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INDEPENDENT COMMISSION AGAINST CORRUPTION

THE HONOURABLE MEGAN LATHAM

PUBLIC HEARING

OPERATION CREDO AND SPICER

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TRANSCRIPT OF PROCEEDINGS

AT SYDNEY

ON FRIDAY 2 MAY, 2014

AT 1.50PM

Any person who publishes any part of this transcript in any way and to any person contrary to a Commission direction against publication commits an offence against section 112(2) of the Independent Commission Against Corruption Act 1988.

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

THE COMMISSIONER: Yes, Mr Watson. Oh, Mr O'Mahoney.

MR O'MAHONEY: Commissioner, I call Ms Hollie Hughes.

MR DUGGAN: Commissioner, my name is Duggan.

THE COMMISSIONER: Yes, Mr Duggan.

MR DUGGAN: I seek leave to appear for Ms Hollie Hughes.

10

THE COMMISSIONER: Thank you. Yes, that leave is granted.

MR DUGGAN: I've also spoken to Ms Hughes about a section 38 direction and she would like to seek one of those.

THE COMMISSIONER: Right.

MR DUGGAN: And she will take the oath.

20 THE COMMISSIONER: Thank you. Ms Hughes, you appreciate that the order that I make under section 38 has the effect of preventing your answers being used against you in any civil or criminal proceedings but it doesn't prevent the use of those answers if it should be demonstrated that you've given false or misleading evidence. You understand that?

MS HUGHES: Yes.

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

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

THE COMMISSIONER: Thank you. Can the witness be sworn, please.

THE COMMISSIONER: Yes, Mr O'Mahoney.

MR O'MAHONEY: Ms Hughes, what is your full name?---Hollie Alexandra Hughes.

10 And what's your current job, Ms Hughes?---Ah, mother of three children.

Okay, full time?---And assisting with my husband's business.

And when was your most recent full-time job other than those two roles?
---Ah, I haven't worked full-time since end of 2006 when I went on
maternity leave to have my first child.

20 And where were you working before you went on maternity leave?
---Australian Public Affairs. In fact I was actually only working for – I was
working for Senator Connie Fierravanti-Wells at that time and then I went
to work for Australian Public Affairs part-time after the birth of my child.

And were both of those jobs consistent with the work you've done
throughout your time in the workforce?---Ah, yes.

You've worked as a political staffer and also in public affairs?---Yes. And I
studied journalism and have a Master's in Politics and Public Policy.

Where did you study journalism?---At CSU Mitchell.

30 And where did you get the Master's?---Macquarie.

And is it the case that at some point in time you became a member of the
Liberal Party?---Ah, I joined the Liberal Party in 2002.

And you have I think since joining the Liberal Party taken on a number of
leadership positions within it?---Yes.

Is that correct?---Yes.

40 Could you just outline for us what positions you've taken and when you
took them?---Ah, I was elected to the New South Wales State Executive in
2005 ah, I've been on the executive role of the Women's Council ah, I've
also been president of a local branch and conference for a number of years
ah, up until this day ah, and- - -

Which branch and conference?---Orange and the Calare conference.

Calare?---Calare, C-a-l-a-r-e.

And any other positions?---Ah, I'm a member of the Federal Woman and Regional Committee um, Chair of the Country Liberals Board, I think that's- - -

Focussing in on one of those roles, I think you said in 2005 you took up a position on the State Executive?---Ah hmm.

10 Are you still in that position?---I am still on the State Executive, yes.

And you've been in that position since 2005?---No, in 2005 I was elected as an urban representative and I'm currently the country Vice-President.

Okay. Have you had any other postings on the State Executive?---I was urban representative then I was elected as a country representative and now I'm the Vice-President.

20 Okay. And as at the election in 2011, the state election, what was your position on the state executive then?---Country representative from memory.

Can you tell us just a little bit, Ms Hughes, about the role that the State Executive plays in overseeing the party's finances?---The State Executive is given very top line and brief overviews at each Executive meeting. The finances of the Liberal Party are signed off by the Finance Committee and a balance sheet and a very broad actual and budget figures are provided to the State Executive, so they're in no means exhaustive.

30 Who in – if you can cast your mind back to the State election in 2011 and the lead-up to that, who was on the Finance Committee at that time?
---I'm not sure who all members were, Arthur Sinodinos was certainly the Treasurer at that time and he- - -

The Treasurer of the Finance Committee?---The Treasurer of the Liberal Party which made him I believe the Chair of the Finance Committee.

And I think you said that in contrast to the State Executive, that was the committee that had more granular oversight of the finances?---Yes.

40 Can I ask a broad question just in respect of that. It strikes me that in a lot of industries, for example the banking industry or even the legal industry, companies or law firms have a know your client kind of policy, you know, get to know who you're working for, what their needs are, if they're happy with what they're getting. Does the Liberal Party have a similar sort of get to know your donor-type policy, was it the case that at State Executive or through that committee that you just referred to there were efforts made to get in touch with donors and understand who they were and- - -?---Not from a State Executive level, no.

Okay. What about the committee?---I wouldn't know.

It just strikes me that if someone was donating X dollars in one year that the Party might be interested in trying to get that entity to donate 2X, two times X dollars the next year?---Mmm.

Are efforts made along those lines?---You would have to ask the Treasurer and Finance Director about those things. I would assume so.

10 If I could ask you to focus in on a specific pre-selection, that's the pre-selection of Ms Karen McNamara?---Ah hmm.

She stood as a candidate in that pre-selection for the Liberal Party- - -?
---Ah hmm.

- - -before the most recent election. Is that correct?---The most recent Federal election, yes.

The most recent Federal election?---Mmm.

20

Ms McNamara, correct me if I'm wrong, had previously worked as the campaign manager for Darren Webber?---I understand so, yes.

And that was in respect of him campaigning for the seat of Wyong?
---Yes.

And he won that seat?---Yes.

And that was in the 2011 state election?---Yes.

30

Did you become involved in the pre-selection of Ms McNamara for the seat of Dobell?---As a Vice-President of the Party I sit on every pre-selection in the lead-up to every election, State or Federal.

So just to be clear, you were Vice-President as at that pre-selection battle?
---Yes. Ah, to the best of my recollection I would have been a Vice-President at that stage because Arthur was President to my, in the best of my recollection Arthur was President at the time and he was elected President at the same election I was elected Vice-President.

40

Does the President also attend pre-selection debates?--- Yes.

So Mr Sinodinos would have been involved in- - -?---Yes.

- - -this pre-selection as well. Can you just tell us, we don't need to know if there were 30 candidates who they were, but who were the main candidates for that seat as you recall?---There was three candidates, Karen McNamara, Matt Lusted and Garry Whitaker.

And how many people were in attendance in terms of the pre-selectors?
---I couldn't give you an exact figure but I assume around 50.

Around 50. And are they - is that a combination of people from head office or people with senior positions within the Party state-wide - - -?---No.

10 - - - as well as some local figureheads as well?---The Dobell pre-selection is what we classify as a regional pre-selection and the make up of a regional pre-selection, and again I didn't consult our constitution before this, but I believe it's the - it's a heavy proportion of local delegates and the only other people involved in it are the Vice Presidents and the President of the Executive. So I don't believe there's a State Council broader component to it.

20 Now thinking about what was going on in Dobell at that time I can't imagine there were many tougher gigs in the country than running as the Labor candidate for that seat. Was it the view that - - -?---Well, they had a sitting Member.

That's right. But was it the view that the Liberal candidate was really a shoe in for whoever got pre-selected?---No, I don't think so. No, I don't think so.

Okay. And is it the case that in the course of this pre-selection process that each of the candidates would one by one come and present to the pre-selectors?---It's very usual in a pre-selection process that candidates would contact each of the pre-selectors in a bid to lobby for their vote.

30 I guess what I'm asking about here is just the formal process where all the pre-selectors are gathered on I guess we would call it the pre-selection day? ---On the pre-selection day each candidate speaks, like they come into the room, they have a speech for eight minutes and they answer questions for 12.

Okay. And is that what occurred in this Dobell - - -?---Yes, that occurs at every pre-selection.

40 - - - campaign. And so at some point in time Ms McNamara gave a speech - - -?---Yes.

- - - to the pre-selectors and I understand that in the course of that speech she said some things about her back story in terms of fundraising. Is it the case that generally based on your experience when Members of Parliament or, or aspiring Members of Parliament stand before a pre-selection committee one of the issues that they're quizzed about or that they like to speak about is their fundraising ability?---Yes.

And that's because the Party I guess wants to know that if they do stand they've got the wherewithal and the ability to, to raise capital to support a campaign?---Yes.

Was it the case that Ms McNamara said some things about her particular fundraising ability and her background in fundraising?---Yes.

10 What did she say?---To the best of my recollection she mentioned throughout her speech that she'd raised \$100,000 for the Wyong election.

Okay. And just to be clear about that, that was \$100,000 for the Wyong election, that was as campaign manager for Mr Webber - - -?---Yes.

- - - who contested that seat in the State Election in 2011?---Yes.

Now did you take any role in that pre-selection debate, did you say anything in respect of specifically what she'd said about her fundraising back story? ---Yes.

20 What did you say?---I asked Karen a question because we had had a discussion before the pre-selection where she had suggested a figure to me and I had said to her that I felt that that sounded very high and that I would check the amount that was actually reported and I did so and the amount was significantly different and the 100,000 figure she mentioned was again higher so I asked her a question with regards to the discrepancy.

Okay. There's quite a bit of information in that answer - - -?---Yes.

30 - - - so let's just unpack it?---Sorry.

I think the first thing you said was you'd had a chat to Ms McNamara before the actual pre-selection date?---Which is very common.

Of course. And can you just tell us when that chat occurred?---Four or five weeks before the pre-selection I would have imagined, I'm not sure.

And was this the kind of chat where she as a candidate puts a call through to you and says I'm running, I'd really appreciate your support?---Yes.

40 Can you tell us what she told you specifically on this question of fundraising for the Webber campaign in that phone call?---Yeah, I always ask the question with regards to fundraising and I asked her what her experience had been and she suggested to me that they had raised, she had raised \$80,000 for the Wyong campaign.

And did you have a discussion with her about that?---Yes, I said to her that I felt that that seemed incredibly high because we were getting monthly KPI or key performance indicator reports on each candidate and that included

what they had fundraised to date and I didn't recall a seat having a number that high that was not a seat we held and - - -

If you thought 80,000 was a bit punchy what sort of figure were you expecting to get?---I had no idea.

Okay. And I think you said that in response to being made - well, you raised, you said that to her on the phone call didn't you?---Yes.

10 And what was her response?---Well, I suggested to her that we should both look into those figures and have another discussion before the pre-selection.

Okay. And what, did she agree to do that?---Yes.

Nothing else was said about it?---No.

And then what did you do in terms of looking into it?---I emailed Mark Neeham and asked him what was the figure reported with regards to the Wyong campaign.

20

What was his role at the time?---He was the State Director.

And did he get back to you?---Yes.

And tell us broadly as you recall what he said in getting back to you?---He forwarded me an email that had been received by him from Simon McInnes our Finance Director and he indicated, and I can't recall the exact figure, but I believe it was less than \$12,000 - - -

30 Okay?--- - - - was the reported amount.

All right then. So just setting the context you've had this conversation with the candidate Ms McNamara?---Mmm.

She's indicated that \$80,000 was raised?---Ah hmm.

You thought that sounded a bit punchy, you've made inquiries, you've ascertained that it was actually \$12,000 that was raised?---Yes.

40 Did you have any more discussions with Ms McNamara - - -?---No.

- - - on this subject before pre-selection day?---No.

Okay. So here we are at pre-selection day you've arrived with this information?---Ah hmm.

Could you just tell us to the best of your recollection what Ms McNamara said about her fundraising experience in the Webber campaign?---It just

stood that that when she was giving her speech that the figure of \$100,000 was mentioned.

Okay. So she, she said that she was responsible for raising \$100,000? Is that correct?---Yes.

10 And what was the question specifically that you asked in response to her saying that?---I can't recall the exact wording of the question but I remember saying to her that in, in broad terms that I had spoken to her on the phone that she had suggested she'd raised \$80,000, that I had told her I was going to check that figure and I did that in her speech she just then she had said \$100,000 and the actual figure was under \$12,000 and could she please just explain either the discrepancy or where the money was.

Well it is all sounding a little bit bizarre. Originally 80 has been quoted you thought that sounded high, you did the due diligence you found out 12 was the accurate figure and then an even bigger figure is quoted on pre-selection day.

20 I think it's important to say though Karen would not be the first nor the last candidate to overstate the figures that they've raised and so to be honest I was not thinking major red flags at the time and because sometimes fundraises occur that are more broad and run by other people but obviously when you're standing as candidate it's nice to be able to put on your chest.

I appreciate you saying that as I'm sure she does and I'm not mathematician I'm struggling to work this out on my feet but overstatement of fundraising to the tune of whatever the percentage is of 100 as opposed to 12 it's in the 100s of per cent are you saying that's just they regur in the Liberal Party?
30 ---No, no, no, I'm not saying that I just, it didn't necessarily raise a red flag about anything else that had been going on it was just perhaps she had overstated that considerably.

But, but just out of fairness to you it's raised a red flag for you at the pre-selection day?---Well it raised, it was more than anything it was annoying because I have been someone involved for a very, very long time who has raised a lot of money for the Party through raffles and hosting functions and doing things in a very transparent way and having sat on every pre-selection over the past however many years it gets very frustrating when people
40 consistently stand up and say I can raise \$100,000 and when we get to the end of the campaign they raise \$2.50 and a scratchie so it gets very annoying.

But have you consistently, I just want to be clear about this, have you consistently seen people at pre-selection debates say I raised \$100,000 when the real figure in a campaign when the real figure was closer to 10, that sounds like an extraordinary inflation, Argentinean?---No. I can't say that I've heard the figure with regards to the money that they have raised I've

certainly heard people suggest they are capable of raising and then proceed to raise nothing.

Okay. But at any rate you have raised this issue?---Ah hmm.

And what was the response firstly from the candidate to you raising it?
---Karen gave an answer that any candidate you know, that a candidate when they're asked a question we try and answer the question as best they can - - -

10

No, no, no --- - - - on the run and I, that was what she did.

As best you can recall what was her answer? I'm not expecting word for word?---I cannot recall any real specifics of the answer. I remember thinking at the time that it was not a particularly great answer.

You weren't persuaded?---No.

Okay. You can't even in broad terms tell us the substance of the answer?
20 ---No, I really can't.

Okay. But what was the, what was the response from the room to this question being raised?---The room around me um, I happened to be sitting surrounded by some local people whom were supporting another candidate and they were enthusiastic.

Enthusiastic about you asking the question?---Enthusiastic at Karen's slightly fumbled answer because they were supporting another candidate.

30 Okay?---But they felt it boded well for them.

If I told you we've got some information that in response to you asking that question there was some heckling in the room and there were some in the room who clearly were not happy at all that the question were asked and some said some things that were disparaging about you. Does that trigger any recollection?---I didn't hear it myself um, I drove to the Central Coast with a girlfriend of mine who was sitting in the observing area and she did tell me as we were driving back to Sydney that there were some comments made and reaction made from those sitting in the observers area.

40

And was there any further discussion about these fundraising issues at this pre-selection day?---With Karen or - - -

Yes. In the course of her presentation?---No.

Was Mr Webber present?---I believe he was sitting in the observers area.

Did anyone sort of turn to him and say Darren you might be a good guy to clear this up?---No, not that I know.

Did he say anything?---Not that I heard.

Okay. At any of that at least was it the case that at the end of this pre-selection day a Mr Garry Whitaker was pre-selected?---Yes.

For the seat of Dobell?---Yes.

10

And to your, to the best of your recollection as one of the deliberators were the fundraising issues raised in respect of Ms McNamara relevant to that determination?---I don't believe so.

Okay. And at any case at any event after this pre-selection day occurred did you then make some further inquires about what had been said about how much money was raised in the course of the Webber Wyong 2011 campaign?---I didn't make any specific inquiries, no.

20

I've got some information, well the Commission has some information, Ms Hughes, that at some point in time you made inquiries of a Mr McInnes, does that jog your recollection at all?---No, I'd made representations through my, Mark Neeham prior to the pre-selection.

Before, this is before the pre-selection in May?---Before the pre-selection, yes.

30

And well can I ask you this is it the case that you made no further inquires after the pre-selection debate?---No, that's not the case. There were before arriving on the freeway driving out of the Central Coast I received a phone call from Matthew Lusted who was an unsuccessful candidate and I don't recall him raising it on that phone call but there were issues surrounding the entire pre-selection and in fact before I'd reached the freeway I'd also got phone calls with regards to Mr Whitaker's pre-selection and people being unhappy about that result and so by any means of the imagination that pre-selection was not over and Matthew Lusted called me to indicate that he had written a cheque, that he had meant to be donated to the Liberal Party but was not sure had been written to the Liberal Party.

40

Who did he think it had been written to?---He was not sure and I got a phone call from his finance director or someone in his office it was a very strange phone call I wasn't sure why she was calling me and she wasn't sure why she was calling, you know we, neither of us were really quite sure of the call, why we were talking to each other but she did, I asked her whether or not a cheque was written out for \$5000 she confirmed that there was a cheque written out I asked her who that cheque was written out to and she told me Eightbyfive which was the first time I had ever heard of Eightbyfive and I think we discussed some details surrounding what was on the cheque or invoice whatever she had in front of her I'm not sure where she gave me

the address and ABN number and some of the details because ion all my time in the Liberal Party this was such an unusual thing to being caught to my attention. I wanted to try and find some of the details. I did then check the veracity of the claim keeping in mind that Mr Lusted had just lost a pre-selection and I wasn't 100 per cent sure that there wasn't a little bit of not so much of sour grapes but angling if that Garry Whitaker was to be dis-endorsed of any pre-selection wouldn't be held so that Mr Lusted would have another opportunity um, so - - -

10 You thought something might be a miss here?---Well I did, it seemed very unusual. So I Googled the name Eightbyfive nothing came up, I checked the business register against the ABN and the, what came up to me apart from the fact that having a cheque written out supposedly to go to the Liberal Party to another organisation that I'd never heard of was concerning. The fact that the business didn't appear to be registered at the time and it appeared to be registered for, it not registered for GST but to have charged it and whoever I spoke to in the finance committee must have told me that.

20 And what investigations did you follow up on after learning of this?---After I looked into that I found it to be quite distressing at \$5000 that these sorts of activities were potentially going on, so I had a conversation with Mr Lusted where I advised him to get whatever paperwork he had available to him in his business to get on a plane and to go and talk to Bill Heffernan in Canberra.

30 And did you speak to anyone else about what you'd unearthed in these inquiries?---Not that I recall but that's not to say I did or I didn't, um, at the time I had my middle child being diagnosed with autism so I had a few other personal things going on so I can't recall every conversation and as I said the issue with that pre-selection at the time was not necessarily surrounding the fundraising or the question that I asked Karen or anything it was actually the fact that Garry had won that pre-selection which was not the expected outcome.

Okay. And just to be clear, you can't recall speaking to any other members of the State Executive or the Finance Committee about what, what you'd turned up in terms of this Eightbyfive - - -?---I cannot specifically remember talking to any of them. It's not to say that I didn't.

40 Would you have raised it at a meeting that you can recollect?---Not that I can recollect and I - no, I can't.

All right then. So Mr Whittaker ends up getting elected. Can I ask this, how receptive was head office to you making inquiries either before or after the pre-selection debate about this anomaly in Ms McNamara saying I raised 80 or \$100,000 and the reality or, you know, you wanted to get to the bottom of whether that was true?---Mmm.

How receptive was head office to your inquiries?---I sent an email to Mark Neeham. Looking at the email that I, not that I still have a copy of this but I remember at the time when it came back, Mark then forwarded it to Simon or sent an email to Simon asking for the same figures and Mark just forwarded me back the response from Simon McInnes and Mark never made a comment one way or the other that I can recall, positive or negative. Simon spoke to me after the pre-selection that Garry Whittaker was successful and suggested to me had he known that I was going to use those figures for that question he would never have given them to me.

10

Could you say that last bit again?---Simon said that had he known that I was going to use those figures in a pre-selection he would never have provided them.

What did you understand him to mean by that?---I don't know what he meant by that but I suggested to him as Vice President of the Party if I wanted some figures I'd ask for them and I expected him to produce them.

20

Did you think he was - well, he was plainly disappointed - - -?---Mmm.

- - - with you using information to try to correct the record at this meeting. Can I ask you what question - - -?---You'd have to ask Mr McInnes why he was upset.

Just thinking off the top of my head, Mrs Hughes, just thinking about what happened that day - - -?---Mmm.

30

- - - in the Dobell pre-selection, is it the case that one of two things occurred, either Ms McNamara lied by inflating the amount that had been raised in the course of the Wyong campaign quite aggressively or that she actually was making it clear that she had been involved in an electoral fraud to the extent that only really a fraction of what had been raised in that campaign was actually declared.

MR DUGGAN: I object, how can this witness answer that question with respect?

40

THE COMMISSIONER: Well, I suppose, I suppose they are two possibilities. Are there any others that can explain the disparity?

MR DUGGAN: It's more the election between the two possibilities, this witness has said what occurred at the meeting, it's for others to infer what, what that means in my submission.

MR O'MAHONEY: Just to be clear, Commissioner, I'm just asking - this is Mrs Hughes as a member of the State Executive, whether that would accord with her saying she was concerned at the time whether that was a source of concern.

THE COMMISSIONER: Whether that was a scenario that occurred to her?

MR O'MAHONEY: Yes.

THE COMMISSIONER: Right.

MR O'MAHONEY: Well, I guess I should accept - do you accept that
10 either of those are real possibilities here?---At the time I think I assumed it
was a considerable embellishment, I didn't suspect any involvement in
fraud.

Okay. And can I ask this then, did you say anything else to Mr McInnes
after he said listen, if I'd known you were going to use the information that
way I never would have provided it?---Aside from telling him I'm the Vice
President and I'll ask for figures and he'll provide them, no, I don't recall
saying anything else to him.

20 Did you talk to anyone else at State Executive level or at the Finance
Committee level about what had gone on and - - -?---I believe Trent
Zimmerman may have been standing with me when Simon McInnes said
those things. Look, I can't recall to be honest, I may have spoken to some
other State Executive members about the concerns once Matthew Lusted
had brought them to my attention. I don't think the pure fact between one
figure and the other would have necessarily been a trigger for a broad
conversation.

30 Do you recall at all speaking to Mr Sinodinos about any of these issues?
---No.

Did you follow at all the evidence of Mr Caputo yesterday?---No.

Do you know Mr Caputo?---Ah, I know his name, I don't think I've ever
formally met him.

40 He, just to broadly summarise, he gave some evidence yesterday about one,
maybe two, fundraising dinners at which attendees would turn up to a
dinner, there was for one of these dinners two guests of honour, Mr Greg
Smith and Mr Christopher Hartcher?---Ah hmm.

Attendees would make out cheques by way of donation to the Liberal Party
New South Wales division and at the end of a dinner some of those cheques
would be given personally to Mr Hartcher?---Ah hmm.

Can I just ask, is that a course of conduct that Mr Caputo said he didn't
think there was anything unusual about that but he couldn't recall any other
examples of it. Is that a course of conduct that to your experience is

commonplace?---I can't speak for Mr Caputo, it's certainly not the way that I conduct my fundraisers.

And why is that?---Ah, because of the reporting requirements and the fact that I believe very strongly you need to make sure that you dot the, dot the i's and cross the t's when you're doing anything with regards to fundraising. The branches and Conferences I am usually a member of don't have bank accounts themselves, we put everything through secretariat, all money is sent straight into the central campaign and that's just the way that I do it.
10 I'm sure other Conferences and I know other Conferences do do their own more significant fundraising for their own local campaigns but I live in - I'm involved in two Conferences, one that I live in and one that I'm still a longstanding member of the branch, both of which are represented by the National Party so we don't have big fundraising targets or the need to fund a campaign.

That answers anticipated a couple of questions I had?---Ah hmm.

20 One was how would you report - if you're handing cheques over at the end of the night, I mean how could you be sure that the proper reporting was done?---I don't recall ever having a function where I'm handing cheques over at the end of the night. Normally people pay before they come to the function and the only money that would be involved at a function would be from a raffle or an auction and an auction is normally followed up in, you know, subsequent days.

30 And the other question I had was how you would, how on earth did you come to bank a cheque for the New South Wales division of the Liberal Party, you know, somewhere up on the Central Coast but we'd need a banking scholar to tell us how that can be done or - - -?---The Conferences have their own bank accounts.

They do?---Yes.

But would it be commonplace to - - -?---Many do.

But, but in my experience of cheques if a cheque is made out to Greg O'Mahoney I can bank it?---Ah hmm.

40 But if it's made out to my brother I can't?---I would have thought the same.

Yeah. I'm just wondering here if a cheque's made out to the New South Wales division of the Liberal Party is it the case that you could just turn up at a bank and say well, here's the Manly SEC or here's the Narrandera, if there is one, SEC and deposit it, deposit such a cheque there?---I don't know, you'd have to ask the bank that they were trying to deposit the cheque into.

Okay. I just wanted to know if you had any information about that?---No.

The other question I had was there was some evidence by Mr Trumbull and Mr Caputo yesterday about arrangements where one employer who wants to donate quite a bit of money to the Liberal Party would get a range of employees together who were compliant and have them donate smaller amounts?---Mmm.

10 We could call that a Trumbull scheme or a Tinkler scheme, is that an arrangement that you've become aware of at all in your - - -?---It's certainly not one I've ever participated in or endorsed or facilitated.

I'm certainly not suggesting you have but certainly you strike me as someone with quite a bit of experience in fundraising for the Liberal Party, I'm just asking in terms of your experience have you heard about such things, have you come across - - -?---I think clearly my experience in fundraising is significantly different from some of the other things that have been discussed in so much that a cocktail party or the Federal Rural and Regional luncheon that we host where people pay \$60 or \$70 to come to
20 lunch in so much as they're actually paying to go to a function or buying a book of a raffle tickets in a State-wide raffle would be considerably different to people just handing over cheques.

Could I just - we're almost at the conclusion but can I just come back to the McNamara pre-selection?---Ah hmm.

As it turned out Mr Whittaker was subsequently dis-endorsed?---Yes.

30 And I think at the instigation of head office Ms McNamara was endorsed as the Liberal candidate for the seat?---Yes.

What efforts have the Liberal Party head office made to satisfy itself about this fundraising issue that you raised in the course of the pre-selection debate?---At that point in time I had already passed Mr Lusted off to Mr Heffernan and - - -

No, I mean the discrepancy between Ms McNamara saying I raised - - -?
---As far as I know there was no further investigation of that.

40 It just wasn't an issue?---There is an NRC process, a nomination review process, that candidates all go through, I did not sit on Karen's NRC and that's a confidential process and so it may or may not have been addressed throughout that.

Do you think you were, there was a reason why you weren't asked to sit on it?---No, because it's normally the President, the State Director and the Federal leader's representative, the only reason I would be on that is if the President couldn't attend and one or the other of the Vice Presidents, you

know, obviously being based in Moree I'm not the most convenient geographically person to bring in.

And why was Mr Whittaker dis-endorsed?---Ah, there was allegations at the time of some problems with regards to him living in a shed on his own land, I'm not exactly sure.

He was dis-endorsed for living in a shed?---Yes.

10 Sorry, could you explain that?---Ah, no, not really because I didn't vote for that.

But does that offend Liberal Party policy to reside in a shed?---There was questions over the legality of that.

Okay. It can be illegal to live in a shed?---Apparently so.

That's news to me?---I know. There's a room full of lawyers, maybe someone can tell us.

20

I won't press that.

THE COMMISSIONER: I think you'll get 20- - -

THE WITNESS: I believe there was no planning permission or something surrounding that and obviously with the sensitivities of Dobell at the time a squeaky-clean look was what we were going for.

30 MR O'MAHONEY: We need to get a shed specialists in here?---Yeah, sorry.

But there's no one in the room right now. Can I – just a few other questions, Ms Hughes. Do you know Paul Nicolaou?---Yes.

Is he a fairly large figure or has he been a fairly large figure of the years in Liberal Party fundraising?---Yes.

He was formerly I think head of the Millennium Forum?---Yes.

40 If I told you that we've got some information whereby Mr Nicolaou as a Liberal Party fundraiser was able to take a cut or take a percentage from the funds he raised- - -?---Mmm.

- - -would that come as news to you?---Yes.

And is that something that you've – or how do you respond to that I guess? ---Ah, I was under the impression he was getting a salary and ah, I thought that was where it ended.

Have you ever heard of Liberal Party fundraisers getting a commission for moneys raised?---No.

10 Do you think it would be appropriate?---Ah, it depends on what the negotiated contract was. I, it's not something that I'd approve but it depends on what his salary package was and a whole lot of things. I would – you know, fundraising in a lot of ways is a sales type of role so therefore if you're working on a commission basis it wouldn't probably be unheard of.

Presumably it would be something you'd want to disclose to the donors, that a cut or a percentage of what they're donating would go to an individual. Do you agree with that?---I don't know if that would be standard practice. I don't know whether the Cancer Council pays its chief fundraiser a commission of what they raise and that needs to be disclosed to everyone who gives \$5 on the street, I don't, I don't know.

20 Apart from the answers you gave before in relation to Eightbyfive, have you come across that in any other context?---No, that was when Mr Lusted had me speak to his office, I believe that was the first time I'd ever heard of it.

Had you ever met Mr Tim Koelma?---No. In fact I had, I believe I had to ask someone who he was and they informed me he was a Chris Hartcher staffer.

What do you know about the Free Enterprise Foundation?---Only what I've read this week.

30 Is that right?---Never heard of it before.

Is that, I mean is that a massive surprise to you?---It is a massive surprise to me.

Because let's just think about it, in the lead-up to the 2011 election you were sitting in a very senior position on the State Executive?---Mmm, mmm.

40 And here was one of the largest donors to this campaign and you'd just never heard of those three words?---Never heard of them, because as I said to you, the Finance Committee signs off on all of the financial information and we get a very top line at State Executive that basically has two columns, it has what the budget was and what the actuals are. And generally from month to month if we had had a significant increase of figures in whatever area, whether expenditure or income, particularly on the income side of any fundraising, it was always explained to us as a lot of renewals at the Millennium Forum. We were never ever given a specific name of any donor.

Okay. At this time in the lead-up to the 2011 election, how many people roughly were on the Finance Committee?---I, I, I think at any given time it has four or five members, but I couldn't tell you.

Okay. Apart from Mr Sinodinos- - -?---Mmm.

- - -who else as you recollect was on that committee?---I, I can't recall a name, sorry.

10 Have you been following this inquiry a little bit at least?---I have been following the inquiry, yes.

And since learning of – when do you say you became aware of the FEF?
---When, when it came up here.

Yeah. Maybe four or five days ago?---What is it, Friday?

Yeah?---If it came up on Monday or Tuesday, that's when I learned about it.

20 Have you had any discussions with senior colleagues or any colleagues along the lines of, well, what's going on, what's this FEF?---The only person I asked whether they'd ever heard of it was one of the Federal Vice-Presidents of the Party and she said she'd heard of it but it had never, she's from another state, but it had never been used by them.

And what's her name?---Danielle Blain.

And the final question, I think, Ms Hughes, have you – are you aware of any anomalies or fundraising issues in respect of the Newcastle campaign of Mr
30 Owens(as said)?---No.

No further questions, Commissioner.

THE COMMISSIONER: Ms Hughes, can I, can I just ask you something. You said a moment ago that you were never given a specific name of any donor?---Not that I recall, no.

If- - -?---Not at State Executive going through the financials, we were not provided with specific donor names.
40

Can I just go back to something that was touched on before. If someone was standing in a seat which was held by the Opposition and the Liberal Party was standing someone in that seat in order to wrest control of the seat at the next State election- - -?---Ah hmm.

- - -by what means did that person find out who the major donors were who might be relevant persons within that person's seat who would be, for example, candidates for invitations to dinners or fundraising events?

---Depending on the size of the Conference, not, which, and the Conference is the branches within that local area, there would be an expectation that the people within the local branches would be aware of whom thought leaders and business leaders were within the area. Ah, the very nature of the candidate themselves would normally have been pre-selected on the basis that they were well-connected in that community, so there wouldn't have- -

10 Well, yeah?---There's two separate, there's local- - -

I'm asking- - -?--- - - -fundraising and the central fundraising.

But I'm asking a slightly different question?---Ah hmm.

You see knowing who the business leaders and the thought leaders are in the community is one thing- - -?---Ah hmm.

20 - - -but knowing who had previously or had recently donated perhaps significant amounts of money to the Liberal Party- - -?---Mmm.

- - -might be a very relevant question for someone who was wishing to in effect cultivate those people if those people in fact lived in the seat. So my question is by what means would you find out that information?---Having never been pre-selected for, and been a candidate, I don't know how each individual would go about it but I would assume if you were doing your job correctly you would go in and meet with the State Director and the Finance Director at the time, you would probably have had a conversation with Paul Nicolaou as the Chairman of the Millennium Forum, the Australian Electoral Commission, there would have been previously declared donations and you know, again just due to local knowledge I would have assumed you would have had some sort of awareness- - -

30

Vague idea?--- - - -of who was a big supporter and obviously who had the means to be a significant supporter.

40 So Mr Nicolaou or the Millennium Forum was a significant source of information for that kind of, that kind of resource?---I understand the Millennium Forum has a public list of members, so therefore members of the Forum if they lived in your local area I would have thought would have been publicly available, that you would have been able to see them.

Now, does anyone, sorry. Yes, Mr O'Mahoney?

MR O'MAHONEY: Apologies, Commissioner, just one further question that I'd just raise. Are you aware, Ms Hughes, of a situation whereby, you know we've spoken about Mr Webber?---Ah hmm.

Do you know Mr Spence who was also a candidate in the 2011- - -?---Yeah, I'd never met Mr Webber but I have met Mr Spence, yes.

Okay. You know of both of them at least?---Ah hmm.

Are you aware of a situation whereby one of both of them were spoken to by the Liberal Party Executives about a lack of fundraising- - -?---Yes.

10 - - -on their parts?---Yes.

Could you tell us what you know about that?---Ah, at every State Executive meeting we received basically a KPI report, which is coming back to your original questioning why I thought the figure Karen gave me was high, because those KPI's included basically a report on their local activity, so doorknocking, forums that they'd held, any activities that they'd been doing, and also their fundraising to date, and I don't recall what Mr Spence's KPI's were but I do recall that Mr Webber's were consistently under-performing what we expected.

20

Okay?---And so I believe there were discussions held about picking up their performance.

KPI stands for Key Performance Indicator?---Performance Indicators, yes.

And when you say that Mr Webber's were substantially below- - -?---Yes.

- - -what do you recollect about what you found out?---Just not a lot was happening.

30

And- - -?---For a seat that we wanted to win in a very marginal area there was very little on the ground activity.

Can you flesh that out a little bit- - -?---Ah hmm.

- - -just by way of, for the uninitiated, what you're expecting should be happening and what actually was happening?---Without being able to recall specific expectation of numbers, we would expect a certain number of doors to be knocked on, a certain number of community forums, meetings with
40 community leaders, you know, whatever basic groundwork, you know, letterbox interview being done, a number of Corflutes being put up into people's yards and into store fronts and those sorts of things, as well as their fundraising activities, which normally fundraising activities would consist of a breakfast or a lunch with a visiting Shadow Minister or guest speaker.

And what would you expect should be raised or what would be a good, just on the fundraising side of things, what would be a good number in the KPI for that?---Well, as we progressed through the campaign the number would

have changed, so we would have expected there to be a significant, you know, an increase from start to finish, a significant increase, but- - -

Oh, no, no, I appreciate that, but by the end of the campaign what would be a good- - -?---It depends on the seat, it depends on the margin, it depends on the campaign that's being run. There's a million variables in that question. Some campaigns will cost 500,000, some will cost 50,000, so- - -

10 What about the seat of Wyong?---I, to be honest, I know very little about the – I've never spent any time campaigning per se for a long time on the Central Coast, I don't know. I don't know how many billboards there are or how many bus shelters there are. I have – I can't tell you.

THE COMMISSIONER: Does anyone have any questions of Mrs Hughes?

MR O'MAHONEY: Okay, thank you. No further questions.

20 THE COMMISSIONER: Does anyone have any questions of Mrs Hughes?

MR DUGGAN: I do have a couple, Commissioner.

THE COMMISSIONER: Yes. I'm just waiting for other people to indicate their interest. Yes, Mr Steirn.

MR STEIRN: Commissioner, I do. Thank you.

Ms Hughes, I represent Karen McNamara, do you understand?---Ah hmm.

30 I gather from your evidence that in your position as Vice President and some time before you've attended a number of pre-selection committee meetings, is that right?---Yes.

Are you able to give a number of the years?---I've been on Executive for nine years, how many elections have we had? 2007 and 11 at a State level of which they would have been 40 or 50 of each not that I attended every single one of those and then at every Federal election there's probably been at least 25 Upper House and Senate so you know I'm, I'm, would be clocking over 100 I would say over those nine years.

40 All right. And at each of these pre-selection committees do I take it that there's usually more than one candidate?---That's why there's a pre-selection, yes. If there's only one candidate it's an endorsement.

And it's important from their point of view to put their best foot forward?---Yes.

Is that correct?---Yes.

And you told us earlier that they are required to speak to at least, for at least eight minutes?---Ah hmm.

And then there's questions for a further 12 minutes, is that correct?---That's correct.

And you know from your own experience a great deal of them if not all of them are very nervous?---Yes.

10 And it's fair to say that routinely most candidates read from a pre-selection speech?---Yes.

And Ms McNamara was no different was she?---No, I don't recall whether she had a written speech or not.

But that's usually what they do in your experience?---We've gone through a bit of a period where we've had almost a game show approach where people like to walk around the floor with the microphone so no, not all read from a speech, it's - - -

20 Well in your mind's eye and doing the best you can now given that you had some interest in Ms McNamara as you sit here now was Ms McNamara walking around or was she reading from - - -?---No, everyone at that pre-selection to the best of my memory stood at the lectern.

And appeared to be reading something?---She may or may not have been I'm not sure.

30 All right. You said in your evidence earlier that you'd spoken to Karen McNamara some four or five weeks earlier as you usually do and you raised with her campaign funding?---Yes.

Is that something you raise with every candidate who you contact?---Yes.

And is there a reason for that?---As I said previously over the years I've spent a lot of time running lunches and I've organised State wide raffles and different sorts of fundraising activities and I know how hard it is to raise money so I ask every candidate that approaches me for my vote what their fundraising experience is or what they believe their fundraising capabilities may be.

40 All right. Would you agree human nature being what it is that when Members for pre-selection make a pre-selection speech they're putting their best foot forward are they not?---Yes.

And they are there to impress on the night those people who would decide their fate?---Yes.

And human nature being what it is they can no doubt talk up their own achievements, correct?---Hence that's why I said earlier that I believed Karen was not the first nor the last candidate to overstate their fundraising achievement.

I'm going to come to that in a moment. But in relation to talking up their personal experience and their expertise that's something which is sort of an intangible isn't it?---Yes.

- 10 Yeah. But you made a point with Ms McNamara at least of speaking to her about her funding and her capacity to raise funds, is that right?---Yes.

Yeah. So it's fair to say that some four to five weeks before she gave her pre-selection speech she was on notice at least that you may or may not be asking her about funds she had raised?---Yes.
And in fact you did?---Yes.

You also quite fairly said you can't recall everything that was said?---No.

- 20 And can I just bring to your attention something you said earlier that when you spoke to Simon McInnes about fundraising in a different category you expected him to tell you the truth?---Yes.

Because that's what you would expect from a colleague?---Well as professional staff of the organisation I would have expected that if a Vice President of the Party wanted to know how much money was raised at any point in time given that we are the elected board that the professional staff would provide those figures.

- 30 And provide those figures based on their own records?---What was declared to the Electoral Commission, yes.

- Yes. And could you tell the court what you mean by being declared to the Electoral Commission in relation to local branches sending their funds in, tell us how it's done?---There's requirements on local Conferences as well as the central division to report all donations and they are to be reported to the Electoral Commission and there is, I can't recall when our OCR system we have a system in place now to help branches and Conferences manage that more effectively online but that every Conference is required to fill out
40 paper work informing the central division the Secretariat where, what their donations have been received.

And that signed off usually if not always by the campaign manager?---I believe so, yes.

Yes. So it follows if things were being done properly in the Wyong branch and as Karen McNamara was the Campaign Manager she would have been

responsible for signing off on what monies had been given?---I'm not sure you'd have to ask Karen but - - -

Well assuming she was the campaign manager - - -?---Yeah.

- - - and assuming as you tell us she had to put in a return you expect her to sign off on the actual amount raised at Wyong, is that correct?---I'm not sure whether it was Karen or whether it would have been the Conference President.

10

Let's assume it was her, she would sign off would she not on what was raised?---I, yes, would assume so.

And because as you've told us in rather strong terms of the vice president you expected to be told the truth?---Yes.

And if you for one moment doubted what you were being told you could check those records yourself could you not, either through, either through headquarters - - -?---Yeah.

20

- - - or through the local branch if needs be?---Or through the Electoral Commission.

Yes. Tell us how that would have been done?---Well the Electoral Commission to the best of my knowledge publishes all the donations but the easiest and the course of action I thought most appropriate and the reason I checked on Karen's figures and that that was an actual issue was because she had suggested she had raised that money as part of that campaign it was a defiant campaign not a 80,000 figure over her entire experience in the Liberal Party and I then sent the email to Mark Neeham asking for the Party's receipts, what the Party had reported.

30

Righto. Could we just go back to - - -

THE COMMISSIONER: Mrs Hughes, the, the – could I just ask, sorry. Could I just ask that the, the Electoral Commission source of information would only be as good as those donations that had been declared?---Yes.

Right?---Yes. And that is signed off.

40

MR STEIRN: And signed off on?---Yes.

Yes?---By the Party.

Yeah. You see what you see – in fairness to you you're saying now and given the time lapse you couldn't recall exactly what was said on the first occasion you spoke to Ms McNamara that is four to five weeks before the pre-selection committee, do you agree with that?---Yeah, it was a

conversation as per usual conversations people lobbying for their, me for their vote but the fundraising part stood out because there was a definite follow up process to that that I suggested to Karen we discuss again that we both check those figures and have another discussion.

Right. But you did say earlier in your evidence and given the amount of election, selection committee which stood upon, stood on you speak to many, many candidates do you not?---Yes, I do.

10 And you raise that topic of fundraising, is that right?---Yes.

Because that's something you are interested in?---Yes.

That is the fact that they can pull their weight I suppose for want of a better word?---Yes.

Isn't that right?---Yes.

20 Yeah. And they're not a burden on head office in relation to funds?---Yes.

So the conversation you had with Karen McNamara was a conversation you would have had with many other candidates at the same time for that election?---I'm not sure whether you could say at the same time because of the situation with Dobell and the sitting Labor Member that pre-selection was held from memory and I can't recall exactly but I'm pretty sure it was held on its own, there wasn't a great number in the series as we referred the number of pre-selections so - - -

30 How many were there --- - - - I don't think at the time I would have been speaking to 15 candidates. I believe it was the only pre-selection running at that time.

And 15 candidates means 15 conversations?---No, no, no, what I was saying is at that time there was only that pre-selection running so there was only three candidates.

Three candidates?---Yes.

40 So there's three conversations?---Yes.

And you would have raised with each one of the candidates?---Yes.

But you only checked in relation to Karen McNamara, is that correct?--- Well, Karen was the only one that had previous experience managing a campaign and gave me an exact figure of what she had raised for that campaign. With regards to the others, they were not campaign managers in a recent election campaign.

But you would agree wouldn't you, that you would have to know that she was speaking to the Vice President?---Karen and I have known each other for quite a while, yes.

So the answer must be yes?---Yes.

Yes. And she would be very, very, very stupid – for want of a better word – to lie to you, do you agree with that?---Yes.

10 Because you're capable of checking those figures?---Anyone would be capable of checking those figures, yes.

You raised it squarely with her?---Yes.

So with that in mind it would be very foolish to mislead you in any way, would it not?

MR DUGGAN: I object.

20 THE WITNESS: Yes.

THE COMMISSIONER: Hang on a minute - - -

MR DUGGAN: It's circular and repetitive.

THE COMMISSIONER: Well, apart from that, apart from that I think Mr O'Mahoney might correct me if I'm wrong but I don't think that it's being suggested that, that Ms McNamara necessarily deliberately lied or mislead Mrs Hughes, I think - - -?---No.

30

MR DUGGAN: Well, that's the impression we're getting.

THE COMMISSIONER: No and - - -

THE WITNESS: No, and I thought I specifically said that Karen would not be the first or last to exaggerate their own fundraising versus what perhaps the perception was the whole campaign raised.

MR DUGGAN: Well - - -

40

THE COMMISSIONER: Mr O'Mahoney, sorry, Mr Steirn, I think we just need to cut to the chase. Mr O'Mahoney, I'm just wondering on what basis perhaps would like to make clear, on what basis those questions were put because I understood it be put on the basis that Ms McNamara, even if she was embellishing, was in fact indicating that she'd raised a lot more money than was capable of being confirmed with the Electoral Commission.

MR O'MAHONEY: Commissioner, you're absolutely correct and it was put on there being two alternate basis either they were misleading by inflation in extreme or actually what had occurred was a lot more money - -
-

THE COMMISSIONER: She had in fact raised that money, yes.

MR O'MAHONEY: - - - was raised than was declared which I - - -

10 MR STEIRN: Yes, thank you for the Commissioner.

THE COMMISSIONER: That makes it clear Mr Steirn.

MR STEIRN: All right. Can I just as a matter of fairness put to the witness what was actually said on my instructions.

THE COMMISSIONER: Yes, go ahead.

20 MR STEIRN: You see, I suggest to you that Karen McNamara did in fact read from a prepared speech.---Okay.

And you would not find that unusual would you?---No.

All right. Assuming she did, can I suggest to you this what was actually said on the night when you were present in the audience – do you understand what I'm putting?---It was a morning pre-selection but yes.

30 All right. She said this, "and I understand the importance of fundraising having played a part despite Labor's attempt to hinder funding in the fantastic achievement of raising over \$300,000 for the Wyong and Entrance Campaign." That was what she said to the audience on that night, does that ring a bell?---No.

THE COMMISSIONER: On that morning.

MR STEIRN: On that morning, I'm sorry Commissioner.---No, I recall the figure of \$100,000 because it particularly peaked my interest after the conversation we had had on the phone.

40 And what she's really doing in a political sense I suppose she's - - -?--- Sorry, Mr Steirn, if I can say, if she said \$300,000 it would have peaked my interest even further and as I said to you it was, you know, a number of years ago and I would have hoped the discrepancy wouldn't have been between \$12,000 and \$300,000.

We're going to come to the \$12,000 if we have to but you see she used these words "having played a part," not saying that she raised the full amount, she

played a part in raising the larger amount – do you understand the difference?---Ah hmm.

Pardon?---Yes I do.

Yes. And if that's so, what she's really doing is embellishing her role as a fundraiser, correct?---Potentially, yes.

10 Yes. Indicates she can pay her own way, so to speak?---You would then be assuming that The Entrance campaign had declared \$280,000 of which I can assure - - -

No, no, no.---?- - -because if \$300,000 was raised in the speech as was claimed, you know, if that was what was written in Karen's speech it was a number of years ago and my recollection of the figures are \$80, \$112 – if Karen's speech said that \$300,000 was raised for the Wyong and The Entrance campaign, that would then make the assumptions that The Entrance campaign raised \$280,000 and I can assure you that that was not the case.

20

Yes. That's what, on my instructions, that was what was said, do you understand that?---I - - -

Yes. Now you said something about \$12,000, just tell us again where you got that figure from?---To the best of my recollection and I don't have a copy of the email anymore, that the email forwarded to me - - -

30 By whom?---That was forwarded to me by Mark Neeham that was sent to Mark via, from Simon McInnes was that the figure of receipts that were declared from the Wyong campaign were \$11,800 and something, I can't recall for the best of my recollection is was less than \$12,000.

I won't take you to the document but if you were truly concerned about the actual amount - - -?---Mmm.

40 - - - it was open to you if you thought it necessary or concerned about it to go to the source document, that is the return from the Wyong branch and see what was actually declared.---I didn't need to go and do that, I assumed Karen had just over-stated what she had raised and said to her that we should discuss that prior to the pre-selection which we never did.

All right. And can I suggest to you that if you had checked the figure the Wyong branch and Wyong branch only had in fact raised \$27,768.04.---Okay.

MR WATSON: No, I object to that. I think my learned friend will find if he looks that's a figure which incorporates money sent by the Liberal Party of New South Wales back to Wyong branch.

THE WITNESS: That doesn't ring a bell that figure but I cannot recall the exact figure.

MR STEIRN: Yes, it includes the branch donation, yes. Thank you.---
Right.

Thank you Commissioner.

10 MR WATSON: I think my learned friend will find that the actual figure raised was \$11,082.04.

THE WITNESS: Thank you.

THE COMMISSIONER: Anyone else have any questions, Mr Conditis?

MR CONDITSIS: Thank you Commissioner. Ms Hughes, I represent Mr Christopher Spence.---Okay.

20 The head office of the Liberal Party obviously has a bank account in respect of which it receives donation, presumably the head office would bank the money into that account, correct?---I would assume so, yes.

And I think you said in your evidence that conferences or some conferences you're aware have their own bank accounts?---Yes.

And that would be common - - -?---Yes.

30 - - - for, I'm not suggesting every conference but for many conferences?---
Many conferences have their own - particular those that are planning to run campaigns would have their own fund raising accounts.

And you would know that in, when a conference is first opened up, if I could use that expression, head office gives an authority to any bank account that's opened by that conference to deposit money received and made out, for example, cheques made out to the Liberal Party to deposit into each individual conference?---I believe we have a system now through one we bank and we encourage all of our conferences to bank with one particular bank and that there is one sort of central account and there's now an accounting mechanism so - - -

40

And that bank's Westpac?---Yes.

And that was the position particularly in 2010, correct?---I can't recall if it was in place in 2010.

All right. It may have been?---It may have been it may not have been.

So just to be clear, assuming present purposes that that was the system in place in 2010 there'd be nothing unusual for any particular conference that had a bank account to have received a cheque made out to the NSW Liberal Party to bank it in that particular conference's bank account, correct?---I don't know, the conferences I'm involved with don't have bank accounts and any fund raising I do I send straight to head office so I'm not sure what the process is, I have never tried to bank a cheque in the conference account
- - -

10 I'm not asking you that - - -? ---I don't know then, I can't tell you.

It's a matter of common sense isn't it?---Well, if the name is in some other account, if they're putting it into an account with a different name I wouldn't have assumed they could bank that cheque, so I'm not sure.

But you would know, wouldn't you, that the conference bank accounts, those that do have bank accounts are open, for example, let's say for example, The Entrance, it would be The Entrance and then referring to that particular local conference and that would be, that's how the bank accounts were commonly opened, would you agree with that?---I don't know.
20

In any event, what you are aware of though, is whenever this system was in place that there was an overriding authority from head office to Westpac to enable the local conferences to bank cheques in their conference accounts made out to the NSW Liberal Party, correct?---I could be wrong but my understanding is that it is one account and that there accounting mechanisms are online for each individual conference. I don't understand it to be individual accounts.

30 All right. Perhaps we're at cross purposes. All I'm seeking to have you confirm or disagree with me that if a local Conference received a cheque made out to the NSW Liberal Party it could bank it in that particular bank account whether it ended up being under one umbrella or not, correct?---I don't know. I, I can't confirm or deny that categorically.

Well, could I just ask you this, you say you were the Vice President in 2010?---Yes. No, 2011 I think I was elected.

40 Well, well, all right, but you served on the, you were serving in 2010 on the Finance Committee weren't you?---No, I wasn't. I've never been on the Finance Committee.

Sorry, what, what, what - - -?---I'm on the State Executive - - -

I beg your pardon?--- - - - and the State Executive is a very different body from the Finance Committee.

So do you say the State Executive, as a member of the State Executive in 2010 it would not have been within your knowledge as that serving member of that committee to know whether a local Conference could bank a cheque in a bank account a cheque being made out to the Liberal Party?---Ah, we have 600 individual bodies of the organisation and I don't know the ins and outs of the names of every organisation and I certainly don't, I don't know whether or not the cheques were written out, the hypothetical cheques you're talking about, I, I can't say, I don't work for the bank nor do I sit on the Finance Committee.

10

And perhaps just for my purposes, forgive me if you've answered this question, I just want to be clear about it in my own mind, you are conceding aren't you that head office would authorise or give its consent through Westpac to enable local branches to deposit cheques made to the Liberal Party in their, in those particular bank accounts, correct?---The assumption through our new accounting software would be that the branch could then account for it through its own software which then goes into the head office so the electoral funding reports can be done. Whether or not the Central Coast had that account set up I don't know. Mr Spence is The Entrance, I don't know whether they had that set up.

20

I think you've answered the question?---Yeah. I don't know, sorry.

MR STEIRN: Commissioner, can I just correct a statement I made in relation to a draft speech?

THE COMMISSIONER: Yes.

MR STEIRN: Yeah.

30

THE COMMISSIONER: You'd better.

MR STEIRN: Thank you.

Ms Hughes, what I put to you earlier was not the final draft of the speech read by Ms McNamara, do you understand?---(No Audible Reply)

I'm just going to put to you what I understand was a - what she gave on the night?---Okay.

40

I'll read it to you. She in relation to funding these words, quote, "I understand the importance of fundraising. It was a fantastic achievement raising over \$300,000 for the Wyong and Entrance campaigns." That's what she in fact said on the subject on the night. Does that ring a bell? ---It doesn't specifically.

And you were asked a question, words to this effect, that the funding disclosure showed some \$12,000 only I think you said?---Less than \$12,000.

Less than \$12,000?---And Mr Watson's confirmed it was 11,000.

And you couldn't recall Ms - - -

10 MR O'MAHONEY: Just to be clear, Commissioner, just to be clear my friend might not have heard what Mr Watson said earlier, the actual amount
- - -

THE COMMISSIONER: 11,082.

MR O'MAHONEY: Yes, just over \$11,000.

MR STEIRN: Oh, thank you.

20 And you could not recall what she said in reply but see if this jobs your memory?---Ah hmm.

Ms McNamara said words to this effect, that I can account for the moneys receipted through the Wyong account, the balance went through the Terrigal account and that was her answer roughly?---It very well may have been, I can't recall.

You don't dispute that do you?---I don't dispute it, I don't agree, I don't know.

30 Thank you.

THE COMMISSIONER: Anyone else have any questions of Mrs Hughes before we ask Mr Duggan if he wants to ask any questions? Yes, Mr Duggan.

MR DUGGAN: No, Commissioner, I no longer need to ask any questions.

THE COMMISSIONER: Oh, right. Nothing arising, Mr O'Mahoney?

40 MR O'MAHONEY: Nothing arising.

THE COMMISSIONER: Thank you, Mrs Hughes, you may step down?
---Thank you.

You're excused.

THE WITNESS EXCUSED

[2.54pm]

MR WATSON: I'll call Karen McNamara if I may, Commissioner.

THE COMMISSIONER: Ms McNamara, has the effect of a section 38 order been explained to you?

MS McNAMARA: Yes, it has.

10 THE COMMISSIONER: Yes, you appreciate that the order prevents the use of your answers against you in civil or criminal proceedings but it does not protect you from prosecution for an offence under the ICAC Act if you've been found to have given false or misleading evidence, you understand that?

MS McNAMARA: Yes, I do.

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

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

THE COMMISSIONER: Do you wish to be sworn or affirmed, Ms McNamara?

40 MS McNAMARA: I'll be sworn.

THE COMMISSIONER: Thank you.

MR WATSON: Are you Karen McNamara?---Yes, I am.

And you're the Member for Dobell?---Yes, I am.

Now you would have heard obviously Mrs Hughes give her evidence?
---Yes.

10

Well, she says that about four or five weeks before your pre-selection for the seat of Dobell that she had a conversation with you regarding fundraising, did you hear her say that?---Yes, I did.

20

And she said that during that conversation you had said that you'd raised \$80,000 during the campaign for Darren Webber in the seat of Wyong. Do you remember Mrs Hughes saying that?---I don't specifically recall all of the conversation by I do remember having the conversation with Hollie in regards to moneys raised for the Wyong campaign and I do recall saying that \$80,000 had been raised for the Wyong campaign.

Well, do you remember Mrs Hughes saying well, that's incredibly high?
---Yes, I do.

And it was incredibly high wasn't it?---At the time the \$80,000 was the amount that I had been advised had been raised for that campaign.

30

Well, I'll ask my question again. It was incredibly high wasn't it?---It's not unusual for that amount to be raised for a campaign.

I'll have a third go. It was incredibly high wasn't it?---No, it's not unusual for that amount to be raised for a campaign.

I'm talking about the seat of Wyong. It was incredibly high wasn't it?

THE COMMISSIONER: For the seat of Wyong, that's what's being put to you?---For the seat of Wyong, for \$80,000 for a campaign, it's not a lot of money.

40

MR WATSON: But I'm not talking about what is or what is not a lot of money, I'm talking about your claim that you'd raised \$80,000?---I didn't claim that I raised that money, I have never claimed that I was in charge of fundraising.

Well, were you taking credit for it?---No, I was asked how much had, it is my recollection how much had been raised for the seat of Wyong.

And you said \$80,000?---And that is the amount that I had been advised at the time had been raised for the seat of Wyong.

That sum as you now know is incredibly high?---I don't follow why you're saying that's incredibly high.

I don't follow why you won't answer that question?---I'm sorry, no, I'm sorry, Commissioner, I don't - - -

10 THE COMMISSIONER: Do you not agree that it was not incredibly high from the point of view of historical levels of fundraising in that seat?--- Sorry, sorry, I do understand what you're saying now, I do.

You accept that?---I accept that in relation to previously on campaigns in regards to Wyong that was a large amount that had been raised for a campaign in Wyong.

MR WATSON: That wasn't just incredibly high on a historical analysis, it was incredibly high to what really happened, that's the fact isn't it?---No, 20 it's not.

Well, have a look at this document. Do you see that this is a financial disclosure - - -?---Yes, I do.

- - - for the period 1 July, 2010 to 30 June, 2011?---Yes.

Taking in neatly the March 2011 election?---Yes.

And there's a declaration, do you see that?---Yes, I do. 30

And I won't read the whole of it to you but your signature appears there at the bottom left-hand side of that declaration doesn't it?---Yes, yes, it does.

And the declaration required you to state the truth didn't it?---Yes, it did.

And it required you to disclose accurately the money which had been raised, is that right?---Yes.

Did you sign this knowing that you were bound to tell the truth?---Yes. 40

Did you sign it only after carefully checking the facts to make certain that what you were saying was true?---Yes. And may I add- - -

No?---No.

That's sufficient. Now, if you go through the document and you go to the second-last page, we can see that the total receipts declared for that year,

excluding internal transfers or internal New South Wales Liberal Party transactions was \$11,082.04?---Yes.

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

Is that your handwriting?---Yes, it is.

So you knew at the time you made this declaration that the total receipts for the year ending 30 June, 2011, were \$11,000?---Yes.

10

When did you make the declaration?---The declaration was made in approximately August um- - -

Of 2011?---2011.

So you knew the truth well and truly long before you ever had a conversation with Hollie Hughes, didn't you?---In regards to the moneys that went through the Wyong SEC account.

20

All right. So are you saying that this is somehow incomplete, that it doesn't include other money?---Other moneys, when I became the campaign manager I was advised that the accounts and the fundraising was being centralised through Terrigal.

Who told you that?---Darren Webber.

And tell me, when you signed this disclosure as to the information in respect of Wyong, are you saying that it was anything less than true and complete? ---I am saying that this document on behalf of Wyong SEC account is true and correct.

30

All right. So you're saying that there's a whole heap of money for the Wyong campaign which is somewhere else?---I have been advised that went through the Terrigal SEC.

Who advised you of that?---Darren Webber and Christopher Spence.

All right. So we would find, what, \$100,000 in those other accounts which were attributable, you say, to the Wyong campaign?---You should.

40

All right. Have you looked for that?---I haven't.

Do you know whether what they told you is true?---At the time I had no reason not- - -

No. You tell us now, do you know whether what Webber and Spence told you is true?

MR STEIRN: I object to that because it's ambiguous.

MR WATSON: I'll make it clear. Have you done anything – sorry, I withdraw that as well. You do know we're holding an inquiry here?
---Yes, I do.

You've known for a few days you're coming along?---Yes.

10 What have you done to ascertain the facts in respect of that matter you just asserted?---I have ensured that the Wyong SEC disclosure that I put it in is correct and accurate, I've gone through that. In relation to the other facts I go by, at the time I was advised by Christopher Spence and Darren Webber that the moneys went through the Terrigal SEC account.

Yes, you must have misunderstood me. I'm trying to get at this. What have you done to ascertain whether what Spence and Webber told you was true?

20 MR STEIRN: I object to that too because what's being put in the pejorative sense that she had some sort of duty to find out.

THE COMMISSIONER: Look, that's not being suggested, she's just being asked has she done anything, either by way of getting access to the Terrigal SEC accounts or by speaking to Webber and Spence, to ascertain whether what they told her back then was in fact the case.

MR STEIRN: Well, how does that- - -

THE COMMISSIONER: She can be asked that, can't she?

30 MR STEIRN: I'm sorry, Commissioner. How does that assist you, Commissioner, at the end of the day as to how it's relevant? She says she's advised, she's entitled to assume at that stage that she was told the truth. Why does she have a duty now as Counsel Assisting is now putting to make further inquiries?

40 THE COMMISSIONER: I don't, it's not being put on the basis that she has a duty, it's being put on the basis that she, I'm assuming, may have accepted it without making any reasonable inquiries as to the truth of the assertion. Anyway, we'll get there, Mr Steirn.

MR STEIRN: Well- - -

THE COMMISSIONER: We'll get there. Go on, Mr Watson.

MR WATSON: Ms McNamara, what have you done to ascertain whether what you were told by Spence and Webber was true or not?---Since they originally told me?

Yes?---Yes. I haven't done anything.

Did you know that this inquiry is looking at whether there were off-books moneys used by Spence and Webber in their election campaigns?---Yes.

And you're telling us that you are aware of something like \$100,000 which doesn't figure in your certified accounts?---Correct.

10 And you have done nothing to ascertain whether or not what Spence and Webber told you is true or false?---I haven't spoken to either Mr Webber or Mr Spence because they are persons of interest and I didn't think it was appropriate for me to contact them or talk to them.

Well, you wouldn't have to contact them, would you, couldn't you contact the Liberal Party and ask them to show you what was declared in respect of the Terrigal SEC?

20 MR STEIRN: Well, I object to that because that wasn't even put to Ms Hughes. No one suggests to Ms Hughes that she should check the records. She also- - -

THE COMMISSIONER: Mr Steirn, we're going to be here for a long long time- - -

MR STEIRN: Well, I know that.

30 THE COMMISSIONER: - - -if you keep doing this because these questions, as I said, I've said a number of times, this is an inquiry. We don't know what the witness is going to say and sometimes funnily enough, sometimes the answers give us another line of inquiry and that's why we ask the questions.

MR STEIRN: Commissioner, the reason I'm on my feet is for this reason. That line of inquiry was never put to Ms Hughes as to what steps she took to check for example what Simon McInnes told her.

THE COMMISSIONER: It doesn't need to be put to Ms Hughes. If Counsel doesn't want to put it to Ms Hughes, he doesn't put it.

40 MR STEIRN: But it creates- - -

THE COMMISSIONER: It's what, he's putting it to this witness.

MR STEIRN: It creates a suspicion in a public inquiry which is not borne out by the objective facts of what this lady is saying.

THE COMMISSIONER: Look, Mr Steirn, there's lots of suspicions in public inquiries and we don't know what the facts are until they've over and

we don't know what findings are going to be made until all the evidence is in, but that's the nature of the inquiry. Now, Mr Watson, please proceed.

MR WATSON: Now, how much did Spence and Webber tell you was in the Terrigal SEC account?---They never told me how much was in the Terrigal SEC account. They advised me that over \$300,000 had been raised for the Wyong and also The Entrance accounts. They didn't specifically tell me the balance of the account.

10 So you don't even know whether that's true or whether that's false?---No, I don't know.

I tender that declaration, Commissioner.

THE COMMISSIONER: Yes. That declaration will be Exhibit S49.

20 **#EXHIBIT S49 - LIBERAL PARTY OF AUSTRALIA (NSW DIVISION) FINANCIAL DISCLOSURE RETURN FOR THE PERIOD 1 JULY 2010 TO 30 JUNE 2011**

MR WATSON: When Hollie Hughes said to you , "That's incredibly high," she followed it up with this. She said to you, Ms McNamara, that, "We should both look into the figures." Remember her saying that?---Yes.

Why didn't you do that?---I went back and I spoke with Darren Webber in regards to how much had been raised.

30 Well, was it just Webber or was it Webber and Spence who told you this information?---It was originally Webber and then later Spence.

That must have given you a surprise that there was so much money which was being recorded in the SEC account of Terrigal?--- Yes.

40 And where was this money got from, what were the functions which led to what looks like at least \$100,000 being banked by Mr Webber into some foreign SEC account?---I was advised that it was a series of fundraising dinners in Sydney that was raising money which would be – the profits would be distributed amongst the Central Coast campaigns.

Who told you that?---Darren Webber and Chris Spence.

Well, you were the campaign manager?---I was the campaign manager for operational purposes, I was not there for the fundraising.

But you were President of the branch?---No, I was President of the SEC after Darren Webber resigned.

Are you saying that as campaign manager and as President of the SEC branch you weren't invited to these fundraisers?---No, I wasn't invited to the fundraisers.

Does that give you a bit of a surprise?---No.

Did you see any advertising guff in respect of these series of dinners in Sydney?---No, I didn't.

10

What evidence do you have that there were any such dinners?---Only verbal from Chris Spence and Darren Webber.

And so did it come as a surprise to you as campaign manager that there were apparently multiple Sydney-based fundraisers for the seat of Wyong?---It was a collective fundraiser for all of the seats on the Central Coast.

Well who was organising these dinners?---I believe through Darren Webber and Chris Spence and Chris Hartcher.

20

And are you saying that your candidate Darren Webber was organising fundraising dinners in Sydney and not telling you?---That's correct.

And what was it, a secret that he was organising fundraising?---No, it wasn't a secret it was just Darren is not a very good communicator.

Well a very poor communicator. Weren't you working with him fairly closely during that period of time?---No, I wasn't because I was working full-time and working on the campaign part-time and - - -

30

Sometimes at night would you see that he just went missing?---Yes.

What, just down to Sydney for a fundraiser - - -?---No.

- - - to which you were neither invited or of which you were never informed?---I, I had no idea where Darren was.

But you see you look at that now and you've got to say this you say hold on that, that stinks that can't be right. Don't you agree with me?---I agree but the - - -

40

Well what was wrong with your nose at the time?---There was nothing wrong with my nose at the time. At the time Darren kept to himself, he was a difficult candidate to work with and I was there to do the operations on the ground work of that campaign.

All right. Well, and your - - -

THE COMMISSIONER: When you say, sorry, when you say he was a difficult candidate to work with was he the only candidate that you had to work with for the purposes of your job, your, your duties?---Yes, yes, Commissioner.

So this is Darren Webber we're talking about?---Yes, yes.

So he was your primary responsibility - - -?---Yes.

10 - - - in effect?---Yes, he was.

And when you say he was difficult to work with what, can you just tell me what were expected to do as campaign manager for and with Darren Webber?---It was um, the operations side of the campaign which street stalls, railway stations, door knocking which was very important to the campaign and it was actually getting Darren out there to actually do, physically do the work.

20 So this was, this was you organising the, the kind of meet and greet stuff around, around the seat?---The meet, yes, Commissioner.

And when you say he was a difficult candidate to work with do I take it that he was loath to turn up to do any of these things that you'd organised?---Yes, Commissioner.

Right.

30 MR WATSON: Well tell me what you think today, do you think what you were told by Spence and Webber was true?---No.

Do you think they lied to you?---Yes.

And do you think that they lied to you and what they had was a secret slush fund?---I don't know about a secret slush fund.

Well where does the 300 grand come from?---Well they can answer that.

Well I'm asking you?---Well I don't know.

40 Well I've got to show you another document then. Would you look at this and tell me whether this is the copy of your pre-selection pitch to which you spoke on the occasion of your candidacy?---Yes.

And I won't go through the detail of it, I notice it quotes Bob Menzies and quotes I think somewhere Ronald Reagan and then just towards the end there's this statement last page, "I understand the importance of fundraising, it was a fantastic achievement raising over \$300,000 for the Wyong and

Entrance campaigns.” Did you know that people were when considering your candidacy relying upon the accuracy of what you had to say?---Yes.

You did nothing to ascertain the accuracy of that statement did you?---I took it on what Chris Spence had advised me at the time when Chris told me it was 300,000 and I said is that absolutely correct Chris he said and it went through the Terrigal SEC, I had no reason to doubt him at the time.

10 Well why then could you possibly take any credit for this if your knowledge was that under stewardship only \$11,000 had been raised?---I’m not taking credit for it.

I wonder why then you’ve got as a highlighted part of your speech these words, “I understand the importance of fundraising, it was a fantastic achievement raising over \$300,000 for the Wyong and Entrance campaigns.” Were you just saying that as just a general item of interest of people out there?---Yes.

20 I see. So you weren’t saying that as part of your pre-selection pitch?---No. I was a great achievement, I was saying it was a great achievement of raising over \$300,000 I didn’t say I raised that 300,000.

That’s thoroughly misleading isn’t it? The person listening to that would assume that you were claiming the achievement for yourself wouldn’t they? ---Depends how people interpret it.

And you set out to create a misleading statement - - -?---No.

30 - - - one you could subsequently defend on an occasion perhaps like this?---I don’t agree.

Well then why did you set it out, why didn’t you say look under my stewardship we raised over \$11,000 at Wyong, why didn’t you boast about what was true?---Right.

Why didn’t you boast about what was true?---Because I had assistance with the pre-selection speech, Chris Spence helped draft the speech and he was the one who advised to put that in.

40 But you’ve got the final say so whether something you’re going to read to an audience of pre-selectors is true or false don’t you?---And at the time I believed it to be true, the 300,000 to be true.

But it’s quite misleading, it’s claiming for yourself that achievement, isn’t it?---No, it’s not. It says it was a fantastic achievement, it was a fantastic achievement for everyone on the Central Coast.

But that would be a bit like saying it was a fantastic achievement for somebody to raise money in South Australia wouldn't it?---No, it was a fantastic achievement for the pre-selectors who were there in the room from the Central Coast.

I tender that copy of the speech.

THE COMMISSIONER: Exhibit S50.

10

#EXHIBIT S50 - SPEECH PREPARED BY KAREN McNAMARA FOR PRE-SELECTION DATED 2011

THE COMMISSIONER: Ms McNamara, was this the first time that you had stood for pre-selection?---No, it was the second.

Thank you.

20

MR WATSON: At the pre-selection meeting itself Hollie Hughes questioned you and told you that she had confirmed that the funds raised were under \$12,000, do you remember her saying that?---Yes, I do.

Well surely at that point you set everyone straight in the room, did you not?
---I did.

So you actually admitted did you that under your stewardship only \$11,000 had been raised, did you?---Ms Hughes asked - - -

30

I think you should answer my question - - -?---Okay.

- - - unless the Commissioner let's you off the hook.

MR STEIRN: I object to that. Might the witness develop her answer then see whether it's answered properly.

40

MR WATSON: Go for your life, Ms McNamara?---Ms Hughes asked about the discrepancy between the 11,000 odd dollars and the 300,000 that I had claimed as being raised collectively I advised to the audience at the time that a decision had been made earlier in the campaign to centralise the actual fundraising and that was through the Terrigal SEC, so to account for all the money you would have to look at the Wyong SEC bank accounts, sorry, Wyong um, SEC statement um, financial disclosure, The Entrance financial disclosure and the Terrigal SEC financial disclosure.

So you mentioned that at the time?---Yes, I did.

And even though this had been a pressing issue you have never yourself to look at those results, is that what you're telling us?---That's correct.

You know that they disclosed nothing like \$300,000 don't you?---I have - -
-

MR STEIRN: When, I object to that, when?

10 THE WITNESS: I have no knowledge whatsoever of what they disclosed.

MR WATSON: You don't have any knowledge, even today?---No.

Right. Well - - -

THE COMMISSIONER: So, sorry, can I just confirm, Wyong, Terrigal and The Entrance was it?---The Entrance, yes, Commissioner.

20 MR WATSON: Now do you remember Mr Alan Hayes from the Australian Coal Alliance?---Yes, I do.

Now he was a fellow who could bring along some supporters to the Barry O'Farrell fundraising dinner?---Yes.

You did know about that dinner?---Yes, I did.

All right. And you asked him whether he could do such, organise people to come, you agree with that?---Yes.

30 Where were when you had this discussion with him?---I can't recall specifically where the conversation took place.

But you - - -?---I do, I do recall having a conversation, it could have been over the phone.

All right. But you do remember having a discussion on that very subject? ---Yes.

40 And he said well look I can't organise them but what I can do is get the secretary of the ACA to send out a notice, do you remember that?---Not specifically but I'm not disputing it.

Words like that?---I'm not disputing it.

And you then asked him if he could organise it to make the cheque out to Darren Webber didn't you?---That is a lie.

That's a lie is it?---That is a lie.

Well, you see it would be a really bad thing if you'd done that, wouldn't it?--Absolutely, it's not correct.

That would be an electoral fraud, wouldn't it, is that right?---Well, I don't know if it's electoral fraud but it's just not done, you do not make money out to candidates.

Well, because it would be an electoral fraud, wouldn't it?---I don't think it's a fraud, you just don't make money out to candidates.

10

Why not?---Because it's not proper, it's not correct.

Because it's an electoral fraud?---Well, if you're saying it is then.

Yes, it is. If you're raising money on behalf of organisation A but you then direct the funds to person B, it's fraud in anybody's language isn't it?---(No audible reply)

20

You did that, didn't you?---I did not.

And the point is you wanted the money available to use locally on Webber's campaign?---I did not.

You know that on Webber's campaign there was quite substantial spending on advertising?---Yes.

On poster's and signs, those Corflutes or whatever they're called, there was a lot of spending on that?---Yes.

30

There was advertising in bus shelters?---Bus shelters, yes.

There was a thing that I put, stickers or decal's on the side of cars and drove around the suburb?---I don't recall those.

Was there advertising in the local paper?---I don't recall advertising in a local paper.

40

There was a lot of money spent on Webber's campaign, could you give us a rough estimate of how much?---Well, according to Chris Spence and Darren Webber there was over \$300,000 spent on both campaigns.

That's a massive amount of money compared to the historical experience of spending on seats like Wyong or The Entrance, isn't it?---Yes, it is.

Completely out of proportion to anything which had ever been experienced before?---Yes.

Previously – sorry.

THE COMMISSIONER: Was this, sorry, I just want to clarify. Was this more than \$300,000 spent just on Terrigal?---No, Commissioner, I was advised it was spent on the Wyong and The Entrance campaign.

The Wyong and Entrance?---And Entrance campaigns.

MR WATSON: So you saw the impact of this spending of that kind of order, \$100,000 in the seat of Wyong, didn't you?---Yes.

10

A previous typical local campaign would have had spending in the order of \$10,000 to \$15,000 correct?---I don't know I wasn't part of those campaigns.

But you have some rough idea having yourself been a candidate for pre-selection an elected politician, you must have some idea about the sort of spending on local campaigns?---I do now, after I've been in my own campaign.

20

Well, using your experience now, you know that what I've said is right, that about \$10,000 to \$15,000 would be expected to be spent upon a State Election Campaign?---Not necessarily, no.

Not necessarily, of course no. The point is, generally speaking, yes, don't you agree?---Well, it depends on how much they raise and that they can spend on their campaign, the more money available the more they're going to spend.

30

But that's my point. Putting aside this anomalous experience of Mr Webber in Wyong, the seat of Wyong would never have seen spending like this, I'm right aren't I?---Correct.

So didn't that make you a wee bit suspicious?---I spoke to Darren Webber about this and he advised me that it was coming through Terrigal.

You must have misheard me, I was asking you, didn't this make you a little suspicious?---Yes.

40

So what did you do to follow up upon your suspicions?---I spoke with Darren Webber who advised me it was coming through Terrigal. I also spoke with Rod Bosman who came in from Sydney to oversee the Hunter and Central Coast campaigns.

And what did Mr Bosman tell you?---That it was going through the Terrigal SEC.

So Mr Bosman was aware of this arrangement where this money was going through the Terrigal SEC?---Yes.

Is that typical that you would have these three separate seats, Terrigal, The Entrance, Wyong and instead of banking the money in the local seat, the seat itself, you'd would send it through some other seat, is that typical?---I hadn't heard of it before but this was the first time I'd become involved in a state campaign and I was told that was the way that it was operating.

Who told you that?---That was Darren Webber, Chris Spence and Chris Hartcher.

10

And what about Mr Bosman?---I can't recall what Mr Bosman at that stage.

Did Mr Bosman come from head office?---Yes, he did.

So head office, you say, had approved the arrangement where the funds were being channeled through the central Terrigal SEC account?---I'm not away if they approved it.

20

Well, you told by the representative of head office that it was the way that the funds were being arranged, is that so?---Yes.

Did Mr Bosman confirm with you the figures we've been speaking about?--
-No, he didn't confirm the figures.

What did he tell you was available for spending?---He didn't.

So when you got a bill from say, the person who prints sign, how did you pay it?---I never received those bills.

30

Well, as campaign manager, you must have known there would be bills?
---Absolutely.

Who was receiving them?---Darren Webber and they were being paid through Terrigal.

So you did know that there were bills coming and that they were being organised by Darren Webber to be paid through Terrigal?---The bills for the signs were before I commenced on the campaign.

40

But you did know, did you, at the time that the price of those signs had been paid through this Terrigal account?---Yes.

And did the Terrigal account have a cheque book?---I don't know.

Who could sign cheques on it?---I don't know about the Terrigal cheque book.

Well, were any expenses met locally?---Yes there were.

You see, the effect of this would be that it could subvert the declaration process if the money collected for one seat was declared in another seat, don't you agree?---Well, it would be up to Terrigal to declare all the monies they expended and then - - -

You must have misunderstood me - - -

MR STEIRN: Let her finish the answer.

10

MR WATSON: You see, wouldn't this be a means of subverting the Electoral Funding requirements if money from one seat was diverted into the accounts for another seat?---I don't believe so because the money would have to be accounted for through the Terrigal return which would then to the Electoral Funding Authority.

I'll tender that speech, I think it's already been marked Commissioner, is that right, I'm sorry, yes, it's Exhibit S50.

20

THE COMMISSIONER: It's tendered as Exhibit S50.

MR WATSON: Well, could you return that Ms McNamara and I'll show you yet another document. This is a document which has been produced on your behalf and you'll see that it sets out \$27,000 in spending in the Wyong accounts.---Yes.

This is the whole of the spending on the Wyong campaign which went through the local Wyong account. Is that right?---This is for that financial year the money that went through for the local Wyong.

30

What I really want to focus on is this, do you see the reference to Australian Decal sales?---Australian Decal Sales.

It's the seventh item?---Yes, yes, I do.

What were the circumstances in which that particular firm was retained?---That actually came through the head office, the Liberal Head Office for payment on that one.

40

What do you mean by that, I don't understand – it was a bill from Australian Decal Sales was there?---Yes, so the Australian Decal Sales, that would be requisitioned by the Liberal Party campaign in Sydney.

And who, who would be the person responsible for doing that?---The lady's name is Lisa Marie Shell.

And so they commissioned it at head office and they paid it at head office, is that it?---Well, what happened, they, we raised direct, they, they, they issued

the purchase order and then for the payment – for us to give authority for the head office to take the money out of the account we had to raise a requisition.

All right. With head office?---Yes.

And so, do you know any problems or particular issues which arise in respect of Australian Decal Sales?---No, I don't.

10 I'll tender that document, thank you Commissioner.

THE COMMISSIONER: Yes, Exhibit S51.

#EXHIBIT S51 - WYONG SEC BANK ACCOUNT CREDITS AND DEBITS (PERIOD 5/11/10-29/04/11)

20 THE COMMISSIONER: Ms McNamara, can I just ask you, you were the campaign manager for Mr Webber?---Yes.

Is it somewhat unusual for the candidate himself to receive all the invoices and pay them?---Yes, Commissioner.

I mean normally a candidate would want to be free to actually do the kind of, you know, kissing babies, turning up at bus stops, that kind of thing, they're not normally - - -?---Yes.

30 - - - concerned with paying invoices for campaign expenses are they?
---That's correct.

So would the campaign manager normally do that?---Ah, the treasurer, the treasurer was actually responsible for all of the payment, for the invoice payment.

And there was a treasurer on your campaign?---Yes, Commissioner.

40 But that person was not receiving the invoices?---He received some, he lost some and then we had become frustrated because he couldn't find some.

So the majority of them went straight to Mr Webber?---Correct.

Right.

MR WATSON: Sorry, what do you mean he lost some?---The, the treasurer couldn't locate some receipts. Ah, not receipts, sorry, invoices.

Who was the treasurer?---Andrew Ferrari.

Mr Steirn has asked me to tender a bundle of documents produced on behalf of Ms McNamara and I'll do so.

THE COMMISSIONER: Yes, thank you.

MR WATSON: They include other documents that I have tendered but I thought it would be better to give intact the whole bundle.

10 THE COMMISSIONER: Right. So Exhibit S51 is the decal invoice and Exhibit S52 is a bundle of documents.

**#EXHIBIT S52 - BUNDLE OF DOCUMENTS TENDERED BY
LEGAL REPRESENTATIVES FOR KAREN McNAMARA**

MR WATSON: Thank you.

20 THE COMMISSIONER: Now, anyone want to ask any questions of Ms McNamara?

MR FERNAN: Yes, Commissioner, Mr Fernan for Mr Webber.

THE COMMISSIONER: Yes, Mr Fernan.

MR FERNAN: Ms McNamara, it's the case isn't it that the seat of Wyong in the 2011 election was identified as a key seat for the Liberal Party to win in that election?---Yes, that, that is correct.

30 And what was the effect of a seat being identified as a key seat as far as funding was concerned?---It allowed the actual campaign to purchase what they call a key seat package.

What did the key seat package consist of?---It consisted of additional marketing material , campaigning material, extra Corflutes, so, so it was like you pay a certain amount but you get in return a lot more value in return.

40 And do you know what the value of that return was for a key seat?---I can't recall for the State Election at the time how much it was.

Does the figure of \$95,000 for each key seat a figure that sounds familiar?---That, that does sound familiar.

And so is this the case, that if a seat raised a certain amount of money locally it could then report that to the central secretariat within the Liberal Party and that key seat package was something that could be acquired for that amount of money that was raised?---Yes, that is correct.

And do you recall what the amount of money that had to be raised locally was for the purposes of obtaining that key seat package was?---I don't recall the exact amount but the, the figure of \$35,000 does ring a bell but I'm not saying that is the actual amount, I can't recall.

THE COMMISSIONER: Sorry, could I just clarify, maybe I'm, I'm not following this. It was declared a key seat because - for strategic reasons, it had nothing to do with the fundraising, it was just declared a key seat?
---Yes, Commissioner.

10

And then that entitled the key seat to an additional \$95,000 worth of marketing material but in order to get that you had to raise \$35,000?
---Correct.

Right.

MR FERNAN: And is it also the case, Ms McNamara, that the seats of Gosford and The Entrance were also identified as key seats in that State Election?---Correct.

20

And the only seat not being identified as a key seat is that of Terrigal, being that held by Mr Hartcher already?---Correct.

In other words the seats that have been identified as key seats were seats that were not then held by the Liberal Party, is that right?---Correct.

And in fact the seat of Wyong had never previously been held by the Liberal Party at all?---Correct.

30

And is it your understanding or do you have any knowledge, Ms McNamara, as to how that funding for the key seats was administered for Gosford, whether it was done collaboratively or collectively for each of the four seats in, in the Central Coast area or were they done independently?---I believe it was done collaboratively.

And was it also, do you know, sorry, was it done collaboratively through the Terrigal accounts?---Yes.

40

As far as you're aware?---As far as I'm aware, yes.

And is it also the case, Ms McNamara, that the fundraising that you were involved in was also done collaboratively for each of the seats on the Central Coast?---I wasn't involved in that fundraising but I was advised that's where the fundraising was occurring.

Namely all the four seats were collaborating together for the purposes of fundraising for the purposes of the Central Coast campaign?---Yes, that is correct.

And you're aware of something called a donee Conference in relation to the seat?---Yes, I am, yes.

And is it the case, Ms McNamara, that the Wyong seat was provided with something called a donee Conference?---That's correct.

And was that donee Conference the Conference of Davidson?---Yes, it was.

10 And can you explain to the Commission what the role of a donee Conference is?---The role is to, Commissioner, the role is to support the, the marginal seat, which is Wyong, to provide support and also financial assistance too.

And the support that was provided was you say by, by provision of money but also the provision of people as well who would provide - - -?---People.

20 And, and the Conference of Davidson you understand involved the suburbs of Roseville and Lindfield and Killara and those sort of suburbs on the leafy North Shore of Sydney?---Yes, that is correct.

And so it was the role of the donee Conference to raise money for the beneficiary, namely the Wyong electorate, is that right?---Yes.

And to your understanding it did so by holding dinners and the like in the, within its area?---I can't recall specifically what they organised.

30 Can I suggest to you that the dinners that were organised in Sydney were organised through the donee Conference for the benefit of the Wyong area, do you have any knowledge of that?---No, I don't.

Is it also the case, Ms McNamara, that the Conference of Davidson would declare the funds that it raised through its own SEC accounts and - - -? ---Yes.

- - - not the Wyong SEC accounts?---They would declare it through their own SEC account.

40 And you've mentioned the role of Andrew Ferrari. You said his role was as treasurer?---Yes.

Apart from receiving receipts and losing receipts what other roles did he have?---His role was to pay accounts and to also be up to speed on the financial records.

Is it the case, madam, that most of the accounts in fact for the electorate were paid centrally through the, through the State Electoral office or through the Liberal Party, the central Liberal Party office or don't you know?---I, I don't know.

Were you aware of whether Andrew Ferrari was involved in any fundraising for the Wyong seat?---He assisted in the Barry O'Farrell fundraising event that we held.

What sort of assistance did he provide for that?---He assisted with receipting. He sent out the invitations. He assisted with the receipting.

Thank you, Commissioner.

10 THE COMMISSIONER: Anyone else have any questions? Yes, Mr Conditsis.

MR CONDITSIS: Ms McNamara, I appear for Mr Christopher Spence. Just pardon me. Now isn't it the position that in relation to this particular campaign in respect of which you were the campaign manager for Mr Webber that head office had had set an expenditure cap, firstly for Wyong?--That was after 1 January, 2011.

20 And the expenditure cap- sorry, I withdraw that. You say after 1 January, 2011 but did it relate to the - was it a retrospective cap if I could put it that way?---No, no, it wasn't.

All right. So it was a cap moving forward was it, from that point in time? ---Correct.

30 In any event was there any indications from head office as to if it wasn't a strict cap per se as to an amount preferably that local campaigns should not exceed expenditure to your knowledge?---To my knowledge prior to the legislation coming in on 1 January, 2011 I wasn't aware of any cap. Prior to, after that it was \$100,000 cap.

That is expenses to be incurred locally?---Yes.

Right. And further to the questions you were just asked by my learned friend in effect, and this perhaps is only for my benefit, but in effect if the local campaign in relation to Wyong had raised a figure of about \$30,000 or thereabouts, I think you said \$35,000, correct?---Mmm.

40 Then, then, then, then the head office would tip in- - -?---For the key seat package, yes.

For the key seat package?---Ah hmm.

And you've already indicated the key seat package applied also to The Entrance?---Yes.

So, and the amount, so by simple mathematics, if, if it was 35,000 that had to be raised locally and Head Office tipped in, are you saying, was it 95?

---Approximately.

There were about \$125,000 just in those packages for each seat, for each key seat. Correct?---Correct.

Now, you say you were told by Mr Spence and Mr Webber that Gosford and – withdraw that – Wyong and The Entrance combined had raised funds of about \$300,000. Is that how it was put to you?---Um, Chris Spence told – I asked him how much had been raised and he said over \$300,000 for both the
10 campaigns.

And when was that approximately, if you're able to say?---It was during the week of ah, prior to my pre-selection.

Right. And I think you've already said you accepted what he told you?
---Yes.

And you, and presumably you did the same when Mr Webber told you?
---Yes.
20

How long after that did you speak with Mr Bosman?---No, the Mr Bosman conversation took place early 2011.

All right. But, but prior to the March 2011 State election?---Yes.

And, and as I understand your evidence, he confirmed – I appreciate you didn't discuss figures with him but- - -?---Ah hmm.

- - -in a broad concept he confirmed what you'd been told by Darren
30 Webber and Christopher Spence?---Yes.

And I'm just struggling to understand this. Why do you say, or did you agree with the proposition from Counsel Assisting the Commission that today you think they must have lied to you about raising, having those two Conferences having raised that amount of money?---Well- - -

Oh, let me finish it. Is it because you've been encouraged by Mr Watson and the flourish of his- - -?---Yes.
40 - - -his questioning?---Yes.

Because the fact is there is no basis upon which you can conclude today giving evidence that they lied to you. Isn't that right?---That's correct.

So like a lot of other people you're caught up in the spin of Mr Watson. Correct?---Yes.

THE COMMISSIONER: Well- - -

MR WATSON: It's really quite insulting.

MR CONDITSIS: Well- - -

MR WATSON: And do you know what, if it was said by a gentleman I'd take resent at it.

MR CONDITSIS: That's, that's, that's a bit rich, with respect.

10

THE COMMISSIONER: It might be, it might be in the words of Groucho Marx, I resemble that remark. But anyway, Mr Conditsis, whether or not this witness is caught up in Mr Watson's spin, I mean she answered a direct question with what was an unqualified answer.

MR CONDITSIS: Well, well, I'll ask this question.

THE COMMISSIONER: Yes.

20

MR CONDITSIS: In fairness to you, I'll give you an opportunity now. You retract that answer, don't you, that you, when you said you believed- - -

MR WATSON: That's hardly an open-ended question?

MR CONDITSIS: No, just a moment. You retract- - -

MR WATSON: Well, I object.

30

THE COMMISSIONER: At the end of the day the record will show that she gave one answer to Mr Watson and then she gave another answer to you, Mr Conditsis, and how we resolve that I don't know.

MR CONDITSIS: (not transcribable)

THE COMMISSIONER: Could I just point out though, that in the course of the questions that you put to her, questions as to the expenditure cap are quite different from questions relating to the amount of money actually raised by fundraising events.

40

MR CONDITSIS: Yes, but, yes, and I accept that distinction.

THE COMMISSIONER: Right, thank you.

MR CONDITSIS: And just in relation to what Commissioner has just said, and again forgive me if you've already answered this question, prior to 1 January, 2011, you weren't aware of any cap set by head office for local campaigns in terms of expenditure?---Correct.

Could there have been a cap of which you were unaware?---There may be but I don't believe so.

And in all of your dealings with Mr Christopher Spence it's fair to say you found him open and honest, correct?---Yes.

Thank you, Commissioner.

THE COMMISSIONER: Mr Steirn?

10

MR STEIRN: Thank you. Two matters. You were present in the inquiry yesterday when you heard Mr Hayes give evidence?---Yes.

And you heard him give emphatic evidence on at least two to three occasions he spoke to you about his group, the Alliance, what is it, the Australian Alliance Group?---Australian Coal Alliance.

THE COMMISSIONER: Australian Coal Alliance.

20

MR STEIRN: Australian Coal Alliance, and the moneys you'd asked to come through his organisation?---Correct.

And he was emphatic in saying that that occurred at the Wyong campaign headquarters- - -?---Yes.

- - -in Pacific Highway?---That's correct.

Wyong, is it?---That's correct.

30

Yeah. What do you say about that?---We didn't actually take the lease out on the building and occupy it until January of 2011.

And you in fact, the lease commenced, did it not, on 1 January? Is that right?---Correct.

Might the witness, Commissioner, be shown Exhibit C51 which I think was the last bundle.

THE COMMISSIONER: S51?

40

MR STEIRN: F51, was it?

THE COMMISSIONER: S51, the Australian Decal invoice. Is that what you wanted to show the witness?

MR STEIRN: What was that last one?

MR WATSON: I tendered a large bundle, it must be S52.

MR STEIRN: S52, thank you. Would you just go through that bundle and you'll find a document pertaining to a lease or a tax invoice from LJ Hooker dated 13 December, 2010?---Yes, I have it.

Yes. And would you tell the court what that document represents?---It is an invoice for payment of rent.

10 And what dates does it record the lease being, the relevant dates of the lease, please?---It hasn't got the date of the lease on it. It's got the rent due as agreed and it has from 1.1.11 to 1.4.11.

Which was much after the fundraising dinner at the golf club?---Yes, that's correct.

Thank you. And just one other matter. It was put to you- - -

THE COMMISSIONER: Just a minute, sorry, I just want to, I just want to clarify this. That's an invoice in relation to three months' rent?---Correct.

20 Well, it doesn't actually tell you when the lease commenced?---That's correct. The lease was taken out for three months and there's also an insurance document which also confirms- - -

What, you only had a three-month lease?---That's correct.

And where was the campaign office prior to you taking out that lease? ---There was no campaign office.

30 Well, you must have operated out of premises somewhere?---Out of homes. Out of homes?---Yes.

And can I just ask you, was, after the expiration of that three months did you move from those premises or was it on a month-to-month basis?---What happened was um, they moved out and then 'cause Darren then took over an electorate office of the previous Member and when that lease finished he actually moved back to the premises where he had the campaign office.

40 Thank you.

MR STEIRN: And just one other matter. It was put to you that it would be an electoral fraud, to quote Mr Watson, if you had asked Mr Hayes to provide a personal cheque to Darren Webber?---Mmm.

And you agreed you did not do so because it would be improper?---That's absolutely correct, it's improper.

Apart from that aspect have you had any previous experience where donor has sent a cheque to Mr – or any, any candidate on a personal basis?---Yes, a cheque was received um, made out to Darren Webber which I returned with a covering letter explaining why it could not be accepted.

You don't have that document now?---It's not on me.

But you can provide it to the Commission in due course?---I will.

10 And that was in relation to this campaign?---Yes, it was.

Thank you. Yes, thank you.

THE COMMISSIONER: Anything arising, Mr Watson?

MR WATSON: No.

THE COMMISSIONER: Thank you, Ms McNamara, you can step down, you're excused.

20

THE WITNESS EXCUSED

[3.50pm]

MR WATSON: Commissioner, we haven't got much time left and it's going to be apparent we're not going to finish Mr Spence.

THE COMMISSIONER: Mr Williams.

30 MR WATSON: So, sorry, Mr Williams. Could I just put something on the record, I was a bit stunned by something Mr Moses said earlier so I just thought I would reiterate that we got that document, the email chain which related to Mr Gallacher yesterday at lunch time, I saw it the first time about half past 1.00. I just want to put on the record some documents which surround it.

THE COMMISSIONER: Yes.

40 MR WATSON: The 3 June 2000 and, and I'm going to read it quickly, commissioner, but there'll be a transcript and people who are interested in it can follow it in due course, on 3 June 2010 it was a New South Wales Parliament sitting day, see page 2555, on that day mobile phone records show that Mr Gallacher was in Parliament House and email records show that Mr Hartcher was in Parliament House. Pages 2556, 2561 and 2562.

Commissioner, you'll recall that the email chain which related to Mr Gallacher was marked Exhibit S48. It related to an exchange of emails which had occurred during the course of 3 June 2010 or on two days including 3 June 2010. And I'll just make the following point – well I'll just remind everybody that the last of the emails where Mr Sharpe has said

that Mr Williams should contact Nathan Tinkler was delivered at 10.48am on 3 June 2010.

THE COMMISSIONER: Yes.

MR WATSON: Commissioner, Mr Hartcher's, sorry, telephone records show that at 5.27pm on 3 June 2010 Michael Gallacher rang Darren Williams and spoke to him for 161 seconds. At 7.38pm on 3 June 2010 Mr Hartcher send an SMS text message to Mr Koelma and it read as follows,
10 "Our Newcastle friends say they are ringing you tomorrow all fixed." 30 seconds later that is at 5.38 pm on 3 June 2010 an entry was created in Mr Hartcher's Parliamentary notes which was titled "Patinack Nathan" see page 2564.

THE COMMISSIONER: Mr Watson, can I just ask you to pause there, my note is that you might have said 7.38 in the relation to the SMS from Mr Hartcher but it was in fact 5.38.

MR WATSON: Sorry, it was 5.38 and what it is - - -
20

THE COMMISSIONER: Yes. So you were reading the 17 rather than the 5.

MR WATSON: Yes. I'm just really hopeless with that 24 hour clock. It was 5.38 those two things occurred one 30 seconds after the other. At 5.51pm on 3 June 2010 Mr Koelma sent an SMS text message to Mr Hartcher which simply said, "Cool", that's page 2563. At 1.42pm on 4 June 2010 Mr Koelma sent an SMS text message to Mr Hartcher which said
30 "Still not have not heard from our friends, which number do they have." That's page 2563. At 3.24pm on 4 June 2010 Mr Koelma emailed a letter to Mr Hartcher and in it under the heading "Friends" there were three entries one of which was "North nothing yet", that's page 2565. At 9.48am on 9 June 2010 Aaron Henry sent an SMS text message to Mr Koelma and it said, "CPH wants confirmation the invoice has been sent to Patinack." That's page 2572. At 9.52am on 9 June 2010 Mr Koelma sent an SMS text message back to Mr Henry which simply said, "Confirmed."

I just wanted to put that on the record so that people knew part of the picture which will apply to that.
40

Commissioner, there's a few minutes left I see no reason why we shouldn't try to utilise some of it to finish off some material with Mr Williams.

THE COMMISSIONER: Yes. Is Mr Williams - - -

MR WATSON: If Mr Williams could be recalled.

THE COMMISSIONER: Could he be recalled please.

MR WATSON: Could the witness be shown Exhibit S10 please, Commissioner.

10 THE COMMISSIONER: I'll just remind you, Mr Williams, that the section 38 order that I made earlier today continues to apply as does your obligation to tell the truth. Thank you.

MR WATSON: And we were looking together I believe at some records on page 2801. I've shown you a whole lot of records, I want to give you a bit of background. I've mentioned this before lunch but it's a long time ago. At 12.49pm on 24 March 2011 a call was made from Mr Hartcher's electorate office to you, Mr Williams, for 27 seconds. At 12.52pm on the same day a call was made from Mr Hartcher's electorate office to the number of Buildev. We can prove that Mr Hartcher was on the Central Coast at the time, will you assume that for the moment?---Yes.

20

Then if you look at page 2801 you'll see that at 1.11pm on 24 March 2011 that is just shortly after those two calls you sent an SMS text message to Troy Palmer - - -?---Yes.

- - - and it says this, "Mate, Libs are chasing me up, mate, I don't want to burn them, can you call me." What did that mean?---Um, what I was referring to is like you say Mr Hartcher must have rang me and asked that Mr Koelma's accounts weren't up to date could I, could I chase them up for him.

30

Well sorry, it doesn't say that at all. It says, "Mate, Libs are chasing me up, mate", it doesn't say refer to Mr Hartcher, does it?---No, I was going off the basis you said that phone call was previously before that.

Well I'm just going on - - -?---Sorry, sorry.

- - - what you said to Mr Palmer?---Sorry, I'll correct - - -

40 What would Mr Palmer understand if you said to him, "Mate, Libs are chasing me up, mate"?---Well sorry, I'll correct that. I don't know who the Libs are then if that's the case.

Well who do you think that might be a reference to?---I would think it'd be Mr Hartcher.

Well could I suggest it could be a reference to the Liberal Party, the Libs, they're often called that aren't they?---Yes.

So what would you be leading Mr Palmer to understand when you say the Libs are chasing you up?---Well I don't know.

You're talking about getting money for the Liberal Party aren't you?---No.

Aren't you?---No.

And that's consistent with the fact that it was Mr Hartcher who was in contact with you seeking the money isn't it?---No.

10

Well let's look at what you say after that, "I don't to turn them." You don't want to burn who?---Well I don't want to ruin a relationship with the Liberal Party.

Why would a failure to pay the bill of Patinack Farms marketing strategist affect your relationship with the Liberal Party, Mr Williams?---Because they were introduced, Mr Koelma was introduced to us by Mr Hartcher a Member of the Liberal Party.

20

That's just ridiculous isn't it? Why wouldn't it say "Mate, why don't you pay Eightbyfive's bills, mate"?---Well it doesn't.

It doesn't because what you said was what you meant. You were dealing with the Liberal Party weren't you, Mr Williams?---No.

Anyway you'll see further down that list at 1.16pm on 24 March 2011 you sent an SMS to Mr Tinkler and you said this, "No, mate, can you give TP" pausing there, that'd be Troy Palmer wouldn't it?---Yes.

30

So I'll start again, "No, mate, can you give Troy Palmer the okay please, mate, I will direct him where to" and that's the end of it. Do you see it? ---Yes.

That's the payment to Eightbyfive isn't it?---I don't know what that's relating to.

Well what is Mr Tinkler going to give so far as you're aware give an okay to Mr Palmer about which could involve you?---Oh, many, many things relating to our business.

40

Many things? So can you give Mr Palmer the okay. It's following on just minutes after you're saying that you're scared of burning the Libs. Don't you see the connection, Mr Williams?---I don't know what that's relating to.

Then at 1.18pm on 24 March 2011 Mr Tinkler responded to you, "Have told him you will call." Do you see that?---Yes.

And then less than a minute, less than two minutes later Mr Palmer sent you an SMS text message, do you see that?---Yes.

“Mate, do you want to come down now, cheers.” Do you see that?---Yes.

That’s to get the cheque isn’t it?---No.

All right. Well we have evidence that some time during 24 March 2011 Eightbyfive’s account was paid. Do you know anything about that?---No.

10

We’ve got evidence as you’ll see from those records that at 1.34pm, so sorry I should have, it should go back. If you were going to see Mr Palmer, if you were in your office and you were going to go see Mr Palmer where would you go?---To his office.

Where is that?---Five minutes down the road.

So you could walk five minutes down there and that’ll be consistent with him saying do you want to come down now. Do you see that?---Yeah.

20

We’ve got evidence that at 1.34pm on 24 March 2011 you called Mr Hartcher for 312 seconds. Do you know anything about that?---No, I don’t recall the conversation.

We’ve got evidence that at 2.43pm on 24 March 2011 you sent an SMS to Mr Hartcher stating, “Done.” What was done?---I don’t recall what would have been done.

30

Well you had had some text messages from Mr Hartcher and they were on one subject. This is all occurring within the space of two hours I’ll remind you. It was on one subject the payment of the Eightbyfive bills?---Ah hmm.

That's right isn't it? Have a look at it the sequence of events?---Yes.

You then ask for Mr Tinkler to authorise a payment don't you?---No.

40

Well come on. What do you think was being said at 1.16pm on 24 March 2011 when you sent an SMS text message to Mr Tinkler stating “No, mate, can you give TP the okay please, mate, I will direct him where to.” That was to get authorisation for a payment wasn't it?---I don't know what that was for.

Well then you see that Mr Tinkler says that Mr Palmer will call you and he did and says, “Mate, do you want to come down now.” Do you see that? ---Yes.

This all consistent with you going down to get a Patinack Farm cheque? ---No.

No, well, what's it consistent with? You going down there just for a chinwag?---No, we - - -

Why couldn't you do that by phone if you wanted to have a chat with him? You were obviously going to get something?---No, I never went down to get that cheque, no.

10 All right. Well, let's just look, then we know that the cheque was banked that day and we know that you sent Mr Hartcher at 2.43pm this text message, quote, "Done," unquote and at 3.26pm on the same day Mr Hartcher sent you an SMS text message saying quote, "Great, thanks," unquote. What's all that about?---I don't know what he's referring to.

It's the payment for Eightbyfive isn't it?---I don't know, I didn't, I didn't make the payment.

20 What we've got to do here is understand where you're coming from, Mr Williams. If it is not that you've got to tell us what else it possibly could be. Will you do that now?---I had discussions with Mr Palmer and Mr Tinkler on various projects.

Oh, no, I'm talking here about when you write to Mr Hartcher, "Done" on the same day the cheque is banked you write to him and say, "Done," and he writes back and says, "Great, thanks." What's all that mean, Mr Williams? ---I can't recall what that was about.

Well, you tell us what it could be except for what I've suggested?---I don't know.

30 You don't know but you realise that what I've put to you is a reasonable and rational explanation don't you?---I don't know.

It seems like a good way to leave the week. Thank you, Commissioner.

THE COMMISSIONER: And I take it that Mr Williams will be recalled on Monday?

MR WATSON: Oh, yes.

40 THE COMMISSIONER: So at the moment, Mr Williams, you are not excused from the summons that brought you here and the proceedings are adjourned to 10.00am Monday, thank you.

THE WITNESS WITHDREW

[4.07pm]

AT 4.07PM THE MATTER WAS ADJOURNED ACCORDINGLY

[4.07PM]