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INDEPENDENT COMMISSION AGAINST CORRUPTION

THERESA HAMILTON ASSISTANT COMMISSIONER

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON TUESDAY 23 AUGUST 2011

AT 2.00PM

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

MS BOURKE: Mr Johnston, I represent Mr Johnson?---Yes.

I just want to ask you very briefly about the, the line management structure. You were the line manager immediately above my client, above Mr Johnson?---That's correct.

10 Handling him as a contractor?---That's correct.

And you were the person within the Department to whom he reported?
---Yes.

And you were responsible for him?---Yes.

The person above you in the line is Vince Gee who is the Director of Enterprise Corporate Systems?---Yeah, now, yeah at what - - -

20 At that time?---Oh, at that time I think it was called Applications Development.

Right?---Yes, but the, he was the director, yes.

He was above you?---And he was directly above me, yes.

And going above him was Aidan Dalglish?---Yes, that's correct.

General Manager, Information Technology - - -?---Yes.

30 - - - at that time?---Yes.

And above that Stevie Wilson, Chief Information Officer, CIO?---Yes, that's right.

In relation to the SMART Project you gave evidence that you relied on David Johnson?---Yes.

40 That was the term you used?---Yes.

I assume you mean that you relied on him for his technical competence and for the management of the project.

MR FORDHAM: Well, I object to that because I put several different permutations on reliance, some of which related to that and some of which related to representations made about who was doing what at different times.

ASSISTANT COMMISSIONER: Yes, I do think the main suggestion put was that he relied on Mr Johnson to verify statements in documents, claims for payment.

MS BOURKE: I'll go about it another way, Commissioner. You were in charge of the internal department processes and the internal department documentation?---In a, in a sense that I was the permanent staff person and David was reporting to me directly. I mean, it sounds like you're saying I'm in charge of the processes, I was in charge of following the processes.

10

Yes. And you were in charge of ensuring that the processes took place, the department processes?---Yes.

In relation to the Code of Ethics, it was a document you said that was referred to in the agreement of confidentiality and pecuniary interest disclosure. We've seen that it was referred to in that document?---Sorry, the pecuniary interest disclosure is only a recent process.

20

Right. There was a document drawn to your attention which had been signed by my client, which was headed Agreement of Confidentiality/Pecuniary Interest Disclosure?---Okay. Yeah.

Do you recall seeing that?---(NO AUDIBLE REPLY)

If you have a look at page 14 of the bundle of documents?---Yes.

30

And you'll see that paragraph 7 says that the contractor acknowledges that they've read and understood the provisions of the DET Code of Conduct and Ethics?---Ah hmm.

And you were the person who would have been responsible for making that Code of Conduct and Ethics available to the contractor?---Well the Code of Ethics - - -

Just, sorry to make it easier, I'll only talk at this stage about Mr Johnson? ---Yes.

40

You were responsible for making that available to him - - -?---The Code of Conduct is prominently placed on our intranet site and people have access to that all the time.

Was it on your website at that time?---It would have been on the intranet site, yes, the DET, the Department's intranet site.

On the intranet?---Yes.

But isn't it the point that you only get access to the intranet and in fact passes to the building after you've signed the Agreement of

Confidentiality?---Not, not necessarily. I mean these forms typically a contractor starts on a Monday and there's several forms to fill in including this one and it might take a day or so before some of those steps are completed in the Department.

You never handed to my client a copy, that is a paper copy of that Code of Conduct and Ethics?---That's right, I did not.

10 And did you ever tell any other project manager that they had to see that document as part of signing the Agreement of Confidentiality?---Well the process was to sign the Deed of, this document, the Confidentiality document.

Yes?---And confirm that you had complied with the requirements that you're signing.

20 But you would agree with me that some steps could have been taken to alert the person signing the document as to where they would find that Code of Conduct?---Yes, yes, some steps. And yeah, I mean I, sometimes that happened and sometimes it didn't I think in the sense of telling people to make sure they've understood the Code of Conduct.

30 Now in your evidence you said that the, you dealt with the project manager in relation to this document and that he then dealt with this document in relation to the contractors who came on below him. Is that a correct summary?---I honestly can't, I actually can't remember because there's a lot of contractors, whether I've signed, I think for some of them I would have signed on behalf of the Department. But I can't remember case by case what occurred.

But if the project manager had to provide this document to contractors working on his project, he would never have had access to the Code of Ethics?---Well he would have had access through the intranet. If he's employed by the Department and subsequently he's recruited contractors some months later, he would have access to that document on the intranet.

If your answer assumes that they knew that it was on the intranet?---Yes.

40 I suggest that you never drew the attention of the Code of Ethics to my client, to Mr Johnson?---I can't recall.

Within the Department of Education there was a substantial degree of conflict between the information, the IT Directorate and the body known as EMSAD, would I be correct in saying that?---I think your words are interesting. The EMSAD business unit had a history of developing systems in its own right and having complete control over that and then it was moving into a situation where it was seeking, if you like, funds outside its control, other funding sources, and had to work more closely with ITD in

the delivery of those services and, yes, there was some tensions about that but I wouldn't call it substantial degree of conflict.

In your evidence before lunch you said that there were issues with the business customer, by business customer did you mean EMSAD?---Yes, I did.

Yes. And just for the record that's the Educational Measurement of School Accountability Directorate?---That's right, yes.

10

I want to ask you some questions about approved suppliers. There's a statement from someone else in the Department referring to Department of Commerce Approved Panel of Contractors. Is that the same term – is that interchangeable with the terms of approved suppliers?

MR FORDHAM: I object to that. It's a bit hard for this witness to know what somebody else meant.

20

ASSISTANT COMMISSIONER: Well, I guess you can say whether he is aware that is there a term approved supplier used and is there the other term used and do they mean the same thing?---There's, it's a little bit complicated. There's a panel contract under the Department of Commerce and companies tender to be suppliers under that contract and agree to the terms and conditions of that. Sometime ago ITD – and there were about 60 or so companies on that so it would be very unwieldy. So at some point in the past the – DET went through a process of using a subset of those 60 suppliers and there are about eight of those, of those agencies from the 60. So depending on when that was in place an approved supplier could mean the eight subset or the full panel.

30

Are you referring only to the eight as suppliers of labour as it were, of contractors or do you mean suppliers of any resource whatsoever?---No, there, there, there's categories under the contract of skill sets so they're, generally they're suppliers of IT professionals, IT skill sets.

40

Is there or, sorry, was there in 2008 a method by which somebody could be, or an organisation or a person could be contracted to do work for the Department other than being on their approved suppliers list?---The approved suppliers list, that panel contract was for the provision and engagement of IT contractors. We can also engage service companies to provide services through a company, like, as to provide an output to a fixed statement of work to deliver some kind of deliverable for the Department. So we can engage people through that process but we're really engaging the company to deliver an in-service.

MS BOURKE: Yes. So you can engage a company to do work - - -?
---Absolutely.

- - - that is not an approved supplier?---Yes, they, they are separate contracts for service, yes.

ASSISTANT COMMISSIONER: But I presume in that case there are other processes to be followed, with an approved supplier you don't have to go out to tender or get quotes or anything, do you?---No, no, with an approved supplier you'll generally ask several agents to provide some people, to execute off the other panel contracts you generally have to have three written quotes or a request for quotation type process which is a comparative analysis.

MS BOURKE: And am I right in thinking that your evidence was before that a tender only becomes involved if the contract is above \$150,000? ---Yeah, that's correct, yes.

At that time, sorry?---Yes, yes, that, that would be correct.

When my client discussed with you using the company Catalina you were well aware that it was not an approved supplier weren't you?---I was aware, I was, an approved supplier is a contract, like a recruitment company.

Yes?---Yes. I, yes, I was aware, it was presented to me as they were a software development company.

And in fact I suggest that you told Mr Johnson what paperwork he had to do to get Catalina onto the DET payroll system so they could be paid?---Yes, well, that, okay, there's a couple of things there. They don't go onto the payroll system because they're not providing people, they're, they're a company that will give us an invoice and be paid through the finance system but I told, I remember telling Mr Johnson to talk to another project manager who had recently gone through a similar exercise to work through what the correct process was.

And there was a process by which Catalina could go onto the system through which they could be paid?---Ah, yeah, well, yes, our finance people would establish them as a vendor but the question is whether they're approved under the panel contract they were said to be under.

You were asked questions about some words that Mr Johnson wrote on the invoices from Catalina approving - sorry, saying that the work had been carried out?---Well, I'd have to look at the invoice but not, yeah.

(not transcribable), at page 154. Now what is written up the top of that in handwriting is in fact an authorisation that work has been carried out? ---Yes.

Would you agree with that?---It is, yes, the first, the first two lines say that.

Yes. And although it says it is okay to pay the invoice Mr Johnson as a contractor could not have authorised the payment of that?---He didn't have the power to authorise payment as a contractor, that's correct.

Now you said that that invoice wasn't submitted through you?---Ah hmm, that's correct.

10 How are you able to recall that?---Well, I, because I, I've never seen it before and I, I've always been at that point wondering what was happening with the exercise to do the user interface design exercise because I was very interested in the output of that and also I would have signed it if it had come through me, presuming that the work had been done satisfactorily.

Do you have any way of knowing who that was submitted through?---No, I, I do not.

I want to ask you some questions about the contractor assessment and the contractor recommendations and that process?---Ah hmm.

20 So if you could turn to page 19. Now you can see that that contractor assessment document shows that the panel members were David Johnson and Henry Lo?---Yes.

And you know that they were both contractors?---Yes.

Not employees?---That's right.

30 You have signed nothing on that document have you? You didn't sign anything on that document?---No, no I haven't.

The document you signed is the contractors selector?---Yes, that's correct.

And you signed that you approve to find and start that contractor. That's what you've signed?---I recommend, I recommended that point.

So you had to have something on which to base your recommendation? ---Yes.

40 Now I presume the document you had on which to base your recommendation is the contractor assessment document?---Yes.

So you would have seen that at the time you signed the contractor - - -?---I would have seen a document, yes.

Right. And it shows clearly that the panel members were David Johnson and Henry Lo?---That's right.

In every case where you signed the recommendation section of the contractor selection document did you see the contractor assessment document? Sorry, I'll just refine that question, I've made it too wide for you?---Yes.

In the five, you're aware of the five people - - -?---Ah hmm.

10 - - - who are part of this inquiry. The five contractors. In relation to those five contractors for each one can you recall whether you saw the contractor assessment document?---The normal process was to include that document with the contractor selection form. I mean I can't guarantee that it happened in every case with every contractor selection we were doing, but none of them, I can, none of them bounced back, if you like, from higher up in the process. So you know, I can't guarantee that each one was attached to the contractor selection form.

20 Is the gist of what you're saying that you assume the paperwork was in order or someone above you would have sent it back?---No, the gist of what I'm saying is I can't guarantee, now I would say almost all of them had a contractor assessment form and there were many, many contractors, not just these ones. So I'm unwilling to say that exactly all of them had that contractor assessment form attached.

If it wasn't attached on what did you base your recommendation?

30 MR FORDHAM: Well I object to that because that contains an assumption that hasn't been established. You would need to establish whether it was or it wasn't, if you're going to put a positive proposition that someone did or didn't do something.

ASSISTANT COMMISSIONER: Yes.

MS BOURKE: Was there any other method of you assessing whether you made a recommendation other than sighting the contractor assessment form?---Often there would be discussions with the person making the recommendation. But I couldn't say that that happened in these cases.

40 Okay. I want to ask you some questions about the Greythorn company?
---Ah hmmm.

ASSISTANT COMMISSIONER: Before you move on Ms Bourke, can I just ask the witness something. In relation to the document at 19, where the two panel members are contractors, as I understood your earlier evidence, policy really required one of the panel members to be a permanent staff member?---That's right.

Now is it your evidence that you just overlooked this or that you saw it and that you didn't care or what, what was the situation - - -?---The situation, I

agree that there should have been. The situation was there were virtually no permanent staff available. There was a large amount of contractor recruitment happening in projects and in normal operational activity. And there were very, very few people who had any skill to sit on those panels. So it was overlooked.

10 So well when you say it was overlooked, that could either mean that you didn't notice it at the time or that you decided to let it go through even though it didn't strictly comply?---Yeah, I think it was more like I overlooked it.

Like you didn't notice it, that particular overlook?---No, I overlooked the requirement.

As in you didn't choose to strictly enforce the requirement?---Yes. Yes.

Thank you.

20 MR FORDHAM: Commissioner, I should raise one issue at this point. It is certainly this witness's evidence that he believed the policy required that at the time, there may be some other evidence to whether that interpretation is strictly correct.

ASSISTANT COMMISSIONER: Yes. All right. Thank you. Yes, Ms Bourke.

MS BOURKE: There were other IT contractors working under project managers other than Mr Johnson?---Yes, that's right.

30 And you were in charge of – I think there was four projects?---Yes.

So the four project manager had quite a lot of contractors under them?
---Yes, that's right.

Because of that you would've been aware of what the rates were that the Department was prepared to pay - - -?---Yes.

- - - for various skill sets in the IT business?---Yes, that's right.

40 You said in your evidence in relation to Greythorn that you were aware that some agencies had subcontracting arrangements and you said that doesn't really concern us?---Yes, that's right, I said that.

So there were other – sorry, there were contractors you had working for the Department who had come through some other company and then through Greythorn and then to the Department?---There, there may have been but my understanding is that those arrangements have to be registered under the supply, under the contract of supply.

But it was of no interest to the Department what the pay was that eventually went to the Contractor?---No, it was of interest to the Department and that's why we have it separately itemised on the Contractor Selection and Renewal Forms because there's an issue about, as you said, an issue about market rates and margins and we took a decision that we would ask the agent for a complete breakdown so we could see exactly what was being paid to the end contractor.

10 But that transparency was only available between DET and, for example, Greythorn?---Yes, that's right.

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

But there was someone, as it were, below Greythorn you had no access to that?---That's correct.

Now, looking again at page 22 of the bundle of documents it's the Contractor Selector for Mr Kempegowda?---Ah hmm.

20

The name on the next page?---Ah hmm.

I'm just interested in the first page. The hourly rate was \$95 and the position title was Java Application Developer?---Ah hmm.

30 And is it your evidence that you regarded \$95 as what the Department would be prepared to pay for that position?---Yes, it's at the higher end, but we have a spectrum of people on different rates and sometimes if they've been there a long time they're on lower rates because of continuity, but, yes, that's a commensurate market rate.

So if you look at page 40 and 41, we're talking about Mr Bhuiyan?---Ah hmm.

The Department accepted that \$90 was, up to \$90 was an appropriate hourly rate for the position title Business Analyst?---Yes, that's right.

Again, if we go to page 55.

40 ASSISTANT COMMISSIONER: But, of course, Mr Johnston, your belief that that person was suitable and worth that money was based in part on the selection process wasn't it?---Yes, yes, of course.

That Mr Johnson had certified that that person was the best person and was presumably worth that money?---Yes, that's right. We would have a number of contractors on those rates in all different categories of employment and yes, it's saying that, it's a commensurate market rate and they have skills to justify that market rate.

Yes?---Yes.

MS BOURKE: Page 55 of the bundle, am I correct in saying that that is the second page of what should be called the Contractor's Selection - - -?---Yes.

So there should be a first page there called Contractor Selection?---Yes, this is called page 2 of 4.

10 Yes. But basically that document shows that there was a pay rate of \$90 per hour but the document itself doesn't show what the position was for?
---Well, yeah, yeah, this, this version of it doesn't, that's right.

Yeah. Similarly if you look at page 68, sorry I'll just go back to that in a minute. You said this version?---Well, there's no page 1.

The fact that it's got "copy" written on it, does that mean there is, there is a document somewhere that doesn't have copy written on it?---Oh, well - - -

20 ASSISTANT COMMISSIONER: I really don't see how this witness could be expected to (not transcribable)

MR FORDHAM: If it helps we can tell you that when we access these documents from the Department somebody there stamped the word "Contract" on them before they were given to the investigators. If my friend is interested I can give her the original.

ASSISTANT COMMISSIONER: So that page has just been omitted has it or is there not a front page on the version we've been given?

30 MR FORDHAM: I think it looks like a copying error from what I'm looking at but I'll check.

ASSISTANT COMMISSIONER: Thank you.

MS BOURKE: Your Honour, sorry, Commissioner, just for the record, I have just been handed a document where the page 1 seems to appear for Contractor Assessment, no, they're documents, your Honour, they've got different things on the bottom. The document I'm referring to has got page
40 1 of 4, this doesn't have that on it. I'll look at those when I'm able to do so, your Honour, Commissioner (not transcribable).

Could you look for me please at page 68. Would you agree that appears to be the first page and then the other pages are missing?---Yes.

But that, you'd agree that that shows that in that case a system analyst was to be paid - could be paid up to \$95 an hour?---Yes, that's right.

And just to complete this page 86 and 87 relates to Mr Zhang and the Contractor Selection document showed that again, \$95 for an application developer?---Yes.

In your evidence, I've finished with those forms. In your evidence earlier you referred to the resources being fit for the purpose?---Yes.

10 The resources that were provided to you, the five people that we've been referring about, is it your opinion that they were fit for the purpose for which they were contracted?---No, I, I, it's, it's not my opinion. I have, I don't have an opinion on that. I don't have a way of assessing their technical skill level and fit for purpose.

You've got no way of making an assessment?---No, no, that's right.

20 Okay. Just excuse me for a moment?---Sorry, can I just add, add to that? Other than they were presented to me as through an agent who I would assume is saying that these people are worth the market rate they're charging us and they have such skills.

Right. Could you go to your statement to page 15, it's part of paragraph 27?---Yes.

About half way down the page after where you refer to the contractor selection for Mr Rezwan, you say, I'm advised by the ICAC investigator that this form is a composite form?---All right. Do you want me to explain that?

30 Well I was going to ask you to explain it. If you could look at pages 112 to 114, they are the documents that you were referring to or the attachments to his statement and I think 49 in the bundle apparently?---I'm not sure if we're looking at, I'm looking at Exhibit 1, page 49.

Yes, thank you. I'm looking at page 111 of the documents attached to your statement. It's headed Contractor Selection Preapproval?---So (not transcribable). Thank you. Page 111.

40 And so in that paragraph you're referring to M, which is 111 to 114, which is four pages?---Yep.

And you've said in relation to those, I am advised by the ICAC, sorry, Independent Commission Against Corruption investigator that is form is a composite form comprising the single page contractors selection preapproval on pages 2, 3 and 4 of the contractor selection form?---Ah hmm.

Did you put those four pages together like that?---Can I explain how that happened. I can't remember whether I put them together.

All right?---But this, the preapproval page 111 was for five, the preapproval for five recruitments. Right.

Yes?---Yes. So that goes up and it gets signed and it comes back to us it said, yes you can go forward. And then as we were recruiting those five in separate processes, we would photocopy this preapproval and attach it to the rest of the contractor selection form saying this is the preapproval authority we had for that engagement. So in that sense it's a composite.

10 But the page 112 is actually part of the contractor assessment form isn't it?
---It's the contractor selection form.

And it's missing its first page?---Yeah, because the first page is actually the, is the preapproval that's done at a separate point in time. So that's why we're saying we had a blanket preapproval for five resources and so we photocopied it.

But the term composite form was suggested to you by the investigator?
---Oh, I can't remember the debate. We talked about how, how this process
20 worked.

Yes, thank you. I don't have any further questions, Commissioner.

ASSISTANT COMMISSIONER: Thank you Ms Bourke. Mr Purdy, do you have any questions?

MR PURDY: Mr Johnston, just a couple of matters arising out of some of the answers that you gave to Ms Bourke?---Yes.

30 First of all the Agreement of Confidentiality and Pecuniary Interest Disclosure, which is on page 14 of the bundle, now I think you may have given some evidence to the effect that the Pecuniary Interest Disclosure only came in recently?---Well they put in a new process recently, in the last two months which meant contractors had to list shareholdings and property holdings, specifics of their holdings. So that's what I was referring to in that process to determine, to write that down.

This form is headed, among other things, Pecuniary Interest Disclosure, if I
40 could just take you to paragraph 11 - - -?---Sorry, which - - -

- - - of the form on page - - -?---Which page, sorry?

Page, it's on page 15 and it's paragraph 11 of the - - -?---Of this.

- - - of the form?---I'm getting confused with bundles here. Okay, yeah.

Now, if you look about halfway down that paragraph you'll see the words "The nominated contractor warrants that no conflict of interest other than

disclosed in the attachment exists as at the date of the agreement"?---Sorry, which paragraph is that?

This is paragraph 11 of the - - -?---11, sorry, okay.

About halfway down that paragraph?---Okay, yes.

10 You'd agree with me, wouldn't you, that there is a form, there is an attachment referred to there which would appear to be for the purpose of the contractor listing the personal or commercial interests that that contractor has that may pose a conflict of interest?---Yes, that's how it reads, yes.

20 Now, you also gave evidence - I'm sorry, in answer to a question asked by Ms Bourke about Greythorn subcontracting if I can put it that way, you said - you gave an answer something to the effect that or you, you agreed with the proposition that you weren't concerned with, with Greythorn subcontracting its recruiting process?---Well, I'm, I'm aware that some agents had relationships with other companies that weren't, if you like, prime contractors under the contract, under the panel contract and they may go to those agencies if they wished but I also am of the opinion that I thought they had to be registered at Greythorn (not transcribable)

So in the case of those registered agreements do you mean by that that those subcontractors were themselves preferred suppliers?---The, the contractor at all time would be through the prime agent, this is a pretty rare occurrence I think but anyway that, that there might be second agent involved but the contract is with the prime agent.

30 But in terms - if, if for example Greythorn had subcontracted to another preferred IT personnel supplier would you agree with me that the rates charged by that subcontract supplier would be, would necessarily be in line with that supplier's agreement with the Department?---Can you repeat that question?

40 Sorry, yes, I'll try, try to repeat it. If you assume that Greythorn had sourced IT personnel from another supplier and if you assume that that supplier was itself a preferred supplier under an 881 agreement with the Department of Commerce, as part of that agreement with the Department of Commerce that supplier would disclose its rates and its margin if I can put it that way?---I'm not aware of any situation where an agent who is under the 881 contract subcontracted to another agent under that contract. I, I, I just have never seen that.

All right. Can I just then just take you to paragraph 63 of your statement? ---Paragraph 63?

Paragraph 63. Now I only ask this because it's possible I'm using a different version of the statement from the one that you have but does it

read, "Further, I do accept that when we let a contract," does it begin with those words?---Yes.

And are you, are you referring there to the contracting for the supply of IT personnel or to something different?---No, to the supply of IT personnel.

10 If you could just look further up the page at the, the preceding paragraphs to that?---Oh, sorry, hang on, okay. Oh, sorry, no, okay. In this context it does apply to contract personnel as well but in this context if we got a, a contract with a software company and they're going to subcontract out to another party that someone in DET's associated with that same thing would apply. We would expect to be, have that disclosed.

You would expect?---Absolutely.

20 Just to clarify that. If you engaged a contractor or consultant to carry out work for the Department and that that contractor or consultant subcontracted the performance of the work you would expect to have that disclosed to you?---If they were subcontracting to persons associated and working with DET, yes.

If they were subcontracting to persons associated?---Yes.

You would expect to have that disclosed?---Yes. Because often a company may engage a person to do a certain task as part of that piece of work that is not their employee for example, like they subcontract for specialist skills occasionally.

30 Yes. If I could just take the first part – I'm sorry to labour this, but if I could just take the first sentence of paragraph 63 there. You are saying there, are you not, that a consultant or subcontractor, or contractor to the Department may subcontract the work that it has been engaged to do? ---Yes.

But that – I come now to the second sentence – if that subcontractor is a person associated with a person at DET you would expect it to be disclosed, you would expect (not transcribable)?---Yes, I would expect that they would want to disclose it, yes.

40 Yes, thank you. Now, you've given evidence in answer to questions by both Mr Fordham and Ms Bourke essentially about the line management, if I can put it that way, and you've agreed that Mr Johnson as project manager of the SMART2 project reported to you?---Yes.

Now, is it the case that that was the extent of the managerial oversight of the work of project managers on projects under your supervision?---No, it depended on the project. I'd often have a closer involvement with elements or aspects of work associated with the project which could include meetings

with business clients, it could include problem resolution. For instance, with SMART we had exercises around the data, data design that the solution was going to use, and it also manifest in things like project control groups and so on that govern the overall project.

You mentioned project control groups governing the overall project. I wanted to ask you about them. Would you mind explaining to the Commission what the nature of a project control group and its function?

10 ---Okay. So we followed a project management methodology called Prince2 and under that methodology there's various elements to how you structure your project but the key body is a project control group or project board as they may call it which has the governance and budgetary control and sign off and so on. So it's very much concerned about the project itself not so much concerned about what the solution might be doing but the project governance and whether it's on track, whether it's meeting budget and whether the resourcing is adequate.

20 So when it came to those aspects whether a project was on track, how it was tracking compared to budget you were by no means on your own in your oversight of project managers such as Mr Johnson?---Well, strictly speaking under that methodology the project manager is responsible to the project executive which is the business customer but in – that's a very evolved manifestation of that methodology and DET hadn't been following that methodology that long so in a practical sense the project managers reported in to IT, but the Project Control Group consisted of several people, yes.

30 And who would, who would make up, sorry, what individuals were members of a project control group?---Yes, okay, so it's chaired by the, the methodology is chaired by the Executive, which other methods might call the Project Sponsor. So that's the person that, high level managing the area that's going to take delivery of the solution. It's their, it's their product that we're delivering.

Can I ask you just in relation to that, in relation to the SMART2 project, who was the chair of the project control group?---Yep, okay, I think it might, just reflecting on that, it might have changed a couple of times over the life of the project as people came and went. But it would typically be either a person called David Wasson or his manager.

40 And I'm sorry, I interrupted you, but who else would be on the project control group?---There's a senior , a term senior supplier, so that is the, they're supplying the product to the project, so in our case it's the technology product. You can have more than one senior supplier because there might be business products as well as part of an overall project. So there's a senior supplier and there's a senior user who is really in a sense a product specialist. They understand what that product is really about and a lot of detailed information about it.

Now you mentioned Mr Wasson, can I take you to a page of the bundle, when I find it, page 105. Now, sorry do you have it?---No, I'm just, which is, what's the document?

It's the - - -?---Oh, okay.

- - - recommendation?---Yes.

10 So you agree with me that is the recommendation to purchase services from Catalina IT in relation to review of the, the AID project. Is that right?
---Yes.

And your evidence is that you did not see that document at the time it was, it was acted upon?---That's correct. Yes.

Now if you could turn to the second page of it, page 106. That's Dave Wasson's signature dated 11 July, 2008 at the end there?---Yes.

20 Now as the director of the business customer, was it understandable that Mr Johnson might approach him for approval to incur the expense?

MR FORDHAM: I object to that question in that form. If he wants to put to this witness whether it was available or appropriate, that might be a different proposition. He's already given evidence that he would have expected this to come through him and it didn't. Understandable doesn't assist.

30 ASSISTANT COMMISSIONER: Yes. What are you seeking to put to him, Mr Purdy?

MR PURDY: Merely that the, the process which occurred in this instance was not an irrational one, but one which was consistent with the, with the project (not transcribable) and the, which was not against the interests of the Department inherently.

40 ASSISTANT COMMISSIONER: Well as Mr Fordham said, he's already said he would have expected it to come through him. I think you could just ask him whether this approval process, whether he thinks it was appropriate for whatever that's worth. Or whether he still thinks it should have come through him, in terms of the way it was operating. I mean you understand the issue that's being raised do you?---I'm not sure of the issue that's being raised, no. If you could explain it.

Well, you hadn't seen this form, had you?---No, that's right, I had not.

You didn't know about it?---No.

I don't really understand, did Mr Johnson go to Mr Wasson for other approvals to your knowledge?---Not to my knowledge, no.

And do you know why this particular matter went to Mr Wasson?---No, no I do not.

Well, look, you can put your question in some form, have another go.

MR PURDY: I'm not going to pursue it.

10

ASSISTANT COMMISSIONER: I'm just not sure what you're trying to get from this witness.

MR PURDY: No, I'm not going to pursue it.

ASSISTANT COMMISSIONER: All right.

MR PURDY: Just pardon me a moment, Commissioner.

20

Mr Johnston, was it your understanding that the contractor agreements as to confidentiality and pecuniary interest disclosure such as the one I took you to earlier for Mr Johnson had to be submitted to the IT Directorate Administration as an essential step to enable the contractors in question to be paid?---It was, it was a requirement on engagement of the contractor that, to have them sign that confidentiality statement. I'm aware of cases where that didn't happen but - due to oversight, administrative oversight I would say, but it didn't impact on people being paid, no, I'm not aware of any connection in an administrative process about that.

30

In the normal - if I could take you back to the one at page 14 of the bundle, Mr Johnson's one, and in particular page 16, the, the end page of the document. It was, was it normal practice for these signed, these agreements to come through you to provide that signature on the right-hand side - - -?---Yes.

- - - of the page?---Yes, I've signed a lot of these documents for a lot of contractors.

40

And if, if you assume that this particular agreement signed by Mr Johnson was provided to the IT Directorate Administration can you suggest a reason why it isn't signed by you?---I think there's only two, two possibilities. One, it came through me and I didn't sign it for some reason and sent it on or it was sent direct to the Administration unit.

But you know of no reason why you would not sign that if it had come to you?---No, it, it could only be that I, I just put it through without signing but - - -

And in fact before we leave that document all together on page 15 you'll see at the top of the page, paragraph 4 - - -?---Ah hmm.

- - - the, the words of that paragraph are crossed out?---Ah hmm.

If it had come to you and if you had observed that what would have been your response?---I would have discussed it with the person making that amendment so I would have discussed it with Mr Johnson if I'd seen that.

10 Can I take you to page 154 of the bundle. Now, you were asked some questions about that and you indicated that having regard to the nature of the document you would have expected that to be given to you for your approval to pay?---That, that's correct and I would have expected to see the outcome of the exercise that was undertaken.

If I could take you to the following page 155 to 156. Can you, do you understand it, can you describe those documents for the Commission?---No, these, these are internal financial administration documents that we don't normally get involved with so I don't know how they work.

20

On page 156 you'll see about two-thirds, one half to two-thirds of the way down the words, "I authorise payment of the attached accounts in accordance with section 13 of the Public Finance and Audit Act 1983", and there's a signature of a Peter Murphy, Senior Finance Officer?---Ah hmm.

Was it normal practice for invoices of this nature to be approved for payment by members of the – sorry, the accounting and finance sections of the Department?---Well, if we go back to the invoice on page 154 the normal circumstance would be I would make that approval to pay and I would write normally "okay to pay" and write the cost centre to be billed and my title and the date which hasn't happened on this occasion. What happens beyond there in finance I'm not quite sure, but what he's – just reading this, this is a batch of payments, six payments, it's not particularly one so I don't know what happens at that finance end we don't see these forms.

30

All right. Now, you've given evidence I think that your interpretation of the handwritten words at the top of the page, page 154 and the words "okay to pay" were the words used in practice by a person authorised to approve the payment?---Yes.

40

And those handwritten words are signed David Johnson?---Yes.

And you'd agree with me that he was not a person authorised to approve the payments?---Yes.

I have no further questions.

ASSISTANT COMMISSIONER: Thank you. Mr Fordham, do we have any further information about how this invoice came to be paid?

MR FORDHAM: We do. I might ask a couple of questions and then I'll explain to you from the statements what takes place.

ASSISTANT COMMISSIONER: Yes.

MR FORDHAM: If that's all right.

10

ASSISTANT COMMISSIONER: Yes.

MR FORDHAM: The fact that Mr Wasson signed the memo that was sent to him approving the Catalina retainer that creates a purchase order doesn't it?---Usually I would think it does, yes.

And where you have a purchase order - - -?---Sorry, hang on. There's another document which is a request for raise a purchase order, like a spreadsheet.

20

In any event what you end up with is a pre-approval to pay a sum of money, correct?---Yes. Yes.

And whether that then issues a purchase order isn't really the point. The accounting standard is that you have a pre-approval to spend a sum of money?---Ah hmm.

30

Now, when you were then asked about, you were asked some questions about 154 what's required is that the, you have a pre-approval to spend some money, you then have an invoice and someone with authority to do so has certified that the work has been done and it is okay to pay, correct? ---I've never seen a collapse like this, I've always seen it separated that there's a certification that the work has been done satisfactorily and there's a second signature from a permanent officer about approval, okay to pay, that's how I seen it.

40

And what would happen is that in this case where you have IT consultants performing IT tasks on a contractual basis with the expertise that person would certify that work has been done, correct?---Satisfactorily, yes.

And then you or a person in your position with your delegation would – or authority, sorry, would say that it is something similar to okay to pay - - -? ---Yes, that's the practice.

- - - based on the representation that the work had been done satisfactorily? ---Yes, that's right.

And I'll address your second question in a moment. I just need to re-examine on a couple of issues. Could you go to page 23 for me for a moment, in the bundle. And I'll use Mr Kepegowda's one for convenience, rather than go to all of them. You were taken to contract an hourly rate of \$95. Do you see that?---Yes.

Now that's the sum that the Department pays to an entity such as Greythorn to get the services. Correct?---Yes.

10 If you go down a few lines on the left hand side you see rate break down, contractors pay rates supplied by agency. Do you see that?---Yes.

\$82.90. Now do I assume from what you're telling us that what you assumed when you looked at this document or something similar back in 2008, was that that \$82.90 was the sum being paid by Greythorn to whoever it was that was performing the work?---Yes, that's right.

Now could I ask you to go to page 50 for a moment. Do you have that document?---Yes.

20

This is part of a purported contractor assessment for Abu Rezwan?---Yes.

And do you see, I'll withdraw that. This is a computer generated form? ---Well it's, it's a Word template that's filled in.

It is unusual, well sorry, it was unusual as at 2008 for something to be added in handwriting as occurs there. Do you agree with that?---Yes unusual, yes.

30 Now page 143. I need you to go back one page to 142. Just so that I understand it what is ITS Contract 2036 Software Development Services? ---Okay. That's a panel contract that is managed through, well in those days it was the Department of Commerce. So it's a state government contract. They have lots of contracts for different areas of activity. So this, and under that contract companies in effect tender or go through a process to be listed or gazetted under that product, under that contract. And they agree to follow a standard contract, the terms and conditions to provide those services. So this one is for software development, so it's for companies engaging in building software.

40 Catalina IT was never part of that contract were they?---Not to my knowledge, no.

That's all I have. Thank you very much. Now, to answer the last part of your question, Commissioner, there's a statement from a Mr Brown which might assist, but I'll just tell you what it says and I'll be able to take you to it and address it at some point, that in the case of the Catalina IT invoices, there was, the people in accounts state that there was a signature by someone called David Johnson. I don't know who he was or what he did.

But they say expenditure, approval expenditure is not required with the invoices as that had been provided at the time of the prior purchase order. So that what has occurred is that the memo has been submitted. Approval has been given to raise the 62 odd thousand dollars to be spent on a contractor. Then what's required is an invoice. Somebody then has to sign that the work's been done and that it is as the witness, okay to pay. In that sense he would have expected it would have been him doing that. And then all the relevant pieces of paper go accounts and to put it bluntly, provided the pieces of paper match up, then the invoice was paid.

10

ASSISTANT COMMISSIONER: Well I just find that unusual. I mean a purchase order is one thing, I wouldn't have thought a purchase order is the equivalent of approval to pay a particular invoice. But I guess what you're saying and what they're saying is as long as the work is the same and it says it's been done, then that is sufficient. So I guess we have to go by what the Department says on that regard.

20

MR FORDHAM: That's as I understand the evidence and if I'm wrong about that I'll certainly correct it, but my understanding is that the approval is given to raise the contract for the work to be done. Then the work is done and it's signed off as being a) complete and b) by a person with authority, okay to pay and all the relevant batches of these types of invoices go through to finance and there's a person whose job it is to check that it all adds up and sign them all off in batches. They're not dealing with one, they're dealing with I assume hundreds of them.

30

ASSISTANT COMMISSIONER: Well, I think on that basis invoices would never have to be approved because there'd always be a purchase order or (not transcribable)

40

MR FORDHAM: But the purchase order is one thing, that raises the amount of money to be spent. It's the fact that somebody has signed off on the invoice saying that the work's been done and that it is okay to pay which it's suggested should normally be done as a two-step exercise by this witness.

ASSISTANT COMMISSIONER: All right. I understand that. No other questions for Mr Johnston?

MR FORDHAM: No, thank you.

ASSISTANT COMMISSIONER: Yes. Mr Johnston, thank you, you're now, you're now excused?---Thank you very much, Commissioner.

THE WITNESS EXCUSED

[3.11PM]

MR FORDHAM: I call Rochelle Bennett.

ASSISTANT COMMISSIONER: Is Ms Bennett here? Yes. You are Rochelle Bennett?

MS BENNETT: Yes, I am.

ASSISTANT COMMISSIONER: Are you legally represented Ms Bennett?

10 MS BENNETT: No.

ASSISTANT COMMISSIONER: Now, Ms Bennett, you've been called here to give evidence. You are required to answer all of the questions asked of you. You may seek a declaration under the ICAC Act that nothing you say here can be used against you in future proceedings. Do you understand the effect of such an order?

MS BENNETT: Yeah.

20 ASSISTANT COMMISSIONER: Would you like to seek an order in those terms?

MS BENNETT: Yes, please.

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 her during the course of her evidence at this public inquiry are to be regarded as having been given or produced on objection and accordingly there is no need for the witness to
30 make objection in respect of any particular answer given or document or thing produced.

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

ASSISTANT COMMISSIONER: Now, Ms Bennett, the effect of the order I've just made is that nothing you say here can be used against you in any future civil, criminal or disciplinary proceedings. However, it could be used

if you're found to have breached our Act for example by giving false information. You're required to take an oath on the bible or make an affirmation to tell the truth. Do you have a preference? Do you want to take an oath on the bible or make an affirmation?

MS BENNETT: I'll make an affirmation.

ASSISTANT COMMISSIONER: Yes, Mr Fordham.

MR FORDHAM: What is your full name?---Rochelle Margaret Bennett.

And your occupation?---I'm currently, I'm generally a IT project manager.

10 And for whom do you work?---I currently work for Obsidian Data Pty Limited.

And were you previously in the employ of the Department of Education and Training?---Yes, I was.

And what did you do for them?---I was employed from January 2008 until 10 June, 2011 as a project manager and IT programme director.

20 And do you have tertiary qualifications in IT?---Yes, I do.

Where from?---I was born in South Africa and I've got a degree, a science degree with computer science as my major and I also have a Diploma in Project Management.

Thank you. Can I show you these documents, please, or one of them at least. Thank you. Is that a statement prepared by you and dated 12 May, 2011?---Yes, it is.

30 And you signed each of the seven pages on the bottom, on the left-hand side?---Ah hmm, yeah.

I tender that document.

ASSISTANT COMMISSIONER: Yes, the statement of Rochelle Bennett dated 12 May, 2011 will be Exhibit 19.

#EXHIBIT 19 - STATEMENT OF ROCHELLE MARGARET BENNETT DATED 12 MAY 2011

40

MR FORDHAM: Now, when did you actually commence at the Department of Education and Training?---On 28 January, 2008.

And during the course of 2008 which part of the Department were you working in?---I was working in the Information Technology Directorate as a project manager. I started off in the Data Warehouse or Information Management Portfolio.

During 2008 did you perform any work with the SMART2 project?---No, not directly with the SMART2 project but we were approached later in the, in that particular year to provide some data to the SMART, to the project because they were still trying to work through what the solution is going to be and so one of the options was going to be a data warehouse solution and my team was asked to provide and to with the SMART2 project for some data provisioning.

- 10 In 2009 did you transfer to work as part of the SMART2 project?---Yes, I was asked by the Director of Teaching and Learning Vince Gee on behalf of Aidan Dalgleish to manage the project and that they asked me the end of April in 2009 and I commenced work on it on 1 May, 2009.

When you commenced in that role was one of the first things you did to evaluate what had been occurring with the SMART2 project?---Yes. I was asked to do a health check of the project and part of that health check would be to go through all the project material and have a look at what's been produced in the project from the beginning to that point of starting the health check and produce a report to the Project Control Group.

20 And did you conduct that review?---Yes, I did.

Now, when you conducted that review - I think we're on a level playing field here - does your statement have numbers on it or can you turn to annexure A for me?---Yes.

I think they do have numbers on these ones. It's page 8?---Yes. Yes, I've got it.

- 30 What is that document?---This is the document I produced, this was an Excel spreadsheet of financials that I produced out of the DET financial system for the years that the project was in operation and the reason I pulled this together was to get a financial view on the status of the project.

If you go to the second page of that document, page 9, does that have a title of some - a little over two and a half million dollars that had been spent? ---Yes, it does.

- 40 Now, of that I take it \$260,000 had been paid to an earlier SMART project, to Multi Media Concepts?---Yes, that's correct.

Were any of the costs listed in your review of the SMART project in fact referable to the AID project?---No, no, not, not, not, not directly. Everything that I saw through the financials related to SMART. Yes.

Now, in the course of your examination did you identify payments that had been made to Catalina IT?---Yes, I did.

And how much were they?---They were, there were two lots of payments to Catalina IT in two separate years and they were to the value of 114,900, that was in financial year – sorry, just let me put these pages right here – there were two lots of invoices in ‘08/’09 to the value of \$114,900.

10 Having identified those payments did you undertake some sort of examination to see what it was that those invoices related to?---Yes, I did. I, I, in the DET generally the way it works is there’s a directory there or a file system where all project information is generally stored and each new project will get a separate folder in which information is stored. It also takes on a specific format which is aligned to the Prince2 methodology that we use and in there there should be project documentation, things like business requirements, financial reports etcetera, etcetera. I went through this folder to try and find the work that’s been delivered by Catalina IT, I didn’t manage to find any so I decided to ring Catalina up and - - -

And who did you speak to?---I spoke to Greg Ambrose.

20 And what did you ask him?---I asked him, I said I notice that the SMART project had paid for services delivered by Catalina IT. I’ve been unable to find the deliverables for the work for the payments that’s been made. Could I please get copies of what’s been delivered to the DET from the invoices that’s been paid.

30 Now did you receive from Mr Ambrose, firstly copies of invoices?---I don’t recall copies of invoices, but I did receive from Mr Ambrose a report on A-I-D. I also received a report that he had from access testing. And I also received about ten images, which is, they were just sketches of A-I-D sketches, logo sketches, logo sketches for SMART. Images of, of graphs that they drew up. It was a total of about ten pages perhaps.

All right. Now I just want to identify each of those. There’s a white bundle which should have Exhibit 1 written on it, I hope. I’m going back to 117. Can you pull up page 117 for me?---Yep.

Do you recognise that as a copy of the assessment that you referred to a moment ago?---Yes.

40 Now that relates to the AID project. Is it your understanding that that should have been part of the SMART expenditure?---No, it’s not my understanding. To be honest I, I don’t know what was the original brief that was given to Catalina IT because I was - - -

I’ll come to that in a moment. If you would just concentrate on the question that I’ve asked you. Is it your understanding that a review of the AID system should have come out of the SMART2 budget?---No.

All right. Now were you ever provided with or were you able to discover within the Department documents a brief sent to Catalina IT setting out what it was they were supposed to do?---No, I wasn't able to find a brief.

Where it is that the Department was to raise \$62,000 for expenditure on a contractor such as Catalina IT, would you have expected a brief to be sent to the vendor?---Absolutely.

10 And in that brief would you expect there to be stipulated what it was the Department expected to get for its \$62,500 odd?---Absolutely.

Were you able to locate any correspondence between the department and Catalina IT in relation to the performance of the work other than the report and any invoices?---No, I was not able to.

Were you able to find any correspondence between any contractors such as Mr Johnson on behalf of the Department and Catalina IT?---No.

20 Would you have expected in the course of a project with the expenditure of 62, 000 odd dollars for and on behalf of the Department some correspondence between the Department and Catalina IT?---Yes, definitely.

Now you also mentioned a report from access testing. What did that relate to?---This report was a usability review that was done by access testing. And I questioned Greg as to why he had a copy of the report because I didn't understand how the two fitted together and what exactly they were asked to do.

30 Now I'll stop you there for a moment. The useability report by access testing, was that a report commissioned for and on behalf of the Department of Education and Training?---My understanding is that it was a, it was requested by the Department, yes.

And just so we understand it, what did that report deal with?---That report dealt with the useability. It dealt with a review of the useability of the old SMART system. Yeah.

40 And was that a document that you would have expected Mr Ambrose to have had access to?---No, I didn't expect him to have access to that.

Now, you're aware, aren't you, that there was a second invoice from Catalina IT in the sum of, I'll just turn it up, if you excuse me for one moment, if you go to page 154 of the bundle. Do you have that there? ---Yeah.

That is an invoice, is it not, from Catalina IT to Mr Johnson on behalf of the New South Wales Department of Education and Training relating to the user interface redesign for the SMART application?---Yes.

And did you make any investigations as to what if any work was done to justify that expenditure?---Yes, I did.

And what did you find?---I found these - Greg Ambrose, he sent me 10, 10 odd sheets, A4 sheets and they were all images and that was the work that he said to me was completed for this invoice.

10 I'm just putting, well, I'm not (not transcribable) very kindly putting some documents up on the screen for you. Do you have those on your screen there?---Yes, I do.

And do you recognise those?---Yeah.

And are they the documents you were talking to - - -?---Yeah.

- - - you were talking about?---Yeah. He, he, this is the document that he emailed to me.

20 And did you yourself form a view as to whether or not they represented sufficient outcome for the \$52,000-odd that had been spent?---No, look, I, as the project manager I didn't think that this, this was value for money. I felt that if there was a design engagement here then we would've seen a proper design right at the end of it and these were just little mock-ups.

Now, for the sum of over \$50,000 would you again have expected some sort of brief to the vendor from the Department?---Yes, I, I would have.

And did you find one?---No, I didn't.

30 Would you have expected some correspondence about what it was that was to be produced, how it was to be produced and what was expected?---Yes, absolutely.

And did you find any?---No, I didn't.

Thank you. I'll just be one moment. Nothing further, thank you.

40 ASSISTANT COMMISSIONER: Yes, does anybody seek to cross examine?

MS BOURKE: Ms Bennett, I represent David Johnson. In paragraph 6 of your statement you've listed, of the statement that you made?
---Yeah.

You list the people who were still on the project when you took it over - - -?
---Yeah.

- - - a couple who are no longer on the team. The person Scott Wallace, he never worked on the SMART2 Project did he?---I don't know Scott Wallace.

Right. So if you put those that had moved on and were no longer in the team were and then you've listed those names, how did you come to list that name?---Could I just check against the assessment that I made out of the financial - some of the people that were listed here I have never met but the reason I know about them is because payments have been made to them so that's how I knew who worked on the project before so the SMART
10 financials as per my, as per my report or my analysis indicated to me who all the people were that at some point had worked on the project because they've been paid by the SMART Project and by the time I was asked to manage it these people had already all moved on or had left so that's how I know about it.

Okay. Thank you. In paragraph 7 but over the next page - - -?---Ah hmm.

- - - you said when you made inquiries about the status of the project you
20 found that there was no working prototype of the SMART2 application, no completed framework and there were no mock-ups of screens. Isn't it the situation that the project was still in its design stage so you would not have expected to see a working prototype?---Well, it, it depends on the approach that we take when we, when we develop systems. Often we start with a design and we, we mock up screens like we've just seen on, on, on the, on the big screen there and we then go and build just a very light system behind it to try and demonstrate to the user group how potentially the system could work and that's what I referred to here, that I wasn't able to even get any
30 information out of where the project was at and I couldn't find a working system. It doesn't mean that there had to be one, all I am saying is that there wasn't anything that I could work from as a prototype or even documentation for that matter.

But it doesn't mean that there hadn't been work done on the project does it?---Yes, they expect some work to be done on the project if it was running for 18 months, at least some requirements document or some design documents.

There had been a technical disagreement within the Department as to the
40 relationship of the SMART project to other systems within the Department hadn't there?---Could you say that again.

There had been a technical disagreement within the Department, within sections of the Department relating to the relationship of SMART to other systems within the Department?---I, I can't state that, I wasn't involved with SMART until 1 May, 2009 so what happened prior to, to design conversations about other applications and SMART I don't know anything about that, I'm going from what I was told when I interviewed the team

member that was still left behind on the project plus the user group that were in control of the, the Project Control Group and based on what they have told me during my investigations this is what my statement is based on, I don't know about conflict with other projects.

10 Right. Now, in paragraph 8 you said you were unable to find detailed documentation for the project. Did you inquire from Kevin Johnston as to any documentation for the project?---I don't recall specifically, it's been three years now so Kevin Johnston was on the executive committee at the time reporting to Vince Gee so he would've been asked about this when I did my review of the project at the time. I don't recall specifically going into Kevin's office and asking him.

Would you agree that either Kevin Johnson or Vince Gee had full access to the computerised documentation relating to the project?---Yes, the directory where the documentation for the project is stored on is accessed by everybody in ITD or by a large number of the people in ITD so the information is accessible.

20 Now, paragraph 10 you said inquiries of the work to date completed by the SMART2 project?---I don't have a paragraph 10 in my statement. On the next page, sorry, yes.

Yes. So you said that you did not establish any significant work had been completed on the AID application. I just want to ask you about that. Now, the project manager of the AID application was a man called David Matters, is that correct?---I don't know.

30 You didn't know who the project manager was?---No. I don't, I know a person called David Matters, he no longer works in DET but I'm not familiar with what was, what the AID project was supposed to deliver so I'm not across the detail of the AID project.

In paragraph 16 - - -?---Maybe I need to clarify what my point there in number 10. So - - -

Sorry, Counsel Assisting the Commissioner can ask you those questions if he wishes to do so?---Okay.

40 Paragraph 16 – and you've given in evidence that you were surprised that Greg Ambrose had a report from Access Testing?---Yes.

Access Testing was a vendor who provided services to the Department, would that be correct?---Yes.

And anyone doing a review of the AID project would have needed access to that document wouldn't they?---Yes. However, the reason I was surprised, firstly is I couldn't find any engagement paperwork for Catalina IT and the

Department. Hence the reason I thought well why have we disclosed this information to a vendor which we don't even have a contract in place with, firstly. And secondly, if they were going to do a review of a particular part, my, my opinion is that only the key findings of the report should be shared with another third party in terms of the design. For me, the process that we were supposed to be following was broken.

10 When you say of the design, wasn't Catalina only doing a review of why the AID project had stalled?---No. Catalina IT what they have told me is that they were asked to deliver the design for SMART2. So those pages we saw on the big screen there was for the mock up, the design of, of SMART, of the new system. But there - - -

Did, sorry - - -?--- - - - there was two pieces of work that Catalina IT did. A review of A-I-D plus design for SMART2.

Right. So what I'm talking about is the review of the A-I-D project?
---Right.

20 And to carry out that review Catalina would have needed to know, so it would have needed to have access to that document from access testing wouldn't they?---But the access testing work was for the useability testing of SMART. I don't know how that relates to the review of A-I-D.

Right. When you answered my question about some internal conflict within the Department in relation to technical issues, before you took over the SMART2 project, were you the project management for the data, is it layer?

30 MR FORDHAM: Warehouse.

THE WITNESS: The data warehouse.

MS BOURKE: Warehouse?---Yep.

That was your job?---Yep.

40 Right. So I would suggest that you would have known about a conflict that was going on within different sections of the IT section of the Department?
---Yes, I would if I was interested, I suppose or if it affected the work I was doing. I know that with SMART there was conversations about what the design actually needs to be. Whether it needs to be in a data (not transcribable) format or whether it needs to be a Java application or, but you know, that wasn't a decision that was to be made by me and my project team. The SMART project had to sort that out and if we were then engaged to deliver a cupe or an O-Lap related solution we would get involved.

Yes, I've got no further questions, Commissioner.

ASSISTANT COMMISSIONER: Thank you, Ms Bourke. Does anybody else wish to ask any questions.

MR FORDHAM: I have no further questions.

ASSISTANT COMMISSIONER: Well this witness may be excused?

MR FORDHAM: Yes. Thank you.

10 ASSISTANT COMMISSIONER: Thank you very much for your evidence. You are now excused.

THE WITNESS EXCUSED

[3.38pm]

MR FORDHAM: I call Mr Minati.

20 ASSISTANT COMMISSIONER: Sorry, who are you calling?

MR FORDHAM: Mr Minati.

ASSISTANT COMMISSIONER: Minati. Now you're Mr Minati?

MR MINATI: Yes.

ASSISTANT COMMISSIONER: Are you legally represented Mr Minati?

30 MR MINATI: No.

ASSISTANT COMMISSIONER: All right. Now you've been called here to give evidence. You are required to answer all of the questions asked of you. You may seek an order under the ICAC Act, the affect of which would be that nothing you say here can be used against you in any future proceedings. Do you wish to seek an order in those terms?

MR MINATI: Yes.

40 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 the 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.

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 THE 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.

10

ASSISTANT COMMISSIONER: Mr Minati, the affect of that order is that nothing you say here can be used in any civil, criminal or disciplinary proceedings except if it is found that you've breached our Act by for example providing false or misleading evidence. Do you understand the affect of that order?

MR MINATI: Yes, ma'am.

20

ASSISTANT COMMISSIONER: Now, you're required to take an oath on the Bible or make an affirmation to tell the truth. Do you have a preference?

MR MINATI: No, I don't.

ASSISTANT COMMISSIONER: Are you religious?

MR MINATI: Roman Catholic.

30

ASSISTANT COMMISSIONER: All right. Take an oath on the Bible I feel is called for in these circumstances.

<MANNY MINATI, sworn

[3.40pm]

ASSISTANT COMMISSIONER: Yes, Mr Fordham.

MR FORDHAM: Sir, what is your full name?---Manny Minati.

Your occupation?---I'm currently a Relationship Manager for Talent International.

10

What is Talent International?---A recruitment agency.

Were you formerly employed by somebody called Greythorn?---Yes, I was.

And what were they?---A recruitment agency.

Did you hold that position between 2002 and 2010?---Yes.

20

I'll show you a document. Is that a statement signed by you and prepared on 16 March, 2011?---Yes, it is.

I tender that document.

ASSISTANT COMMISSIONER: Yes. The statement of Mr Minati dated 16 March, 2011 will be Exhibit 20.

#EXHIBIT 20 - STATEMENT OF MANNY MINATI DATED 16 MARCH 2011

30

MR FORDHAM: What was it that Greythorn provided to the IT industry? ---IT industry as such, supplies resources like all IT recruitment resources at all levels from data entry through to project managers.

What was your actual role?---I was the Client Relationship Manager, Account Manager, you could say, for Greythorn at that point.

40

And did Greythorn deal in private sector, public sector or both?---They did both.

And were you involved with public sector clients?---Yes.

And who was the Relationship Manager for the Department of Education and Training?---I was at that point.

Did you, as at 2008, early 2008, know a man called David Johnson?---Yes, I did.

And how did you know him?---David was a contractor working at DET through Greythorn.

And had you recruited him or somebody else?---I think, I think David approached us, I'm not sure, I don't quite remember.

In any event were you aware of the existence of a company called Ogawie?
---Yes.

10

And what did you understand Ogawie to be?---Ogawie was a management company for, that David used for me to pay for work he did at DET.

At some stage or stages during 2008 did Mr Johnson approach you with some pre-selected contractors to be placed at the DET?---Yes.

20

Was that an unusual occurrence?---Not, not when you're not a preferred supplier to government. I mean, Greythorn has others, one selection on a panel who'd refer it to 881 and you had to be an endorsed supplier to supply IT resources to government. That means there was a whole mix of people from all different relationships with clients and it's also with contractors use the system.

But when these contractors were introduced, and I'll name them for you, Kempegowda, Bhuiyan, Rezwana, Huang and Zhang, you're familiar with those names?---Familiar with most of those names, yes.

30

Do I understand that – did Greythorn source those themselves or they were brought to you?---They were brought to us.

Who by?---I got a call - - -

No, no, answer my question. Who by?---David Johnson.

And when they were brought to you were you supplied with CVs or any other documentation in relation to these people?---Not all of them, can't recall (not transcribable).

40

It was the usual practice was it not when you were recommending people to someone such as the Department of Education and Training that you would vet CVs and the like?---Correct.

And that was not done on this occasion?---No.

Do you accept that it should've been?---It happens often in my industry that not all resumes are, or candidates are through that system.

Did you know who it was that was going – I withdraw that. Do you know whether or not in relation to each of these employees there was to be any relationship between Ogawie and those contractors?---In my position I can only assume that they were interviewed for a particular role or within DET, went through the correct processes and were just looking for a mechanism to be paid through the contract 881.

And did you understand that Ogawie was going to be paying these people?
---Yeah.

10

Did you make any inquiry was to what it was that Ogawie would be paying the contractors themselves as opposed to what Ogawie was going to be paid?---No.

As a preferred supplier it's necessary for an entity such as Greythorn to appear on the timesheets for these contractors, isn't it?---Yeah, most practices it's either a Greythorn timesheet or a Department of Education timesheet.

20

At some stage during 2009 were you made aware of what it was that Ogawie was in fact paying the contractors?---No. The only time I was made aware was when there was a meeting with some of the DET staff about some issues.

Was one of those DET staff Vince Gee?---Yes.

30 And did you have a discussion with Vince Gee about the differential pay rate between what Greythorn was paying Ogawie and what Ogawie was paying its contractors?---Initially there wasn't but then it came out in the conversation that there was quite a large discrepancy. There wasn't details of exactly what but there was a large discrepancy.

Thank you. I have nothing further.

ASSISTANT COMMISSIONER: Yes. Does anybody wish to examine this witness?

MS BOURKE: Yes, I do, Commissioner.

40

ASSISTANT COMMISSIONER: Yes, Ms Bourke.

MS BOURKE: In the Greythorn company were you senior to Sarah Battwraden?---Yes.

Were you a line manager to her?---She worked in our team, in the government team.

Right. But you, you were the head of the whole of that team?---No, I wasn't, I just part of that team as a relationship manager but I, I offered, because of my experience under the, under the 881 tender for many years I was nurturing them across the rules or how to engage with government.

So who were you nurturing?---Sarah, Sarah was an account manager - - -

Right?--- - - - underneath me. I helped her across the DET account and many other accounts.

10

Right. Oh, so you had other government departments other than DET?
---Correct.

Right. And a person called Claire Donovan, was she also on your team?
---She was in the government group, yeah.

In the government group, right?---And she also had other government, government accounts which I helped her nurture and develop.

20 You were senior to both of those people?---Yeah.

Could you please look at a document at page 92 of that bundle that's in front of you. Now that's a Greythorn document isn't it?---Correct.

And it's the request for someone else in your company to draw up a contract?---Correct.

And it shows clearly the client and the contractor?---Correct.

30 Now you were the consultant who handled that arrangement?---Correct.

Right. And the person in the Department who you were dealing with was David Johnson?---Correct.

And of course you knew that David Johnson was a contractor because he was a contractor through Greythorn?---Correct.

40 And on the other side of that request form there's the full name of the person is Jun (Michael) Zhang and there's a company name Ogawie Pty Limited?---Correct.

Now, you knew that he was not an employee of Ogawie Pty Limited, didn't you?---Correct.

You knew that he was a contractor contracted to Ogawie?---Correct.

So it virtually became a subcontractor situation?---Correct.

And you were well aware of that?---(not transcribable)

And in the accounts information section where it's got the pay rate, 82.90, that's what your company, Greythorn, was going to pay Ogawie Pty Limited?---Correct.

And then your company then had a margin and was paid more by the Department?---Correct.

10 And did you assume that Ogawie would then pay something less to Mr Zhang?---Yeah.

So you assumed that he would make some money - - -?---Correct.

- - - on that contract?---Correct.

20 The idea of Ogawie bringing resources by which I think you mean, by which I mean people, to the Department via Greythorn, so contractor, contractor, Ogawie, Greythorn, Department, was your idea wasn't it?
---No.

I suggest that you came up with that idea and suggested it to Mr Johnson?
---No.

And you suggested to him as by a way in which he could earn more money?---No.

I suggest that you gave your full support to this arrangement?---No.

30 And I suggest that you said to him that you weren't bothered with how much money he made on the deal?---No.

40 What do you say to that suggestion?---No. It's, it's not, I mean there's common practice within our industry to have contractors work by other management companies or other organisations. A lot of them use friends companies for that process. I have used that all the time. I've used it in other organisations. There's never been an issue with it. It's not about making money, it's about getting them into the system of being a supplier to the government.

And would you have had a number of contracts like this where your contract on the one hand was with the government, but then you paid another company and it went down the line to the eventual human resource?--- That's, yeah, that's happened across the industry.

Across the whole industry?---It happens across the industry.

Now you are an expert I think in dealing with government departments with these contractual arrangements. That's your job?---With C100 or 881, yeah.

And that was your position in fact with Greythorn as handling the government contracts?---Correct.

All right. And in that role you saw this situation quite often?---It's happened, yeah.

10

It was common?---It wasn't necessarily common. I mean the facilities that are, you know, there's two ways to work through an employment agency at Greythorn or Talent, you're either a PAYE contractor or you're management or a company with workers comp are the only two ways you can work through (not transcribable) resources to the government or any other private sector who we deal with.

20

Well if you could look at page 26 of that bundle. It's a contract request form and the consultant from Greythorn is listed as Claire Donovan. At the time when that contract request form was drawn up, which appears to be 13 March, 2008, did you see that document?---That document, I always take copies of those, I ask Claire to give me copies of those 'cause I always like to see it.

So Claire would give you a copy?---Yeah.

30

Right. So you were well aware again David Johnson was listed as the person, the contact with the Department and he was also, and Ogawie Pty Limited C/- David Johnson was listed as the contractor?---Yep.

So that was the situation you were personally well aware of?---Yep.

And I won't take you through every single document, but if there were other contract request forms where David Johnson is listed as the client and Ogawie Pty Limited and David Johnson are listed as the contractor, you were aware of those forms?---Yeah.

Okay. Yes, I've got no further questions.

40

ASSISTANT COMMISSIONER: Ms Bourke, I understood from certain questions put to Ms Battwraden that it was to be suggested that Mr Minati had approved certain arrangements, that is the Department not being informed about the other rate. Is that not the case or, I think if it is, if that is your instructions it should be put to him.

MS BOURKE: Sorry, I just didn't hear you right, about the other - - -

ASSISTANT COMMISSIONER: As I understood what was suggested to Ms Battwraden, it was that Mr Minati was the person in Greythorn who had approved - - -

MS BOURKE: Yes.

ASSISTANT COMMISSIONER: - - - the Department not being informed about the disparity between the rates in effect.

10 MS BOURKE: Thank you, your Honour. Thank you, Commissioner. Evidence was given yesterday by Ms Battwraden who also used to work at Greythorn. Did you ever tell the Department of Education and Training that your contract had been, as it were, subcontracted?---No.

Did you think you had an obligation to do so?---No.

Were you aware of any contractual arrangements between Greythorn and the Department that might have put you under that obligation?---No.

20 And you didn't inquire of my client, Mr Johnson, what the rate was that he was paying the contractor?---No.

And you saw nothing out of the ordinary with this arrangement?---No.

Thank you.

ASSISTANT COMMISSIONER: Yes.

30 MS McGLINCHEY: Mr Minati, I represent Mr Henry Lo in these proceedings. Mr Minati, you, you've worked with Mr Lo over a period of time, I think on a number of contracts other than the DET contract and Greythorn has put forward Mr Minati, I'm sorry, Mr Lo on contracts including the DET contract, is that correct?---Yes.

Do you recall the initial periods of Mr Lo's engagement on the DET project?---No, I couldn't be definitive about the time that Henry, I think it was more than six months.

40 All right. So if I suggested to you and I'll show you a document in a minute but I've only got one copy, that the initial period was from January 2008 to July 2008, would that accord generally with your memory?---Yeah, possibly, it's been a while.

All right. And do you recall that Mr Lo's contract was extended, do you have a recollection of that?---Yeah. I know Henry was there, had a, had an extension, I can remember that.

All right. Did you in your, in your role at Greythorn receive any kind of performance reviews on Greythorn contractors that were put forward?---No, not from DET.

So there was no ongoing feedback from the Department on how your contractors were going?---Every now and then, purely on review stage, you'd, you'd be, sort of four weeks before you'd say look, how are things going and you'd make sort of normal comments about where's the next step, do you want to keep the contractor, don't you want to keep the contractor.
10 At the same time you'd talk to the contractor whether they want to stay or not stay, depending on how they're feeling at the time. That would be the normal process, I'm sure I would have done that with Henry as I did with most of my (not transcribable)

Do you, do you recall any specific feedback on how Mr Lo performed in that position?---Not specifically. I mean, a good sign is being extended, I mean, I mean, if you, if you've done a good job normally you get extended.

If I could suggest to you that Mr Lo was in fact extended on one period
20 from July 2008 to July 2009 would that generally accord with your recollection?---If there's documentation around that that says those dates that's definitely what's happened.

And could I also suggest to you that he was extended or offered an extension from January 2009 to July 2009, you wouldn't contradict it?
---If there's some correspondence (not transcribable)

All right. Thank you. Do you have any recollection of the circumstances in which Mr Lo left the DET project?---I remember having a few chats with
30 Henry, he said I don't quite understand where the project's going, he was brought in to do one particular job and felt like that's not what he's being used for (not transcribable) finding it a little frustrating. I said to him, look, Henry, sometimes projects go up and down, you've got to go with the flow a little bit, you have good and bad times in projects and so we've had some conversations around that.

Do you recall being contacted by email by Mr Lo on 16 February, 2009 in which Mr Lo told you that he had in fact resigned?---I don't (not
40 transcribable)

Would you expect that if Mr Lo was sacked from the project that you would have heard about that?---Well, if Henry was sacked I think I would have normally have got some indication from DET that he has been sacked or an indication they were going to, that's the norm, it just doesn't happen, there's normally a communication around how that happens or what happened. You normally get notified before the contractor.

And did you receive any of those communications?

---I don't, I don't recollect any.

Thank you.

ASSISTANT COMMISSIONER: Thank you, Ms McGlinchey. Yes, Mr Purdy.

10 MR PURDY: Yes, thank you, Commissioner. I just wish to ask Mr Minati a couple of questions about the contract 881 which has been mentioned, it's the contract between the State Contracts Control Board and in this case Greythorn Pty Limited. Now, Mr Minati, you said in answer to a question by Ms Bourke that you were familiar with that contract number 881?---Yes, familiar with it, how it works, I mean, engagements, not to its utter detail of how it worked.

No. Are you aware off the top of your head of the content of clause 13? It's entitled, I just say, it's entitled Use of Approval Agents?---Clause 13, there was a lot of clauses in that. It's a big document.

20 Commissioner, this contract is an annexure to one of the statements of the witness who will not be called so it's part of Exhibit 14. With your and Mr Fordham's permission I'd like to approach to show the witness clause 13.1 and ask for his comment on it.

ASSISTANT COMMISSIONER: Yes. The associate will take it if you have a copy to show him.

MR PURDY: Yes.

30 ASSISTANT COMMISSIONER: Is it available electronically?

MR PURDY: It is. That's a much better solution, thank you. You can see it on the screen in front of you. And the first word, the reference to Contract with a capital C that's to Greythorn (not transcribable)?---Correct.

And the supplier is obviously the provision of the IT personnel to the client. And the contract authority is a defined term elsewhere in the document, is that correct?---(NO AUDIBLE REPLY)

40 I'd just like you to give me your understanding of what that clause means?

MR FORDHAM: The witness has said he wasn't overly familiar with it a moment ago, if my friend wants to put a proposition to him about what he understands or doesn't understand other than that the rest of us can read it.

ASSISTANT COMMISSIONER: Well, I think it's probably better just to put directly if you consider or the Department considers that it binds

Greythorn in a certain way, why don't you just ask him whether he knows that.

MR PURDY: What I'd like to suggest to you, Mr Minati, is that for Greythorn to source personnel, contracting personnel through another recruiter would be in breach of that clause 13.1 unless the other recruiter were a contractor approved by the contract authority identified in item 5 of schedule 1 (not transcribable)?---Are you saying that Ogawie is a recruiter? Because - - -

10

That will be my contention?---Because my understanding, in 881 I wouldn't engage another recruiter. Ogawie for me is like a management company which contractors go through, or people go through like CXC and other management companies so I wouldn't deem to be a recruiter.

ASSISTANT COMMISSIONER: Well, do you agree with the proposition that clause 13 means that you couldn't make supply through another recruiter without complying with this, that is, without advising?---Like I said I don't, I don't quite understand the question because I don't see Ogawie - - -

20

We're not talking about Ogawie?---Okay.

We're just talking about a general principle?---Okay, general, okay. Look, I, like we've, what happened with this tender as well, some, a lot (not transcribable) won this provision to supply, a lot of suppliers to the government were not on that list so a lot of agencies did engage with other recruiters to take up the man power to make it more aligned with the contract.

30

That may all be so. You're just being asked whether you agree or whether it was your understanding that the effect of this clause in the contract was that Greythorn couldn't use other suppliers without notifying the Department? ---I've never had to do that. I don't understand it.

Well you've never had to do it so you don't know anything about it?---No.

It wasn't your understanding, if that was a clause in the contract you didn't know about it?---No.

40

MR PURDY: Just to clarify one thing, Mr Minati. What you're saying is that the fact that a company or one company may employ numerous people whose services are supplied to, for example the Department of Education, does not make that company necessarily a recruiter?---Correct.

What would you, how would you describe the role played by that company?---See - - -

ASSISTANT COMMISSIONER: I think this witness has already said he seeks to say that the relationship was a subcontractor, but the people being supplied were subcontractors to Ogawie, who was the contractor. Now whether that is accepted is going to be a question, you know, for the Commission and submissions at the end of the day. I don't really know that there's much point in take this issue further with this witness.

MR PURDY: I accept that and that will be my submission, Commissioner. So I have no further questions.

10

ASSISTANT COMMISSIONER: Thank you Mr Purdy.

MS BOURKE: Sorry Commissioner, I appreciate that it's late. There's a small area of questions that I forgot and it's completely my fault to ask the witness about. I don't think I'll be very long.

ASSISTANT COMMISSIONER: Yes. Thank you.

MS BOURKE: When Mr Johnson was taken on, when a contract was agreed upon between Greythorn and Mr Johnson, were you the person who negotiated that?---Are you talking about resources through - - -

20

No, for him, for him to be resourced, for you to - - -?---DET?

- - - for you to have with DET?---What would, what has happened, what normally happens is it'll be David's called me or I've found a resource and I need to be put through DET, and that's, the rate's normally what David's looking for and then there's a mark up margin that we move on from there.

Sorry, what I'm talking about is him, his contract when his contract was with Greythorn and then you placed him with DET through Greythorn? ---He was already there.

30

But it was through Greythorn?---No, David, David had (not transcribable) Greythorn and needed to be represented by an endorsed supplier. And we were an endorsed supplier. That's how the relationship started. So it needed to be through an endorsed supplier to be onsite working at DET (not transcribable). And that's how the relationship started with David, because he needed a, an endorsed supplier to be put forward for a role at DET or be in that role at DET.

40

And there are other companies, for example the company that you now work for, who could be one of the endorsed suppliers?---Yeah, there were 98 back then. Down to 60, so yeah, there were plenty.

Right. So it was in the interests of Greythorn to have a contract with the Department of Education and Training in relation to Mr Johnson?---Not necessarily.

Every contract that you got with the Department, your company made money out of?---Correct.

Well that's how it makes money?---Correct.

10 Right. When were you involved in the negotiations between Mr Johnson and Greythorn as to what the contract would be?---David said to me I'm looking for X dollars, or his company. At which time I said, great. We moved forward and went to the rate which is appropriate DET, which is approved by DET. I don't know if it was that way or the other way was DET had a rate they wanted to pay and we worked back to a rate to David's company.

But negotiations as to his contract took some time didn't they?---Time, some, yeah, it could have. I mean some take longer than others. Depending on budgets and rates and what people are looking for and whether they want that particular resource.

20 Wasn't it the situation that there was some clauses in the contract with Greythorn that Mr Johnson didn't want to sign?---There could have been.

You have no independent recollection of that?---No.

30 You see, I suggest to you that the arrangements between Mr Johnson and Greythorn were almost coming unstuck and you were called in to organise that contract between Greythorn and Mr Johnson?---No, the first I heard there were issues with DET and the resources when I got a call from DET, Vince, to come and have a chat about there's an issue here, there's a discrepancy, we need to talk about it.

No, sorry, I'm talking about something else. I'm talking about when Mr Johnson was placed as an outside contractor with the Department, not other subcontractors, Mr Johnson himself, his contract came through Greythorn, didn't it?---Correct.

Right. And you were involved in negotiating that contract?---Correct. The negotiation was around the rates 'cause that's, that's what I do, I work around rates.

40 And he wanted more, the higher rate, than what the DET was offering to pay, didn't he?---He may have and that does happen, it's all about negotiating with the client on a certain skill set of the individual.

And I suggest that you at that time suggested a way for him to earn more money from the Department?---No, it's, it's, that's not how I operate.

No further questions, Commissioner.

ASSISTANT COMMISSIONER: Thank you. Yes, Mr Fordham.

MR FORDHAM: If I might just ask two questions and I'll do it in short form. In relation to each of these contractors that were placed, the documents suggest that the margin to Greythorn was about 7.5 per cent. Does that sound about right?---Yes.

10 And is it the case that contact 881 in its, I think it's then form was fairly tight about what margins you could in fact make on each of the contractors in question?---Correct.

And is it industry practice that a government client such as the DET, a supplier such as Greythorn, would be making about seven and a half per cent?---Correct.

And certainly in your experience unheard of that a supplier such as Greythorn would be making 30, 40, 50 per cent on a contractor?---It's unheard of.

20 And it's of no interest to you to suggest that somebody else makes three or four times the margin you're capable of making, is it?---(not transcribable)

Thank you. I have nothing further.

ASSISTANT COMMISSIONER: Well, thank you for your attendance, you're now excuse, Mr Minati.

THE WITNESS EXCUSED

[4.12pm]

30

ASSISTANT COMMISSIONER: Mr Fordham, I would like to be in a position to start Mr Johnson in the morning, are we at that stage or is there another witness?

MR FORDHAM: I have one more – there is one more witness who will be, if he's still here. Mr Loquet, your Honour, who's dealing with some corruption prevention issues, he'll be reasonably short.

40 ASSISTANT COMMISSIONER: What do you mean by reasonably short?

MR FORDHAM: I'll be about 15, 20 minutes.

ASSISTANT COMMISSIONER: Yes,.

MR FORDHAM: I suspect we can do him first thing in the morning.

ASSISTANT COMMISSIONER: All right. Well, that's fine, as long as we then get onto Mr Johnson.

MR FORDHAM: Plenty of time. I won't be particularly long, I doubt anyone will have any questions for him because he was not really on the ground at the time, it's more about what's been done to change things.

ASSISTANT COMMISSIONER: All right. Well, we'll do him first thing in the morning and then move on. All right. Thank you, we'll adjourn until
10 10 o'clock tomorrow morning.

AT 4.13 THE MATTER WAS ADJOURNED ACCORDINGLY

[4.13pm]