to page 204 please of volume 1, which is Exhibit 1?---What page was it, sorry?

204?---Which book am I looking at?

30

In volume 1. I think you have turned to 204 in volume 3. If you look on the spine there should be a label number 1?---Yeah.

Page 204. Perhaps to simplify things we might retrieve volume 3?---Yes.

Is that an expense claim filled in by you?---Yeah, that's a carton of beer for FMS. Chris was the manager at the time. We delivered a carton of beer.

40

I see. So the monthly meeting is an incorrect description. Is that right? ---Yeah, in my, in my statement, the monthly meetings were just communication meetings as well sometimes. That was, yeah, I think I haven't put that down, but that was for a carton of beer on a Friday afternoon. I think it was a carton.

All right. And at page 210?---210 that's a carton of beer as well.

And that's the first entry you're referring to there?---Where it says monthly communication, yes.

All right. What about the entry below that which says Rochelle Slade?--- That may have been approved for lunch. I may have asked on that day. I don't recall.

It doesn't mention anything about Mr McCallum being present though does it?---No.

So that means he wouldn't have approved it doesn't it? Taking your previous evidence?---Possibly not.

10

Were you aware that Ms Slade was responsible for preparing the University's benchmark cleaning hours for the tender?---No, well – I didn't know who was doing it, no.

Do you remember what you discussed or met with Ms Slade about on this occasion in November 2009?---No, I don't recall. Whereabouts are we again?

20

Page 210 and I'm directing your attention to the second entry in the first table in the form?---I can't recall.

You haven't taken Ms Slade out on any other occasion have you?---Myself, no.

In connection with Quad's business?---No.

And you can't recall what this occasion in November 2009 related to?---No, I can't.

30

Is it likely that it related to the forthcoming cleaning tender?---No.

All right. Were you aware that Mr McCallum had dinner with Ms Cutler and Mr Yardley from Quad Services on 17 December, 2009?---Yes.

Were you aware of that at the time or as a result of hearing evidence in this inquiry?---I don't remember, I don't recall. I remember Andrew and that coming up, yes.

40

And you remember them coming up in December 2009 about the same date that the request for tender was issued?---If you say so, yes. I don't remember those dates, no.

All right. What recollection do you have about Mr Yardley and Ms Cutler coming up in December 2009?---They came up to go to tea with Colin.

Right. And you were aware at the time that that was happening?---Yes.

Right. Did you attend?---I think so, yeah.



You attended the dinner. All right. And what was discussed at that dinner?  
---Just general talk.

Was there discussion about the request for tender that had been issued that day?---Not that I recall.

10 Quad was keenly interested in that tender and in retaining its business at the University for another five years. Correct?---Correct, yeah.

And do you honestly tell the Commissioner you can't recall any discussion at dinner on the same day the request for tender was issued about that tender and Quad's prospects in winning in?---Yeah, I don't recall.

Can you recall any subject matter that was discussed at the dinner?---Not really. I had a few beers. No I don't.

You just don't have any recollection one way or the other?---No.

20 Do you remember having a drink or lunch with Mr McCallum on the date that Quad submitted its tender in January 2010, 22 January, 2010?---I can't say I remember, no.

All right. So is your evidence then that the correlation between the figures in the University's benchmarks and Quad Services tender for the 2009 cleaning contract whilst extraordinary is just a coincidence. Is that right?  
---Yeah.

30 Commissioner, I have no further questions for Mr Turner.

ASSISTANT COMMISSIONER: Thank you. Mr Turner, you said Ms Cutler had some input into the preparation of your tender?---Ah hmm.

What input did she have?---I think it was more guidance – being, being my manager and she, she had vast years of experience in the business.

40 Did she have any input into the hours, the estimated hours?---Not, no, no. It was more, it was more the, it was more that David had his spreadsheets and he had square meterage of what – the rates that they use. I knew the hours that we required to do the areas from our experience (not transcribable) cleaning and we put them in and that's how we devised it.

Thank you. Yes, does anybody wish to - - -

MS WILLIAMS: Commissioner, I'm sorry, I have remembered one final question. Could Mr Turner be shown volume 3, page 297, please?---Okay.

Mr Turner you'll see at page 297 there's an email from Mr Yardley of Quad Services to Mr Chaloub?---Yes.

Have you seen that email previously?---Never.

Did you have any understanding in January 2010, just before Quad submitted its tender, that Mr Yardley wanted to know whether the figures had been run past Mr McCallum?---Not to my knowledge, no.

10 Do you know whether anybody from Quad Services did run the figures past Mr McCallum?---Not to my knowledge, no.

That is the figures in Quad Services tender for the cleaning contract?  
---Yeah.

If that occurred you have no knowledge of it. Is that right?---That's correct.

Thank you, I have no further questions, Commissioner.

20 ASSISTANT COMMISSIONER: Thank you. Yes, is there any application to examine this witness? If not, oh, yes.

MR WATSON: My name is Watson, solicitor. In relation to the period when you were employed by - - -

ASSISTANT COMMISSIONER: I'm sorry, excuse me, you'll have to come forward to one of the microphones.

30 MR WATSON: Mr Turner, your evidence as I understand it in your statement is that you worked for Quad Services for a period of about four years prior to March 2011?---Correct.

And Rochelle Slade worked, as I understand it, for about a two period, a two year period, commencing about the same time that you did?---Exactly, yeah.

And you've told us that in the period that you were there you worked on time estimates for various aspects of work that needed to be performed by Scott?---Yes, yes.

40 And as I understand it presumably you prepared some sort of a record for your own purposes and for administrative purposes?---Of course, yeah.

Are you aware that there was available within Quad Services a schedule of the hours that were required to perform the various duties, cleaning duties at the University? A schedule listing the various hours that each task was expected to take?---No.

How was the record of the (not transcribable) kept when you were there that you prepared?---That I prepared?

Yes?---I prepared my own spreadsheets and it was ready for David when he came. I had the most per building, I just, I wasn't sure what was going to happen, I just had some, some hours and things to go and then I went (not transcribable)

10 Are you saying that that exercise was not performed by you until 2009 or was it performed by you (not transcribable)?---Oh, as in to the hours?

Yes?---It was all allocated when I started work. It had all been, it was all there. Every now and again we had to manipulate it a small amount if a building closed or you know if something happened along those lines, yeah, but - - -

What form did that take, that documentation?---How do you mean?

20 The estimates that were there when you came?---I never saw any.

Huh?---I never saw any.

I thought you said that they were all there when you came in 2007?

---Well, the runs were all there and they were all established and the people working and we knew how many runs was allocated to buildings, I didn't know actually the building allocations, I knew that the runs were allocated, it was all set up when I started.

30 That's what I'm asking you. What form did that documentation of that take when you started?---The previous manager had it written down in her diary or on a piece of paper or something. I can't remember.

So by reference to the various tasks or the various buildings, there was some record kept within a document?---Yeah, yeah.

Yes, that's what I meant?---Yeah, yeah.

40 You were asked by Counsel Assisting whether you could, whether you could, pardon me (not transcribable) whether you could offer any explanation about the parallels between the times that were estimated by Quad in its tender documentation and the benchmarking by UNE?---Mmm.

Did you ever look to see whether those times coincided with the, that's the time in the estimate coincided with the records that had been in existence at Quad for some time?---Well, that's what they were, they were all established, it was all established, there was only minor tweaking in, in some buildings, everything was basically established and it was all there, we had it all, it was all set up.

You'd never been asked to look at, as I understand it, as the benchmark documentation prior to that?---Never at all.

Yes, thank you.

10 ASSISTANT COMMISSIONER: Thank you. Are you saying, Mr Turner, that the records, the pre-existing records in Quad had the same details like a building, 18.73 hours, this is what it should take?---Oh, we had, we, on our, yeah, essentially we had, the runs were there in that, on that form that was there and that, the accumulation of that came up to, let's say it was, say it was 10 hours per night and that, the run would be there and that's what we had allocated so the building would be there divided and at certain times with the (not transcribable) cleaners and things we would, that's how the runs were all allocated and the buildings were there so we had, we knew exactly what was required to clean the buildings because we'd been doing it for so long.

20 And are you saying when you did your estimate for the tender, did you just go through those runs and add it all up?---Yeah, yeah. Oh, well, we just, yeah, we went through and divided it through David's spreadsheet and through our experiences on what we needed to, together. We, yeah, it wasn't, it wasn't overly hard for us to put that together- - -

Yes---?- - -because we had all the information because we were the incumbents, we were there.

30 Yes, thank you. Thank you, Mr Watson. Mr Stewart, do you wish to examine at all?

MR STEWART: No, thank you.

ASSISTANT COMMISSIONER: No.

MR STEWART: Assistant Commissioner, I would ask if my client could be excused.

40 ASSISTANT COMMISSIONER: Yes. If there's no objection, yes, Mr Turner, thank you for your attendance. You are now excused?---Thank you.

**THE WITNESS EXCUSED**

**[12.43pm]**

ASSISTANT COMMISSIONER: Yes?

MS WILLIAMS: Commissioner, I call Ms Dobrilla Cutler.

MR MADDEN: Commissioner, my client will take an oath and she asks for a declaration under section 38.

ASSISTANT COMMISSIONER: Thank you, Mr Madden. Yes, Ms Cutler, please take a seat. Now, your legal representative has indicated that you wish to seek a section 38 declaration which I will now make.

MS CUTLER: Yes.

10 ASSISTANT COMMISSIONER: And as I have told other witnesses, the only evidence which this does not protect from future use is if it's shown that you've provided false or misleading evidence. Do you understand the effect of that?

MS CUTLER: Yes.

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

Could the witness be sworn, please.

ASSISTANT COMMISSIONER: Yes, Ms Williams.

MS WILLIAMS: Ms Cutler, for the record, could you please state your full name and address?---Yeah. I'm sorry, I'm just finding it hard hearing you.

10 That's all right, I'll speak up. Thanks for letting me know?---Yeah, okay.

Your full name and address for the record, please?---My name is Dobrilla Cutler. I live at XXXXX.

Thank you. And you're a Regional Manager with Quad Services. Is that correct?---My title is General Manager, Northern New South Wales.

Right. And you've been in that position since about March 2005. Is that right?---Yes, it will be seven years this year.

20 And shortly before you came to that position, Quad Services had been awarded a cleaning contract for five years with the University of New England. Is that right?---That's correct, yes.

And as you came in to work for Quad it immediately became your responsibility to ensure that Quad Services performed its obligation under that contract. Correct?---Exactly right.

30 Maintained a good relationship with the relevant people at the University? ---Yes.

And was in a position to hopefully retain that work at the end of the five-year term. Correct?---Yes.

And your principal contact at the University was Mr McCallum, Campus Services Manager?---That's correct.

40 That's right. And Quad had a particular, I withdraw that. Quad Services had a philosophy of ensuring they maintained good relationships with their clients, didn't they?---Yes.

And that was given effect to not only by performing, doing a good job under the contract but also by entertaining the key people within the clients. Correct?---Yes.

And making sure that you knew through undertaking that entertainment what was going on. Correct?---More so the, the performance and the standard.

Ah hmm?---And yes, and then the entertainment with, for the relationship, yes.

Yes. And you needed to know through the entertainment what the key relationship people at the client thought of the service being provided. Correct?---Yes.

10 You needed them to provide you with information about how they saw things from their point of view about the work that your company was doing. Correct?---Certainly.

Do you recall that towards the end of 2008 or early 2009 Mr McCallum's position in the University changed?---Ah, yes.

And he became for a time a Director of Risk and Audit at the University? ---Yes.

20 And Mr Chris Ipkendanz stepped into Mr McCallum's role as Campus Services Manager. Correct?---Yes.

Do you maintain, you had maintained contact with Mr McCallum up to that point before 2009. Correct?---That's right.

And during 2009 did you maintain contact with Mr McCallum in relation to the cleaning services that Quad was performing?---Um, no.

30 You had no contact with Mr McCallum during that time?---Well, I, if I visited the campus I may have saw him but to, to actually have a meeting in regards to the cleaning or, or whatever, no.

Did you take Mr McCallum out to lunch or dinner during 2009?---During 2009?

Yes?---Yes, I think I have, yes.

40 Ah hmm. And what was the reason for that, given that he had nothing to do with the cleaning services during that year?---I'm just not sure of the, the dates in 2009 that you're, you're saying. I don't think that he was out of that position for 12 months.

All right. Well, I'll suggest to you he was out of that position from February 2009 to the end of, right up until Christmas Eve 2009?---Oh.

Did Mr McCallum tell you before he moved into the Audit and Risk position at the University that he would still maintain some responsibilities in relation to the cleaning contract?---I don't recall. I can't remember if, if he had said that.

Right. You were conscious during 2009 that the five-year term of Quad Services' cleaning contract was, would come to an end in early 2010. Is that right?---That's right.

And that the University would therefore be moving to a new tender sometime towards the latter half of 2009. Correct?---That's right.

And you were keen therefore to maintain a close relationship with your contacts at the University. Correct?---Yes.

10

All right. And to that end I want to suggest that you did maintain close contact with Mr McCallum during 2009?---I may have ran into Col while I was visiting up in Armidale but I don't recall sitting down and, and having a meeting with him while he was in that new, new role.

Ah hmm. And you don't recall having lunch or dinner with him whilst, whilst he was in that role?---Might have had lunch if, you know, I ran into him at the St Kilda, but that's not to say that, you know, we were discussing work in any way.

20

Ah hmm. All right. Mr McCallum, apart from this period during 2009 when he was working in Risk and Audit, was the person responsible for making important decisions in the administration of Quad Services' cleaning contract, wasn't he, that was your understanding?---Yes.

So he decided whether – he was involved in the decision whether or not Quad Services had met its performance standards at each monthly review, correct?---That's correct.

30 He was responsible for making decisions about any increase in pricing during the term of the contract, correct?---I believe so, yeah.

He was responsible for making decisions about any variations to the contract?---Yes.

And he was responsible, for example, in 2008 for administering additional work that Quad Services started doing for Sport UNE at that time?---Yes.

40 Yes. And you took Mr Turner out – I withdraw that. You took Mr McCallum out to lunch on a regular basis, didn't you, from when you started with Quad Services in March 2005?---Yes. Sometimes it was monthly, sometimes it might've been every two or three months, sometimes Colin McCallum wasn't available because he was on annual leave or I was on annual leave or whatever the case may be.

And Mr Turner joined - - -?---Yes.

- - - Quad Services in April 2007?---Actually I believe it was 14 May 2007.



All right?---Yeah.

But from the time Mr Turner joined he would quite often join you at these lunches with Mr McCallum?---Yes. As the Manager, the Site Manager, yes.

And at least one purpose of these lunches – I'll withdraw that and go back a step. Quad Services paid for all these lunches didn't it?---The ones that I attended, yes.

10

Yes. You would pay initially and make a claim from Quad and they would reimburse you, is that how it worked?---Yes. Yes.

And did Mr McCallum ever indicate that he shouldn't accept or it was inappropriate?---I don't, no, I don't recall that being said.

And Mr McCallum didn't offer to pay did he?---Again, no, I don't think so, no.

20

And your purpose in taking Mr McCallum out for these lunches was to try and create a relationship where he would be disposed to act in a way that would assist Quad rather than make things difficult for Quad in the decisions that he had to make under the cleaning contract, that's right isn't it?---No, I don't believe so, no.

Well, how would you describe your purpose in taking Mr McCallum out for lunch on a regular basis?

30

MR MADDEN: Well, can I just object to that? The question of making decisions about the cleaning contract that (not transcribable) a hundred possibilities. I ask Counsel Assisting to be a little bit more precise.

ASSISTANT COMMISSIONER: Well, your client didn't agree with that so now she's just being asked an open-ended question for her to say what she considers the purpose of the lunches was. I don't see any problem with her answering that.

THE WITNESS: Could you just repeat that question again.

40

MS WILLIAMS: I can. Could you explain for the Commissioner what your purpose was in taking Mr McCallum out for lunch on a regular basis? ---On a monthly basis I used to attend inspections up at UNE, after those inspections I would sit down and talk to Col on what the outcome of the inspections were. So firstly it was more the standard and the performance that we're delivering then after that we would go out and have lunch.

And the question that I asked you was what was the purpose in going out to lunch? What was your purpose in taking Mr McCallum out to lunch?---I

think it was just the fact that I was up there, obviously to have a bite to eat and obviously yes, you know, have that relationship.

And the question I asked you initially was to the effect that your purpose was to ensure that you did have a good relationship with Mr McCallum so that – do you agree with me that was one of your purposes that you invited him out for lunch?---That’s one of the purposes, yes.

Right.

10

ASSISTANT COMMISSIONER: And it wasn’t a personal good relationship you were seeking was it, it was a business - - -?---No, it’s a business relationship, yes.

So you were using company money to pay for these lunches so presumably that was on the basis that some benefit would accrue to the business through your entertaining him, do you agree?---The benefit that I was more looking for was the fact that Quad was doing what they were contracted to do and that was to clean the University to the standard that the University expected.

20

That’s got nothing to do with paying for a lunch for McCallum. My question is you were authorised to expend the business’s money entertaining Mr McCallum, that’s correct?---That’s correct, yeah.

And that obviously would only be done if there was some benefit to the business, yes?---Yes.

What was the benefit to the business in entertaining Mr McCallum?---To have a good relationship with him.

30

And I guess that means to have a good relationship so that you could continue to have the University’s work?---Certainly, yeah.

Because it was all about business wasn’t it?---It was.

Yes. Yes, Ms Williams.

MS WILLIAMS: And you recall that I asked you some questions about the types of decisions that Mr McCallum had to make in relation to the cleaning contract, do you recall that?---Yes.

40

And I think you agreed with me he needed to decide about price variations, correct?---Yes.

About whether or not Quad had met the relevant standards on the monthly inspections?---Yes.

And about any variations to the contract?---Yes.

And about any additional work that Quad might separately be engaged by the University to do?---Yes.

And it was important to Quad wasn't it to have a good relationship with Mr McCallum so that he might be more inclined to act in a way that would assist Quad when making those kinds of decisions?

10 MR MADDEN: Well, I object to that. She can't answer that, she can't answer what – that question is asking her to speculate what Mr McCallum may have done (not transcribable).

ASSISTANT COMMISSIONER: No, not at all, it's asking her to express a view as to the business reasons that Quad, you know, encouraged this sort of entertainment. I think she's perfectly capable of answering that question, I think it's a fair question. Do you understand the question?---Could you repeat it again.

20 MS WILLIAMS: I can repeat it. You recall the kinds of decisions I referred to?---Yeah, yes.

I won't repeat that part?---No.

It was important to Quad Services to have a good relationship with Mr McCallum so that he would be more inclined to act in a way that would assist Quad Services when making those kinds of decisions. That's right isn't it?---Again, I, I really don't know how to answer that because you know like it, it wasn't all about him making those decisions in favour of Quad. Our - - -

30 Was it or was it not as you understood in your capacity as a Regional Manager or General Manager, I'm sorry, was it or was it not important to Quad Services to have a good relationship with Mr McCallum?---Certainly as a client, yes.

And why was that important to Quad Services?---Well obviously we, you know, we were the company that was doing the cleaning for the University and to have a good working relationship certainly helps in that process.

40 And it helps in that process doesn't it because decisions of the kind I've referred to (not transcribable) to be made by Mr McCallum from time to time don't they?  
---Yes.

And that's the reason isn't it why Quad Services was happy to reimburse you for taking Mr McCallum out to lunch on a regular basis?---Yes.

That's the reason why rather than simply turning up on a monthly basis and saying, we've passed the inspection and going away again, you would instead make the offer of lunch. That's right isn't it?---Yes.

All right. Commissioner, is that an appropriate time?

ASSISTANT COMMISSIONER: Yes. We will adjourn at this time until 2.00pm.

10

**LUNCHEON ADJOURNMENT**

**[12:59pm]**