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## Transcript of Proceedings

CRIME AND MISCONDUCT COMMISSION

MR R NEEDHAM, Chairman

No 5 of 2005

PUBLIC HEARING INTO GOLD COAST CITY COUNCIL

BRISBANE

..DATE 20/10/05

..DAY 10

**WARNING:** The publication of information or details likely to lead to the identification of persons in some proceedings is a criminal offence. This is so particularly in relation to the identification of children who are involved in criminal proceedings or proceedings for their protection under the *Child Protection Act 1999*, and complainants in criminal sexual offences, but is not limited to those categories. You may wish to seek legal advice before giving others access to the details of any person named in these proceedings.

THE HEARING RESUMED AT 10.15 A.M.

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MR RADCLIFF: Mr Commissioner, before we commence you gave me leave on the first day, my name is Radcliff, initials G J and I'm here for Mr Shepherd.

CHAIRMAN: Thank you, Mr Radcliff.

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MR RADCLIFF: Might I raise a matter that is of interest to my client. Yesterday a witness, Mr Kelly, gave evidence and on the first day you gave an outline of how these proceedings would be undertaken. In every other respect, save for one other witness, we have been provided with copies of statements of evidence in advance so that we were aware of what would transpire and whether that would affect my client's interest. You would be aware also that my client hasn't been represented until today.

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We had not seen Mr Kelly's statement, however we do - I do see from The Gold Coast Bulletin that there was an issue that was raised yesterday. The Bulletin says:

"In his CMC interview Mr Kelly also said he was dumped from the media officer - dumped as the media officer for the City Planning Committee and told by Councillor Ted Shepherd basically there's someone"-----

CHAIRMAN: Sorry, I'm not quite hearing what you're saying.

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MR RADCLIFF: I'm sorry, I'll read it again. In The Bulletin it is said that yesterday Mr Kelly said:

"In his CMC interview Mr Kelly also said he was dumped as the media officer for the City Planning Committee and told by Councillor Ted Shepherd basically there's someone prettier, referring to a female spin doctor, whatever that means."

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That's an issue which may or may not affect my client. My client hasn't had the opportunity to properly consider that evidence and I'm merely flagging for you that at a later stage we may ask that Mr Kelly be called once again in order that I could put matters to him if that's necessary.

CHAIRMAN: Yes.

MR RADCLIFF: We'll of course let your officers know. I should say that the officers of the CMC have been of great assistance to me in providing the statements as and when they're available.

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CHAIRMAN: Yes, all right, Mr Radcliff. Just let us know if that does-----

MR RADCLIFF: Yes.

CHAIRMAN: If you want to make an application with respect to that.

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MR RADCLIFF: Yes, thank you.

CHAIRMAN: Yes, Mr Nyst?

MR NYST: There's a matter I would like to raise also. It arises out of the reporting of this matter overnight. In particular there's an article in The Courier-Mail this morning, it's headed Smear Bid Against Greens, and the lead paragraph reads as follows:

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"A Gold Coast business leader was paid more than \$5,000 by developers to run a negative campaign against council whistleblower, Peter Young, after an approach from senior councillors Sue Robbins and David Power, the Crime and Misconduct Commission inquiry was told yesterday."

Then it mentions Mr Janssen and then it goes on to say:

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"He was offered \$5,200 to run a negative campaign against Councillor Young. 'He said the campaign which involved a leaflet mail out came after he was approached by Councillors Robbins and Power.'"

And then he's quoted about "our goal was to remove Councillor Young from office." There were nine green candidates and so forth, and the clear - the clear message from the reporting being that both Young and Power had-----'

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CHAIRMAN: Robbins and Power.

MR NYST: Sorry, Robbins and Power had enlisted him for that negative campaign. Now this is - it's incorrect reporting and it's, in my respectful submission, unforgivable in the sense that it was cross-examined on, if anybody had been listening to the cross-examination, and one wonders whether the journalists that are reporting on this do listen to the cross-examination given the wash-----

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CHAIRMAN: It's not just the cross-examination, in evidence-in-chief, it was very plain that it was only an approach by Councillor Robbins, not Councillor Power.

MR NYST: Exactly right.

CHAIRMAN: So that - that report is just purely wrong in that respect.

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MR NYST: Now my concern, it comes in this context. I've made a number of complaints and I don't want to be tedious about this, but The Gold Coast Bulletin again has reported this matter overnight in a way that gives a wash of there being a strong sniff about the developer voting bloc and so forth.

I'm concerned, sir - well, I've raised the matter a couple of times. I think the other day you said that you can't control

the press. I'm concerned that perhaps some people in the press think that now gives them open slather, that you can't control them and they write what they like, but I'm concerned what is said about that report which is not only wrong but it's wrong in circumstances where it should have been patently clear to everybody that it was wrong.

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And of course, you can control the press in this sense, that you opened this inquiry because, as I understood what you said, with respect, you wanted the public to be informed. My client wants the public to be informed. He wants the truth to come out about this but he's gravely concerned that the truth is not coming out because of the misleading way and unbalanced and biased way that it's being reported.

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Now that has to be put in the context, in my respectful submission, that at least The Gold Coast Bulletin must be seen to have some interest in all of this because it should be remembered from the evidence that it was The Gold Coast Bulletin that first started talking about this voting bloc and so forth, and it might well see that it would be vindicated in some way if the evidence supported that there was a voting bloc.

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That's the way in which the reporting has happened all through this proceeding in circumstances where any reasonable unbiased person listening to the evidence would have to come to the view that there's never really been any suggestion so far, as the evidence has gone so far, that there was never any suggestion that there would be a developer backed voting bloc.

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Now, as I said, I'm concerned. I'm particularly concerned because we want to see the truth come out. We're dealing with people, politicians, lawyers, people who trade on their reputation, and in my submission, they're just not getting a fair go, and as I said, we're keen to see the truth come out but we don't want to see the public further misled.

Now, it may well be that this investigation should broaden to investigate perhaps the reporting of the developer-backed voting bloc back in 2004 and how that impacted upon the way people reacted, and you've already heard some evidence about candidates being very defensive about the press and feeling, well, we're not going to get a fair go, so, you know, we won't volunteer things, et cetera, but that may be an issue that needs to be looked at as part of this whole investigation, but certainly I raise at this point and say - as I said, we're keen for the public to be informed so long as they're informed of the truth. I think it's important, with respect, that you do make it clear to the press that they're here because you've opened this investigation, that you have the power to close it if they continue to report this matter in an unbalanced and biased way, and there may come a time when that will be necessary.

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CHAIRMAN: Yes, thank you, Mr Nyst. Look, I am concerned if journalists are making such basic errors as to say that that was an approach by Councillors Robbins and Power, because the

evidence never at any stage in-chief and certainly it was made very plain in cross-examination, the evidence never was that there was an approach by Councillor Power in those circumstances. With respect to the other aspect of the voting bloc, you are correct, that councillors - all the evidence has been that they were not going to be dictated to as to their vote. It was - if they are going to court, develop that, that's a matter for the press. That is an inference that would be open on the evidence, not necessarily one that I would be indicating at this stage, but it would be perhaps fairer to put it as being a backed group of like-minded candidates rather than a voting bloc.

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The press should be very careful that if it did get to the stage where the reporting was so incorrect, then it might force a change of mind by the Commission as to whether it should be open or not. However, at this stage, it is my desire that the hearing remain open and I would urge all journalists to be very careful in their reporting to be as accurate as they possibly can.

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You're appearing, Mr Boe, this morning for-----

MR BOE: I act for a Christopher Lawrence Morgan who does present himself pursuant to a notice to appear.

CHAIRMAN: Yes, all right. We'll note your appearance, thank you.

MR BOE: I notice you've taken a liberal regard to Section 181. So I don't think I need to seek leave, but I appear for him; he is present.

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CHAIRMAN: You're right. Your client has the automatic right to legal representation.

MR BOE: Thank you.

CHAIRMAN: Yes, Mr Webb?

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MR WEBB: Chairman, I'm concerned about the matter raised by Mr Nyst, as I mentioned yesterday - it might have been the day before. May I suggest that there is a course I have seen adopted in other tribunals, mainly those in Court, where the person controlling the Tribunal - which is of course yourself - requests the press who have made the mis-statement to correct it the next day with prominence.

CHAIRMAN: Yes. That certainly would be an appropriate course where there is such a clear and obvious error made as has been in this case. It would be an appropriate course for that to be corrected. I agree with that.

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MR WEBB: Yes. Would you then, sir, make that request of the press who are probably listening - well, may be listening. As I said the other day, there's something wrong with the microphones. They mightn't be listening.

CHAIRMAN: Yes, thank you. I think I've made my point very clear on it.

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MR WEBB: Thank you, sir.

CHAIRMAN: Yes, Mr Mulholland?

MR MULHOLLAND: Mr Chairman, I call Christopher Lawrence Morgan. Can I indicate that Mr Boe has indicated that he would accept the invitation to lead evidence from Mr Morgan. Mr Morgan has provided recently a statement which will be tendered shortly, and that course will be followed. However, there is certain material which I want to attend to first, before that.

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CHAIRMAN: Certainly.

CHRISTOPHER LAWRENCE MORGAN, ON AFFIRMATION, EXAMINED:

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MR MULHOLLAND: Now, is your full name Christopher Lawrence Morgan?-- Correct.

And, Mr Morgan, do you appear under an attendance notice today?-- I do.

Would you have a look at this document, please. Is that the notice?-- Yes, that's the notice.

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I tender that, Mr Chairman.

CHAIRMAN: Exhibit 125.

ADMITTED AND MARKED "EXHIBIT 125"

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MR MULHOLLAND: Were you also served with a notice to discover?-- Yes, I was.

Would you have a look at this document, please. Is that the notice?-- Yes, that's the notice.

I tender that notice, Mr Chairman.

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CHAIRMAN: Exhibit 126.

ADMITTED AND MARKED "EXHIBIT 126"

MR MULHOLLAND: Now, did you in response to that notice provide a good deal of documentation to the Commission?-- Yes, I did. 1

Mr Chairman, do you have a document titled Documents Tendered in Relation to Chris Morgan?

CHAIRMAN: It's just been handed to me by the orderly, yes.

MR MULHOLLAND: Yes. I'm going to go to that document if yourself and others present want to follow it as I tender the material. 10

First of all, did you supply a written statement in response to that notice?-- Yes, I did.

And there were several attachments?-- Correct.

Which were with that statement?-- That's correct. 20

All right. Now, can I ask you to have a look at this statement and attachments. Is that the statement and the attachments?-- That is correct.

What is the date of your written statement?-- The date of the written statement is 19 August 2005.

Yes, I tender that statement and attachments as one exhibit.

CHAIRMAN: And that's those attachments as outlined on this document I received this morning? 30

MR MULHOLLAND: Yes, yes.

CHAIRMAN: Yes, that will be Exhibit 127.

ADMITTED AND MARKED "EXHIBIT 127" 40

MR MULHOLLAND: Now, did you subsequently send a faxed message to the CMC on 11 October 2005 being a correction to that written statement you'd earlier supplied?-- Yes, I did.

Could you have a look at this document, please. This is number 16, Mr Chairman.

WITNESS: Yes, that's it. 50

MR MULHOLLAND: I tender that - well, that is the document?-- It's a copy of the document. Sorry, it's a facsimile of it.

Yes.

CHAIRMAN: Yes, that will be 128.

ADMITTED AND MARKED "EXHIBIT 128"

MR MULHOLLAND: All right. Now-----

MR NYST: So is that the fax of the 11th of -----

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MR MULHOLLAND: Number 16.

MR NYST: Yes, thank you.

MR MULHOLLAND: Now, the next items I'll tender separately. First of all, did you send also to the Commission diary pages from your diary from November 8th 2003 to May 2nd 2004?-- Yes, I have.

Would you just check that that is a copy of those pages?-- Yes, it is.

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I tender that bundle of diary entries.

CHAIRMAN: Exhibit 129.

ADMITTED AND MARKED "EXHIBIT 129"

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MR MULHOLLAND: Did you also send an A4 note book - a black A4 note book covering entries from 13 February 2004 until 10 September 2004?-- There were two note books; that's the first of them.

Yes, so you recognise that?-- Yes, that's my day book.

I tender that, Mr Chairman.

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CHAIRMAN: Exhibit 130.

ADMITTED AND MARKED "EXHIBIT 130"

MR MULHOLLAND: And is this the second note book? This is number four on the list covering the period 5 August 2003 to 12 February 2004, being a yellow A4 note book?-- That's correct.

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I tender that, Mr Chairman.

CHAIRMAN: Exhibit 131.

ADMITTED AND MARKED "EXHIBIT 131"

MR MULHOLLAND: Now, I intend to tender separately files 5 to 13 from the list. If you have a look - I'll provide these to you in the order in which I want to tender them; to save some time, could you just identify these as ten - nine correspondence files for various candidates and also several other people? If you could keep them in the order in which I handed them up, please?-- Yes, they're all files that I prepared myself.

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I tender those. Could each receive a separate exhibit, Mr Chairman, from 5 to 13.

CHAIRMAN: If I could take them in the order then in this document that I was given this morning; it's the one for Mr Pforr be Exhibit 132.

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ADMITTED AND MARKED "EXHIBIT 132"

CHAIRMAN: Mr Betts 133.

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ADMITTED AND MARKED "EXHIBIT 133"

CHAIRMAN: For Miss Scott, 134.

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ADMITTED AND MARKED "EXHIBIT 134."

CHAIRMAN: For Councillors Power and Robbins, 135.

ADMITTED AND MARKED "EXHIBIT 135"

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CHAIRMAN: For Mr Rowe, 136.

ADMITTED AND MARKED "EXHIBIT 136"

CHAIRMAN: For Lionel Barden, 137.

ADMITTED AND MARKED "EXHIBIT 137"

CHAIRMAN: For Councillor Shepherd, 138.

ADMITTED AND MARKED "EXHIBIT 138"

CHAIRMAN: For the Ray Group, 139.

ADMITTED AND MARKED "EXHIBIT 139"

CHAIRMAN: And for Mr Molhoek, 140.

ADMITTED AND MARKED "EXHIBIT 140"

MR RADCLIFFE: When they've been marked, might I have a look at Exhibit 138, please?

CHAIRMAN: Exhibit 138 for Mr Radcliffe, please, Mr Orderly.

MR MULHOLLAND: Would you have a look at this faxed message; this is number 14 of the list. Now, would you tell us, Mr Morgan, if that is a faxed message which you sent to the Commission?-- Yes, at the request of Lincoln Hansen, the financial investigator; that's correct.

I tender that.

CHAIRMAN: Exhibit 141.

ADMITTED AND MARKED "EXHIBIT 141"

CHAIRMAN: Could I see that thanks. Okay, thank you.

MR MULHOLLAND: Now, would you have a look at this document being a record of interview between Mr Ken Beml, B-E-M-I, and

yourself on 10 October 2005; I say a transcript of a record of interview with yourself. Would you confirm that, please?-- I confirm this is a record of interview; it's the first time I've seen this so I can't testify as to it's accuracy, but, yes, that's a record of interview.

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All right. Well, we might give you an opportunity some time during the day to have a look at that just to confirm it and see whether you wish to make any corrections to it. I tender that transcript of record of interview.

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CHAIRMAN: Exhibit 142.

ADMITTED AND MARKED "EXHIBIT 142"

MR MULHOLLAND: Now, the next document or documents are a set of emails being number 17 on the list. Pardon me for a moment, Mr Chairman. I tender these emails being number 17 on the list. First of all, would you confirm that they are emails supplied. You may not have seen those?-- No.

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CHAIRMAN: Is there a spare set of those?

MR MULHOLLAND: Do you remember those emails going to Quadrant?-- No, I don't. I was overseas at the time these were sent, but I am aware of the requirement or the request, yes.

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Right. And who is the person within Quadrant dealing with the matter at that time; that's on 15th and 19th April 2005?-- On 19th April, these were addressed to - it was addressed to myself incorrectly as Managing Director. The Managing Director of Quadrant is Tony Scott who responded to this in my absence. Yes, this is the first I've seen of these but, yes, I'm aware of them, yes.

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I tender those emails.

CHAIRMAN: Exhibit 143.

ADMITTED AND MARKED "EXHIBIT 143"

MR MULHOLLAND: Now, was a letter sent dated 19th April 2005 from Tony Scott of your office to the Commission?-- Mmm.

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Will you have a look at this letter together with attachments, enclosures?-- Yes, I'm aware of that. I've seen this, yes.

All right. I tender that letter and attachments.

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CHAIRMAN: Exhibit 144.

ADMITTED AND MARKED "EXHIBIT 144"

MR MULHOLLAND: Now, have you yesterday produced to the Commission a statement which you have provided to Mr Boe and also attachments to that statement?-- Yes, I have.

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Yes. I'd ask you to have a look at this document. It's stated to be sworn by you on 19th October 2005. I tender that statement and attachments.

CHAIRMAN: Exhibit 145.

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ADMITTED AND MARKED "EXHIBIT 145"

MR MULHOLLAND: Yes. Thank you, Mr Chairman.

CHAIRMAN: Yes, Mr Boe?

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MR BOE: Mr Chairman, could I just clarify some matters. Just having a glance at the terms of reference, it doesn't appear that Mr Morgan is the subject of this inquiry and he's presenting himself here as a witness. So I'm not concerning the Commission with any issues of privilege or refusal to answer any questions. The second thing is the document that was last tendered was intended to cover matters which I understood from the Commission had perhaps not been clearly addressed in the previous material.

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Mr Morgan does not seek to run a general defence to any aspersions that may have been cast upon his business, professional activities or that of Quadrant, but if there are any matters that the Commission or counsel assisting are of the view that some redress or comment needs to be made, we'd like some notice of that and we'll attempt to do that. What I proposed to do this morning was merely to take Mr Morgan through the last exhibit so he can give proper explanation by reference to the documents as to what his recollection of these events are. Would that be convenient to you?

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CHAIRMAN: That's fine.

MR BOE: Could the witness be given a copy of the last exhibit which is his statement.

CHAIRMAN: That's Exhibit 145.

MR BOE: Thank you.

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Mr Morgan, in paragraph 2, there's a reference to the date 28th September in the typed print. Should that in fact be 29th September?-- That should be 29th September; that's correct.

Thank you. Now, can I just take you over to the next page of your statement, and I think it's more useful if you don't refer to it or read it unless you need to by way of reference, but could you just, firstly, outline in very brief terms your professional undertaking as relevant to the matters before this inquiry and what it is that Quadrant does on a commercial basis?-- Basically, we're a service provider within the context of this exercise, as I understand it. We are an advertising agency and also a broad based marketing consultancy. We service clients nationally. In this instance, we were invited by a client, long term client, the Ray Group, to-----

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No, I'll get to the specifics in a minute?-- Certainly.

Just generally, you're in the business of advertising?-- Incorrect.

And you do that on a commercial basis?-- On a commercial basis.

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And you are a director of a company that operates Quadrant?-- Correct.

Now, have you had any prior experience or involvement in any political campaign, either in Australia or elsewhere?-- Whilst I was working in New Zealand for a period I did, both at a local and a national level and-----

Was that done as a professional undertaking - that is, the work-----?-- I worked on a campaign committee and also produced material for those individual or that particular individual candidate and more recently here on the Gold Coast I've subsequently worked for a friend of mine, Councillor Ted Shepherd - or who is now a councillor.

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Can I take you specifically to that. Your CV which is I think attachment 1 to your statement lists your membership of particular committees in the Mudgeeraba area?-- Correct.

Did you first - did you at some stage live in Mudgeeraba?-- I've lived in a number of properties in Mudgeeraba. That was the area of South-East Queensland that I chose to move back to.

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And through that residency, did you first meet Mr Shepherd?-- I first met Mr Shepherd in about 1995 when he joined the Rotary Club of Mudgeeraba of which I was a member of at that time.

And through that association, did it get to the point where you offered assistance to Mr Shepherd in the 2000 Council elections?-- I'd had other associations with Ted during that period. He'd become a friend. And I had minimal involvement with him at that time, yes.

Well, what assistance did you provide to Mr Shepherd at the 2000 Gold Coast Council elections?-- Oh at best, probably handing out how-to-vote cards, I would think, I was - I was particularly involved.

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Now, subsequent to his election, did you then become more formally involved in his campaign for 2004?-- Yes, I did. I was invited to become part of his campaign committee, as a matter of fact.

When was that?-- That would have been in about 2002/2003 I would think. The documentation's been provided there. I can-----

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What does that entail, in fact? Was that a position?-- No, no, it was all voluntary as everybody on that campaign committee was and is. It always will be.

And how frequently did it meet?-- During the lead up to the election, probably once about every six months or so.

And in general terms, did it involve coordination of matters that Mr Shepherd thought was necessary to increase his chances of re-election?-- Very much so. There are detailed lists of activities which are fundamental to running any successful re-election campaign. They were always monitored and there were various tasks allocated to individual members of that committee.

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And the - I will get to the specifics of what you ultimately did do for Mr Shepherd and what Quadrant did, but up to your first being approached by Mr Ray and any involvement in those matters was your work for Mr Shepherd totally voluntary?-- Totally voluntary.

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And unpaid for?-- And unpaid.

Now, could you just outline when you first were approached in relation to having any involvement through Quadrant in relation to the 2004 election?-- In respect of Councillor Shepherd or in respect of the - the-----

No, leaving Mr Shepherd aside for a moment?-- Right.

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If you can put - the point in time being - and as to when you first became aware that Quadrant may have an involvement in assisting anybody in relation to the approach from Mr Ray?-- Right. The first that I became aware was December 2. Tony Scott, who is my business partner and CEO of our company, had a meeting with one of our clients, which was the Ray Group who had been a long-term client of ours, and also part of

Tony's portfolio of clients where he and I both have individual client portfolios. He had attended a meeting with Brian that day I believe. The suggestion was made that there could be a role for Quadrant in terms of picking up a new client with respect to conducting work and providing advertising services in relation to the two thousand - or the upcoming Gold Coast City Council elections.

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Now, do you have Exhibit 2 there - attachment 2 to your statement?-- Correct.

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Now, what is that?-- That's a note dated Tuesday, 2 December, in my day-book, as I refer to it.

Now, just - is all of it relevant or is only part of that document relevant?-- Only the bottom section on that day. There is reference there to other client - another client activity.

So from where it starts, "Tuesday, 2 Dec"-----?-- Correct.

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-----the next line is not relevant?-- No. That relates to a Victorian client of mine.

Now, the next entries on that page, are they relevant to what we're talking about?-- Yes, it is.

Because it's your handwriting would you just read out what each of those dot points say?-- Basically says, "First or second week February, say the 10th" - I'm not quite sure what that means - "except for 27 March which is polling day, funding, financial or in-kind, campaign in-expenditure" - sorry - "campaign expenditure in excess of \$200 must be declared. Private support non-declared so long as not in support of the campaign. New candidate expenditure accountable from the date of declaration not the poll date."

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Now, these are, as I understand it, your notes of your conversation with Mr Scott?-- Yeah, the notes I made to myself basically in - in discussion with Tony, yeah.

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And at that stage you had not had any conversation with Mr Ray at all?-- Not at all. Not in relation to this, no.

And you were reliant on Mr Scott stating to you what was the potential for Quadrant at that stage?-- Basically, yeah, there was a potential there for some new business, particularly into the first quarter of the new year which was, yeah, it's attractive.

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Now, was there discussion between you and Mr Scott as to what fee arrangement, if any, would be looked at?-- There were a variety of different structures that could apply. In this particular instance we took the view that it would be much simpler to apply a simple monthly consultancy fee and then to present all the other - should they arise because they hadn't taken place at this point - that in the event that we had secured new business, we would treat all costs on a net basis,

our fee structure being basically the - the monthly consultancy fee plus whatever cost went through our studio.

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What you did know then was that the election campaign would be about three months?-- Correct.

Did you then with Mr Scott discuss what rate of the fee would be?-- Probably not. It really - that - I think that came really more as a consequence of meeting with - with Brian Ray which took place the next day.

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Can I just stop you there, and it's important if there's an error in your statement in this respect you correct it now. It was suggested in your statement, essentially, that that conversation produced a figure of \$10,000 per month. Now-----?-- Oh yes, we did definitely discuss that.

I'm not saying this was fixed because you haven't got a client yet?-- No, exactly.

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But insofar as your discussions with Mr Scott, was the figure of 10,000 per month discussed with him?-- Yes, that was. We certainly wouldn't have entertained it for anything less than that.

Now, you've mentioned subsequently that there was a budget in paragraph 7 of your statement of some \$300,000 was envisaged?-- Correct.

What would make up the balance 270 other than your fee?-- Work that we would have done on - on behalf of whoever the client became.

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For example, what type of expenditure were you contemplating?-- The figure of 300,000 was - it was implied that there would be donations and that was roughly what we estimated the value of the total work that we would do would be.

Mr Morgan, what work - what work would you do?-- Oh specifically the work that we would do would be preparation of advertising material, whether that's press advertisements, brochures, leaflets, signage, radio ads, whatever.

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You mentioned that the concept of a donation or donations funding this work-----?-- Mmm-hmm.

-----was that matter discussed between you and Mr Scott in the first conversation?-- The understanding that Tony got was that - my recollection-----

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Well, the understanding that you got from Tony?-- Yeah, the - well, my interpretation of the way in which the budget or the - of 300,000 would be comprised was that there would be donations.

Was that the extent of your understanding at that point?-- Pretty much at that point. It needed to be clarified and that was done in subsequent meeting..

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Thank you. Did you end up organising to meet with Mr Scott and Mr Ray on a subsequent date?-- Yes, the day following, I think, the 3rd.

And is attachment 3 to your statement a photocopy of your diary for that date?-- Yes, it is.

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And is the entry on Wednesday 3 December at 11.30 the entry booking that appointment?-- Yes, it is, "11.30, TS Tony Scott/ Brian Ray.

Okay. Where - did that meeting in fact take place?-- Yes, it took place in Brian's offices which were directly above ours.

At the appointed hour? At the appointed hour?-- Yes, at 11.30.

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And prior to that meeting did you have any conversation with Mr Ray about the subject matter we're talking about?-- Not at all.

Or at all. Had you spoken to Mr Ray at all in the interim period?-- No.

Did you speak to anybody else about the nature of the possibilities following this meeting?-- No.

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Now at the meeting did you make notes?-- I made notes to the extent that I detailed, I think-----

You've got a note to attachment 4?-- Yes, here we are. This is from my day book, entry 4.

And again it has the date 3 December/Wednesday on the top, the first entry between the two horizontal lines, is that irrelevant?-- That relates to a Sydney client.

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Yes. So it is irrelevant?-- It is.

And the - could you read your handwriting as to the relevant notations that you made?-- The notations relevant to that meeting with Brian Ray, which my partner also attended, read as follows, "Local body, 2004," I've got Queensland and New South Wales, after that I've got "Exec director," or DIR, my initials, CM, "clients Robbins and Power, function, CM to follow up with donors and confirm funds, develop campaign/campaigns, establish the hot buttons, Queensland Water, traffic, airport, Tugun bypass," are ones I've noted here, "timing, Queensland local, 10 February through March 27, New South Wales local, Queensland State" were other notes there.

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Okay, now could I just ask you firstly, at this stage - I'll take away those - I withdraw those words. You in your role at

Quadrant, were you approaching this as a commercial brief or as an extension of your interest and assistance in Mr Shepherd's campaign?-- This was strictly new business, it had absolutely nothing to do with Councillor Shepherd.

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The fact that you had assisted Mr Shepherd and was assisting Mr Shepherd, was that something that you raised with either Mr Ray or Mr Scott?-- Well, Tony was definitely aware and I would most-----

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Well, firstly, no, he may have been aware. Did you raise it with him in these discussions?-- I would say that would be most likely, yes. I don't specifically recall it but I would be surprised if it wasn't raised, yes, most definitely.

Was that part of the reason why it was thought you rather than Mr Scott might be the-----?-- Oh, most definitely.

-----account servicer?-- No, most definitely. Tony's experience is very, very extensive in the area of property and a tad older, mine's a little bit broader, I guess.

20

Okay. So it was known certainly in your view by Mr Scott as to your association and involvement in Mr Shepherd's campaign?-- Correct.

Was that issue discussed at all with Mr Ray?-- Only to the extent that I was on Ted's campaign committee. Very little had taken place at that stage.

30

And did that conversation occur on this 3rd of December meeting?-- I would have made reference to that, yes.

So as far as you're concerned both of those men knew of your prior association and involvement with Mr Shepherd?-- Correct.

Now, could you just, in a very brief sentence, tell me when a new account is contemplated what you do in preparation for the selling or pitching your services?-- Everyone's different, of course. In this particular instance we were still trying to get a feel for just how this particular exercise was going to evolve. There was a meeting planned with Councillors Power and Robbins. Prior to that I set about really trying to acquaint myself more fully with basically the nature and requirements of the candidate, or candidates for that matter.

40

And were you relying then on what Mr Ray had in mind to formulate how you might pitch to the prospective clients?-- What we look for is a brief.

50

And who was giving that to you at that stage?-- Initially that was Brian.

Right, and what did he-----?-- Brian had his own ideas.

And what did he tell you he contemplated from this retainer or possible retainer?-- Brian's indication was that there was a general dissatisfaction with basically the Baildon council in

the sense that it was pretty much dysfunctional. That wasn't something Brian needed to tell us, that was common knowledge.

1

Just limit it to what Mr Ray was briefing you as to his expectations of Quadrant's involvement?-- Oh, to assist in providing advertising services to individual candidates and to also basically try and achieve some sort of caucus within council so that the decision-making process that had been stalled, that could be moved forward. Basically it was to support back up and provide a campaign.

10

So it's clear for the record and those who may publish about this, what you're now talking about is not necessarily what happened but certainly what Mr Ray was communicating to you at this stage?-- Correct.

As to his expectations. Is that correct?-- The impressions that - the impressions that Brian gave me subsequently were not really the reality of the brief.

20

Well, we'll deal with that later. At this stage why - your notation has in it various issues like water, traffic-----?-- Correct.

-----airport, Tugun. Were those matters indicated to you by Mr Ray or Mr Scott or something else?-- No, these were issues that were being talked about.

Talked about by whom?-- By Mr Ray and Tony didn't really have a major input to that meeting other than that Brian and he were, you know, client and advertising agent in that context. Those were issues that were discussed. There were issues particularly that I undertook to make further inquiries on with respect to researching them as well which will be evidenced in subsequent documents.

30

So at this stage you had been given by Mr Ray a broad brief, that is he was going to - he was interested in coordinating making Quadrant available to persons unknown at this stage-----?-- Other than Robbins and Power.

40

Right. To provide your marketing and advertising services-----?-- Correct.

-----for this election?-- Correct.

And he, Mr Ray, had told you matters that he thought were relevant to be pursued-----?-- Correct.

-----in those local issues?-- That's right.

50

And that's what that note is?-- That's what that notation is.

Now, at that meeting was there any discussion about how Quadrant's services would be paid for?-- There was reference to a trust or some - specifically in the initial funding was described to me as being amounts of money that would be donated. The suggestion was made that we, Quadrant, would be

invoicing those individual donors which was something we did not do - were not prepared to do, and as a result of that a trust was suggested or some form of fund into which those amounts of money could be - could be banked.

1

Do you have any legal training?-- No.

The concept of trusts and things like that, were they matters you sought for or Mr Ray was suggesting?-- Brian suggested that ultimately that a trust account of Tony Hickey's would be utilised for this purpose.

10

Tony Hickey being a lawyer?-- Correct.

Being a lawyer you knew to be a long-time lawyer of Mr Ray's?-- Yes, he had done work for Brian.

And so, can I infer, that Mr Ray was suggesting that Mr Hickey would be involved in setting up whatever structure was necessary to satisfy your needs to have-----?-- Oh absolutely, yeah.

20

-----an accountability-----?-- It was way beyond our area of expertise.

Righto. Now, did you ultimately meet up with Mr Hickey?-- I met Tony Hickey in relation to this exercise once only during the campaign and that was 17 December.

Okay, we'll get to that. Prior to that, did you know Mr Hickey at all?-- No, I didn't. May have met him once on the golf course, that's about all.

30

Okay. Now, following the meeting of the 3rd of December with Mr Ray and Mr Scott, did you meet with anybody else prior to the meeting of the 10th of December?-- No.

Did you yourself formulate any documentation associated with this brief prior to the 10th of December?-- I made some inquiries. Whether that was prior to the 10th or prior to the 16th, I'm not sure. I made certain inquiries, particularly with respect to research. That was my primary focus initially.

40

Are you thinking of the references in your material to communications with the Gold Coast Bulletin?-- Correct, yeah.

Okay. Well, can I just assist you by saying I think that's subsequent and we'll get to that in a moment?-- It is, I believe, yeah.

50

Now, can you just look at attachment 5 to your statement. Is it a copy of your diary for - including 10 January - 10 December?-- 10 December, that's Wednesday, 10 December-----

And there's an entry there at line 30-----?-- "9.30 am Brian Ray plus two".

Okay. Now, did that meeting, in fact, take place?-- Yes, that was a meeting that I attended with Brian, Councillors Power and Sue Robbins.

1

Prior to getting to the meeting, did you know that Power and Robbins would be attending?-- Yes, I did, yes.

Did you select those people?-- No, no.

Do you know who selected those people to attend that meeting?-- I don't know that anybody selected them. I can't answer that.

10

You just don't know?-- I don't know.

Okay. It certainly wasn't you?-- No, definitely not.

And you don't believe it to be Mr Scott?-- Definitely not, no.

Okay. So Mr Scott was not at the meeting-----?-- No, that's correct.

20

-----of 10th of December. Now, could you look at attachment 6. Have you got that in front of you?-- Yes.

Now, is that a page out of your day-book?-- That's correct.

And are the words that appear in between the horizontal lines under "Wednesday 10 December", are they notes you made in relation to this meeting?-- Correct.

30

The bottom part of the page is irrelevant, and the names and details-----?-- They relate to-----

Well, don't tell me what they relate to, but they're irrelevant-----?-- No, they're - they're irrelevant. They don't - they do not have no relevance whatsoever to the meeting on that morning.

Okay. Now, can you just firstly read your handwriting and tell us what each of those-----?-- Notes that I made at that meeting were, "Commonsense candidate resource", which is probably the first time that was termed, "and (b)"-----

40

Well, where did it come from firstly?

CHAIRMAN: Why is that in quotes?-- Because that was - basically, that's my writing, that's the interpretation I put on it. It's a - it's a title the - developing to be more the - the work that we were going to be required to do.

50

MR BOE: Is this one of those things that advertisers think up, that is a slogan or a term?-- We're in the business of creating new ideas, building brands, creating campaigns. I'm looking for an angle. I'm looking for somehow or other to give this some substance, some form. We're still-----

So are those words the product of your expertise or were they words suggested by somebody else?-- No, that came from Quadrant. That's something I created.

1

Quadrant meaning you?-- Oh I'm - I'm the account director on this particular potential piece of new business, yes.

So that was some sort of label that you wanted to attach to the campaign?-- Mmm.

10

CHAIRMAN: But the word "Commonsense", did that come from you or out of your brain-----?-- I basically introduced that. It was-----

-----or did you take up something that someone else said?-- I just - it was a phrase that I actually introduced for the purposes of giving us some indication as to a title in terms of how we were going to refer to it within - within the company. The term "Commonsense" was something that I think generally was accepted was significantly lacking in Council and that - if there was a point of difference, that was really what we were looking to achieve, was to introduce commonsense back in - into Council, and particularly to develop a campaign that used that as an overriding theme.

20

MR BOE: Now, could you then read what the rest of those notes say?-- Rest of the notes read as follows-----

Well, don't explain just yet, just read?-- "Extensive support required; each candidate already aware(?); suggesting support components which were door-knocking policy, door hangers, local issues versus Gold Coast City Council regional issues, research on divisional issues/Gold Coast Bulletin" - which is the GCB notation - "corflutes in bulk, leaflet design/distribution, agreement on key issues, joint promotional in press, radio interviews, pre-polling, booth worker management/set up on the day, signage location, strategy management, campaign audit support, check list."

30

Now, did you make these notes during the meeting or after it or before it?-- I'd say I probably made them afterwards because they're reasonable legible and precise so I think that would have been done after the meeting.

40

And is this - what was the purpose of this note? Was it intended to record everything that happened or were they to be triggers for some follow-up? What was-----?-- Yeah, basically triggers for - for follow-up. The primary purpose of my day-book is to take briefs relative to client requirements so that I can brief our team once - once we come back to the shop.

50

All right. Then, if it's not a record of the meeting, could you just state what actually happened at this meeting of the 10th of December?-- It's certainly not a comprehensive record of the meeting. It's not intended to be that. I met with Brian and Sue Robbins and David Power with-----

Can I just ask you: is that the first time you had met either of those two people?-- Correct. Yes, I didn't know them prior to that.

1

Okay?-- And we discussed in general terms what was required. This is where the term "Commonsense Candidate Resource" came up and-----

Well, you say you suggested that?-- Yes, I wrote that.

10

And was it agreed to as a-----?-- I don't even know that I actually suggested it there. I've sat back in the office and sort of said, right, now what was the summary of what took place at that meeting. This is what we look as though we're going to need and I simply table it as such. It certainly was introduced by me at subsequent meetings.

So at this meeting you don't know whether or not you used the words common sense at all?-- I most likely would have but not necessarily as a candidate resource in quoting that, inverted commas, yes.

20

And prior to then had others suggested the concept of common sense?-- Not to my knowledge, no.

Okay. Continue with-----?-- Yes. With the meeting we discussed - I placed particular emphasis on the necessity for research. I was still trying to get some feel for just which way this campaign was going and what specifically our requirements were to be. That still wasn't clear.

30

Now what did you understand to be the role of Robbins - Ms Robbins and Mr Power?-- They basically were looking to use us at Brian's suggestion to provide a campaign of some description, or campaign support, more to the point, I guess.

For whom?-- For candidates.

What about for them in their campaigns?-- No, there was no suggestion for a moment that we do any work for existing councillors, other than what I was doing with Ted Shepherd.

40

And so can I now be clear as to Quadrant's position, at any stage were you asked to, by anybody, to provide campaign resource assistance to any existing councillors other than Mr Shepherd?-- None at all, no.

So from this meeting you understood that Ms Robbins and Mr Power were seeking to be involved in the provision of assistance to potential candidates?-- Correct.

50

At this meeting was there any discussion of who those candidates might be?-- There may have been. I certainly didn't make any point of it. I actually had to ask who was attending when we got to the meeting of the 16th, but no, not in any depth.

Well, not at all or you can't remember?-- I can't recall to be perfectly frank.

1

Now, did you disclose to Ms Robbins and Mr Power that you were assisting Mr Shepherd?-- They became aware of that. Whether that was at that meeting or not, whether Ted had spoken to them independently I don't know, but they would definitely have been aware at some point.

You don't recall whether you did so at this meeting?-- No, I don't.

10

Now, Mr Ray, what role was he going to have in this arrangement?-- Brian was definitely there in a fundraising capacity. He had introduced or suggested to Councillors Robbins and Power that Quadrant's services would be useful, hence the introduction to them. But Brian's role particularly was to raise funds.

Now did Brian disclose to those other two that you had worked for the Ray Group, or Quadrant had worked for the Ray Group?-- Oh, yes, yes, I'm sure he did.

20

Was this - tell me if I've got it wrong in the summary but was this an introduction to prospective clients by Ray?-- By Brian, yes, definitely.

And the complexity is that Ray was also going to organise the funding of whatever services would be provided?-- He indicated that he would be approaching individual companies for contributions to the fund, yes.

30

Okay. So-----?-- Or just finance the budget.

-----following the meeting on the 10th of December?-- Mmm-hmm.

Quadrant was now preparing to prepare its sales pitch, I take it?-- Correct.

To the prospective clients?-- That's correct.

40

And I mean clients in the sense of not so much who's paying but who might be the beneficiary of your services?-- Correct.

And at that stage, as of the 10th of December, you did not know who they were?-- No, I did not.

And you weren't involved in the process of selecting or shortlisting these people?-- Not in any way, no.

50

Okay. Now, a meeting was being scheduled to take place some time later?-- Yes, originally on the 17th, that was brought forward to the 16th.

And could you look at attachment 7. That purports to be a e-mail exchange between yourself and Mr - both Ms Robbins and Mr Power?-- Power, that's correct.

Which onforwards an e-mail that you had exchanged or sent to a George Tetley?-- That's correct.

1

Could you just explain the context of that communication?-- The purpose of that exercise was I left that meeting on the 10th and basically started to prepare myself with as much information and background material as I possibly could relative to speaking to a group of potential new candidates - sorry, new clients more to the point.

10

So you knew Mr Tetley beforehand?-- George Tetley and I go way back, yeah.

And you rang him to do what?-- I wanted to try and get a feel for what was regarded in the individual divisions within the Gold Coast, 14 of them, as to what the - what the specific problems were, what the - what the electorate saw as issues within those areas. George, he was the then marketing services manager for The Gold Coast Bulletin, was responsible for the research that The Bulletin published and he was the most competent person, in my mind, to provide the sort of information that would have been useful, to be able - particularly to be able to present something like this.

20

And why were you forwarding it to Mr Power and Ms Robbins?-- To acquaint them as to what we were approaching - or the way we were approaching the business basically.

And also, I suspect, what you could do if you were?-- Oh, basically it was a demonstration of what we were capable of doing.

30

Right. Turning to the dot points in the - your e-mail to Ms - the councillors?-- Yeah.

The first one I think you've just sort of explained?-- Mmm-hmm.

The second dot point, "Proposed meeting with Tony," I take it that's Mr Hickey?-- Correct.

40

Now you didn't know Mr Hickey?-- No.

What was that about? What were you-----?-- That would have come out of the meeting the day prior. It would have been suggested that - I think Brian actually suggested that I follow up with Tony and get some sort of arrangement organised as to how we were going to provide invoices and how we were going to be funded. I wasn't too thrilled about that but I believe that's sort of something that-----

50

You weren't too thrilled about what?-- No, it was not normally something we would do.

So is this a fair summary? At the meeting of the 10th of December Ray suggested, Mr Ray suggested that you contact his lawyer?-- Mmm-hmm.

To organise the establishment of a proper framework?-- A proper framework to bill.

1

So that your services could be paid for?-- Correct.

Now, was there any suggestion by Mr Ray that any illegal or secret approach be taken to this arrangement?-- None whatsoever. The whole concept of secrecy is a media fiction, I'm sorry.

10

Now, leave comments aside for the moment, Mr Morgan?-- Sorry.

Focusing on what Mr Ray told you there was no request from him for secrecy?-- Absolutely not.

What about Ms Robbins and Mr Power? Did any of them seek any secrecy in relation to the arrangement?-- Not at all.

Now you then asked in dot point 3 for the new divisional boundary map?-- That's correct.

20

Now I take it that hand in hand with your view that local issues in particular divisions was an important aspect of any campaign?-- Absolutely. I couldn't really brief, say, George Tetley from The Bulletin until we had a clear indication of exactly where the individual boundaries were. Subsequently it transpired that it was just not practical to do.

All right. Now, you then talk about, in the next paragraph, "I will prepare a draft of objective proposed strategy in nature and application of the resource that we discussed." You then speak about, in brackets, Ted and Bob?-- Correct.

30

Is that a reference to Ted Shepherd?-- Ted Shepherd and Bob La Castro.

Now, were those two people spoken about at the 10th December meeting as possibly being councillors who would have a shared interest in this project or retainer?-- Absolutely. I think they all expressed frustration-----

40

No, forget what they expressed. I'm only talking about what was expressed at the 10th December meeting to you for you to be referring to it in your email?-- Yes, they were referred to in that context.

So, did either, and if so which one, of Ms Robbins, Mr Ray or Mr Power suggest that Ted Shepherd might be involved?-- That would have been either Sue or David. It wouldn't have been Brian.

50

Okay. And Bob La Castro?-- Again, Sue and David would have suggested that.

Did you envisage that those two people would be at the next meeting?-- I anticipated they probably would be, yes.

And that was discussed?-- That was discussed.

And the concept of which candidates might be coming to the meeting to this point still was not something of your knowledge?-- Was not clear, no.

Okay. You speak about the draft objectives strategy, et cetera. Did you ultimately prepare a document for the purposes of the meeting on - that took place on the 16th?-- Yes, I did. That was a briefing document.

10

Okay, we'll get to that in a minute. Now, was that an internal document that you were constructing from your perception of what was needed in this brief?-- Absolutely.

Did you consult anybody about the construction of that document?-- No, I didn't.

Prior to 16th December?-- Absolutely not.

Did you publish it to anybody?-- No.

20

Now, can you go to Exhibit 8 to your statement?-- Mmm.

That appears to be an email exchange that you had with Mr Power?-- Correct.

The document probably speaks for itself?-- Mmm.

But can I just summarise my understanding of that exchange is that you were being told then - that is, on 15th December - who would be attending the meeting on 16th December?-- Yes, I requested David to give me a breakdown on that. I wanted to know how many people we would have in the office, who they would be, and I also just reiterated my request for information on the divisional boundaries.

30

All right. Now, it's recorded that Mr La Castra is away?-- Correct.

And did Mr La Castra in fact attend the meeting?-- No, he did not.

40

Did the other people noted in the first paragraph of document 8 to your statement, did they all attend?-- They all did and there's one additional person there who attended and that was Grant Pforr's wife, Liz, who was his campaign manager. That's not noted here but she did attend that meeting.

Okay. Now, just going down that list, did you know Rob Molhoek?-- I'd known Rob in his previous capacity as General Manager of Gold Coast Radio, yes.

50

Had you been involved at all in any of his political affairs?-- None at all.

Grant Pforr, did you know him?-- Never heard of Grant.

Brian Rowe?-- No, I hadn't met Brian or heard of Brian up until that time.

1

Roxanne Scott?-- Likewise.

Greg Betts?-- Never met the man.

David Power you've explained?-- Mmm.

And Sue Robbins you've explained?-- Correct.

10

Ted Shepherd you've also explained?-- Ted, I know. Bob La Castro, I had never met.

Okay. And for completeness, you didn't know Ms Pforr - Grant Pforr's wife either?-- I didn't know her, no. I met them for the first time on that day.

Now, in the email that we've just gone through, the email exchange, you'll see that there's a copy of your exchange with Mr Tetley as well?--Mmm.

20

That's the same email that was-----?-- Same email as previous, yes.

Thank you. Now, the - as you were approaching the meeting on 16th December, at this stage you had an indication of who might pay for your services - namely, people that Mr Ray organised?-- Correct.

30

You had knowledge that his lawyer would set up some structure that would permit you to be properly paid?-- That's correct.

You had Ms Robbins and Mr Power as being, I take it, the drivers of the arrangement, the people who would co-ordinate-----?-- Yeah, they seemed to be our clients in that sense.

Okay. And did that result in you creating an internal document in Quadrant reflecting that?-- Yeah, we - when you undertake work for an individual client or clients, as the case turned out to be, we have to have some sort of ledger to which time can be attributed, and so forth, and our associated costs. I undertook to call it the Power and Robbins Trust Account for the purposes of - we've got to have something here to make the system work.

40

Did anybody else have an involvement in the construction of that internal document?-- No, that's something I just created based on what I knew at the time.

50

Now, what was clear to you were that those two people would be determining who might be given the opportunity of the support from Quadrant?-- Yes.

And separately you envisaged at that stage a co-ordinated campaign; is that correct?-- Very much so. It was still kind

of evolving, the brief; there wasn't really a heck of a lot of structure to it.

1

Now, this is where I want you to be precise?-- Mmm.

Are you saying that that was your interpretation of what was needed-----?-- Correct.

-----or are you saying that that is what you were requested to do-----?-- No, that was my interpretation of what I thought was needed at that time.

10

You then created a document which I think is Exhibit 14 in these proceedings which is a note which has the date on it, 16 December 2004. Now, that's an incorrect typewritten entry, isn't it?-- Basically, it's incorrect. Essentially, everything we were working on at that point in time was related to 2004. That's just a typographical error.

Should be 2003?-- It should read 2003.

20

Now, that document, you have a copy of it?-- Yes, I do.

One version of it is Exhibit 9 to your statement. Now, did you type that document?-- Yes, I did.

That is, physically hand type it?-- I did.

Now, did you consult anybody at all about what would be included in that document?-- No, I did not.

30

What was the purpose of that document?-- It was basically a summary that I prepared myself for this meeting, this upcoming meeting. There was no agenda. You know, we're meeting a whole group of people that we've never met before. I wanted to ensure that I came out of there with a clear set of objectives and a clear brief to what was ultimately required. This document here, I put together basically for my own notes and to refer to during the course of that meeting.

40

You say your own notes, I take it these are the notes we've gone through to this point?-- It was I guess if you like a summation of what I understood to have been the case up until this particular point in time.

Is it fair to call it your - a summary of your intended sales pitch for the meeting?-- Very much, yes.

That is, identifying what Quadrant could do for a collective campaign?-- That was the primary purpose of the meeting. We were selling our services to potential new clients. Without them, there was no turnover, there was no reason for being.

50

Okay. Now, the second page of it has in it a number of key city issues?-- Correct.

Now, they seem to have some correlation to the matters in your notes from your meetings with Mr Ray?-- Very much.

So was it intended to record what you by now had collectively gathered as thoughts as to what might be issues in this Council's campaign?-- Correct. I guess I was still coming at this from the point of view that there was going to be some overall campaign that there would be a broad sort of city-based approach to the exercise. Subsequently that was not the case but that's my - that was my impression at the time. These points here were what I perceived to be the key City issues on the basis of what I could read in the press and what I understood to be the hot topics out there, if you wish. This particular document, this - these three pages - basically represented just one document that I brought into that room at that time, and it was not intended to be circulated as such. If I was going to-----

Well, let's get to the meeting. Did you meet with anybody in particular before you met the group?-- No.

So they all assembled together in, what, a board room?-- in our board room at Quadrant in Robina, yes.

And from Quadrant who was present?-- Just myself.

And we've covered the people that attended the meeting?-- Correct.

How did the agenda of the meeting run? I mean, at this stage-----?-- Pretty much all over the place.

Well, you didn't know who was coming?-- No.

You didn't know-----?-- Oh sorry, other than the list that I had been provided with.

Sorry. You didn't know the people that were coming?-- No.

And you didn't know what their expectations of attending the meeting were?-- I - they - their expectations would have been "Okay, we're going to meet Quadrant."

Well, you don't know this, do you? I mean-----?-- It's - it's a presumption on my part.

And, then, at the meeting, did you identify who you were and how you got involved in this?-- Oh most definitely, yes.

And did that happen at the beginning?-- It would have happened fairly shortly into the meeting, yes.

And, then, once you had identified your professional role, who explained the concept of this meeting to anybody?-- That would have been Councillors Power and Robbins.

And what did they say?-- Specifically that - they introduced Quadrant. They indicated that they were there to provide a mentoring role, and I think this to a large degree-----

Who's "they"? Who was-----?-- Power, Robbins - Bob La Castra wasn't there - that Bob was there to support and other - he subsequently supported another candidate-----

1

Okay. So to be precise-----?-- -----or mentored, I should say.

Well, I don't know which one of those two, but they were saying that they, the Councillors, were willing to be-----?-- Mentors.

10

Mentors to the candidates?-- Correct.

Go on?-- That was explained. Also it was explained that Quadrant were available and able to provide assistance to the extent to which it was required by each of them individually. And it was up to us to actually, basically, to present ourselves as a - as a company that could do that. It was also indicated to them that the costs that would be incurred would not necessarily be debited directly to them but would be funded from a separate trust fund or a campaign fund.

20

Now, who gave that explanation?-- Oh that would have been Councillors Robbins and Power.

And was there any discussion as to the nature of this trust fund or trust account-----?-- Not really.

-----in that meeting?-- Not really in that meeting, other than that it was a separate entity. From the point of view of the individual candidates there, it was a source of funding. Now, whether that was direct or whether it was through paid services from Quadrant remained to be seen.

30

Was there any discussion about who would be the contributors to this fund?-- The general business community was the way in which that was described to individual people.

Are you trying to say what the verbatim words were, that is-----?-- No.

40

-----"general business community"? If you're not, please tell me?-- No, it's difficult to describe. The point was made that - that donations would be sought from the business community. They would be anonymous, and that that funding would be utilised to support any - any back-up that we provided.

Was there any discussion as to why these particular candidates had been selected and not others?-- Only in the sense that I got the distinct impression from Councillors Robbins and Power that these were people that they hoped they could work with.

50

So these candidates were candidates selected by those two other - the existing councillors?-- I have no idea who selected them but obviously Councillors Power and Robbins had some role in that but just how they were approached, it may have been - again, look, I'm just surmising, I don't know.

Okay. Because this service was not being provided to all candidates?-- No, no.

1

Only to the candidates that were brought to you by-----?-- That were in that room, correct.

-----those two people?-- Mmm.

Now, was there any mention or discussion about the involvement of Mr Ray in the organisation of this arrangement?-- Not in that meeting at that time, no. I don't believe anybody else made reference to that either.

10

Well, you, Ms Robbins and Mr Power knew about Mr Ray's involvement?-- Yes.

You didn't discuss it at this meeting?-- Not really. It kind of-----

Well, not really or at all? Did you discuss-----?-- No, no, it was - it was not - it was not discussed at all simply because if Brian was going to donate, which he obviously was going to do or had done, and the whole concept was done around anonymity then-----

20

So you're filtering about not mentioning Mr Ray's involvement of your - was your perception that there was a need, if he was donating, that he should remain anonymous from the candidates?-- Absolutely. That's was - that was the whole premise on which it was built.

30

Well, that may or not be but that's why you didn't mention it?-- Correct.

Okay. Now, did you ultimately ever mention to anybody, that is anybody involved in this process - candidates in particular - of Mr Ray's involvement in organisation of this arrangement?-- Not at any time, no.

Did anybody ever ask you if Mr Ray was involved?-- Not that I recall, no.

40

Was there any discussion insofar - in the context of funding, about the role, if any, of developers in this fund as in developers particular?-- No.

At all?-- At all, no.

One copy that I've seen of Exhibit 14 has some numbers written down the left-hand side of the middle of the second page-----?-- That's correct.

50

-----adjacent to the subject matters?-- Mmm.

Now, could you just explain how that occurred starting from how it is that this document got introduced into the meeting at all?-- Well, basically, I brought it into the meeting

because it was just dot points that I wanted to make sure that I addressed or got responses to.

1

Well, can I just stop you there. The objectives don't appear to me to be dot points; they appear to be the sort of thing you would find in a Memorandum of Understanding or some deed document?-- That was definitely my understanding as to what the objectives were at that time, most definitely. The consensus on issues that you referred to before, I started to request from those people that were assembled there feedback on what their assessment of - or prioritising if you wish of what the key subjects were.

10

Did you do this openly, collectively or one by one?-- Oh just collectively and as a consequence I was - a group - requested by a couple of us to say, "Look, can you - can we have a copy of this?" I had my account manager-----

Her name?-- Dana Morgan. No relation. At that time go out - sorry, I called her in, asked her to make some copies of this and it was circulated around the meeting. The primary purpose for doing that was so that everybody could look at these issues that we were talking about and I asked them to rate those and people put them in order of priority and that gave me a feel basically for what really were the - what - what the consensus was in terms of what the hot issues were. They were basically water and transport that's transpired.

20

Was any part of the purpose of you undertaking that exercise to seek to correlate or caucus particular views on anything?-- No, not really. If I was going to present this as a document that we wanted some - a signature to or agreement on and so forth, I would have presented it a lot more professionally than this, and certainly on company letterhead.

30

Don't try to go to explanation. I'm just asking you, did you attempt at any stage to seek to correlate the political views of these potential candidates?-- Absolutely not.

And the - was there any attempt by anybody else to caucus this meeting, that is, to get to it a point where there could be agreement politically about any issue?-- No.

40

Focus, priority, anything like that?-- Other than those issues that were relevant to individuals, no - sorry, to individual divisions.

Are you meaning to say you were seeking to identify what was particularly important to particular candidates?-- Correct.

50

Now the copies of this document that was distributed, did you get them all back?-- Yes.

Do you - in fact, do you still have them?-- Got one or two of them probably, that's about all.

I noticed in your folder there's a few of them. They appear to be the original documents coming back to you?-- Yeah, I

kept some of them but we basically did a summary of them, totalled them all up. Looked at what were the issues and, I said before-----

1

One of them has phone numbers, for example, on it. Did you use it as a notepad?-- Probably.

Of the contact point for-----?-- Oh, one of them - yes, one of them does. That was - that gave me the numbers of the - sorry, contact numbers for the individuals concerned, yes. I didn't have any contact points for them.

10

Could I just undertake, Mr Chairman, to get a photocopy of that version of it to give to your staff at some point.

CHAIRMAN: Thank you, Mr Boe.

MR BOE: Did you intend to keep going.

CHAIRMAN: Yes. Well, no, we can take a mid-morning break, I think a few people here desire it.

20

MR BOE: I just happened to do most of the talking and I was hoping to get a glass of water.

CHAIRMAN: Yes. Just before you finish, the attachment 9 to your statement, the handwriting on that; is that your handwriting or someone else's?-- No, somebody else's.

All right. Yes. We'll adjourn for 10 minutes. Thank you, Mr Boe.

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THE HEARING ADJOURNED AT 11.35 A.M.

THE HEARING RESUMED AT 11.47 A.M.

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CHRISTOPHER LAWRENCE MORGAN, CONTINUING:

CHAIRMAN: Yes, Mr Boe.

MR BOE: Do you wish me to proceed in the absence of others?

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CHAIRMAN: Yes.

MR BOE: Now staying with the meeting of the 16th of December, remembering that you had a purpose or an outline of your purpose, that's reflected in Exhibit 14-----?-- Correct.

-----did that remain the nature of what the meeting sought from you - the people from the meeting sought from you?-- No.

The perception that I had developed over period proved to be incorrect in that whereas I was anticipating that we were looking at probably some broad brushed or broad based campaign, the specifics really came down to which individual candidates in the room would employ Quadrant and to the extent of services that they would be required - sorry, that we would be required to present to them.

1

There's a distinction, if I may suggest, between a collective campaign and, secondly, providing individual assistance to candidates?-- Oh, significantly, yes.

10

And your agenda was the former at the beginning of the meeting?-- It was, yes.

How did it change to the latter?-- I remember saying to David Power, it wasn't in the full thrust of the meeting, it was really more as an aside, I make recommendations with respect to a broad base campaign and some suggestions on that. David was really most emphatic. He said, "Mate, no, that's not the intent. We are not running a ticket here" and was quite emphatic about this.

20

Are you intending to use verbatim words attributed to-----?-- It's kind of - it's as much as I can recall because he - I do remember him being most emphatic. I was pushing for this, "No, look, this is a great opportunity here". "No way. That was not the intent" and he made that very, very clear. It totally changed where I was coming from with respect to what I understood the brief to be and which subsequently resulted in three individual divisional campaigns.

30

This conversation with Mr Power, was it had - had in public, that is, in the presence of others in the meeting?-- Oh, yes, there would have been, yeah.

And was there any statements attributable to any of the individual attendees as to that positional change?-- No, not really. Each individual candidate who was there was very much there in their own right. They didn't regard themselves as being the chosen ones, if you wish. They were there-----

40

CHAIRMAN: Well, can you say what they said rather than your interpretation of it? I think Mr Boe has been rightly careful in that regard?-- They were there-----

MR BOE: No, I think what you're being asked to focus is not your perception just yet-----?-- Mmm-hmm.

-----of what is that was said by anybody to give rise to this perception that you're talking about?-- There was nothing that was said at that meeting that gave rise to the perception of a broader based campaign. That is an opinion that I've developed over discussions since-----

50

We've got that, but as to whether the expectations of any of the individuals was different; how did you glean that? What was said by anybody for you to understand that they were there

in their own right, to use your words?-- Each of them - if I understand the question correctly, each of them was there to see a presentation from Quadrant on what they could possibly have donated to their campaign efforts.

1

Do they say that? Did one-----?-- Oh, very much.

-----did one or other say that?-- Yeah. I can't recall verbatim to that extent but that was basically the reason that they indicated to me that they were there. We there pitching them basically as clients.

10

What, if any, of - what, if anything, did any of them say along these issues? Like, for example, did "X" say, "Look, I'm only here to get some money" or did "Y" say, "Look, I actually want to be part of the collective campaign". What was it - what can you attribute to any of the-----?-- Nobody said or implied that they were or for any part of any collective campaign. That was a presumption on my part earlier which, when I raised that again with Councillor Power at that time, he made it abundantly clear to me that that was not the case. With the individual candidates that were there, they were there independently.

20

Did they say anything along those lines?-- It varied from the individual candidates. Sue Robbins put forward suggestions as to how she had conducted certain campaigns and she tabled various items of literature. Some of the candidates-----

Associated with her own-----?-- With her own previous campaigns. That was one case in point and there was a lot of conversation about this is how you do this. We'd recommend you do that. These are the types of things you need to be aware of. This is the sort of information that you need in terms of the conduct.

30

Just pausing there, was that about the mechanics of campaigning?-- Correct.

Or was it all about any subject matters about which one would campaign?-- No, it was all about the mechanics of campaigning. These are things you need to be aware of, your new guys on the block, these are things that we can, from an experience point of view, that we suggest you be aware of to run a professional campaign.

40

Now, that meeting took, what, about an hour and a half?-- Probably, I can't recall the exact duration. We started about 5, we would not have finished any earlier than, I don't think, about 7, it may have gone a little longer than that.

50

Now, what was the outcome of the meeting in so far as what role, if any, Quadrant would continue to play in relation to this campaign?-- There were five in our opinion potential new clients there. Brian Rowe indicated that he was pretty much sorted, he had most of his campaign in place, but he did ask

and we did do some work for him subsequently over that latter part of that month.

1

Well, just staying with what's happening at this meeting, did you make an arrangement with Mr Rowe that you would provide some services and assistance to him?-- Yes, I did, and we spoke with him subsequent to the meeting. Rob Molhoek we spoke to subsequent to the meeting but didn't do anything-----

Now, at the meeting, at the meeting did Rob Molhoek say he would take up some of the services you were providing?-- No, he did not. Rob was there basically for campaign funding. He wanted to know if he could pick up some funds.

10

Can you just say what he said as to - for you to say that?-- Rob's - I can't recall verbatim exactly what he said. It was quite apparent when we tried to get some feel for just what was required, you know, what - who was going to be able to - if anybody, utilise what we as-----

20

When you say "we" do you mean that Royal we, you?-- We being Quadrant. What they could utilise. Out of it came three meetings - sorry, a meeting with three candidates.

No, just stay with Mr Molhoek for a second?-- Sorry. Yep.

At the end of the meeting of the 16th of December what arrangement if any did you have in place with him as to what Quadrant could do?-- General discussion, strategy discussion, that was all.

30

And what, you being available to give some strategic advice?-- Yes, if he wanted to give me a call.

Okay, and that's how-----?-- Which he subsequently did.

Okay. Now, with Grant Pforr, what arrangement if any, and I want you to fix your mind to what was the product of this meeting of the 16th of December, what did Grant Pforr, if anything, did he undertake, agree to, arrange with you that you might provide?-- Specifically with Grant and Liz, we agreed to meet and discuss in detail - this is in the New Year - the specific elements of his campaign and where we could assist, and add to what he had already started.

40

Roxanne Scott?-- Exactly the same.

Greg Betts?-- Exactly the same.

So there seemed to be like two categories of assistance that would be provided, detailed specific assistance to the last three I've mentioned?-- Correct.

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Mr Pforr, Mr Betts and Ms Scott. As to Mr Molhoek and Mr Rowe, there seemed to be a very loose arrangement that you might assist if they sought it on something specific?-- Correct.

But something minor?-- Minor.

1

Now, Mr Shepherd was there?-- Mmm-hmm, that's correct.

What role did he play in the meeting?-- Very little actually. Ted had a little to say with respect to some of his experiences in terms of campaigning. Other than that very little, frankly.

You being on his campaign team?-- Mmm-hmm.

10

Did you have any prior discussions with Mr Shepherd as to what role he would play in this meeting?-- None at all.

You knew he was coming?-- Yes.

Did you have any preliminary conversations with him about what might be achieved?-- No, not really, there wasn't any need to. It was something that Brian had initiated. It had nothing to do with Ted.

20

And was there any discussion there as to any assistance, services, et cetera, that Quadrant would provide to any of the existing councillors?-- Absolutely not, other than the arrangement. We hadn't even discussed with Ted Shepherd what Quadrant may or may not do. I was acting in a private capacity with that.

So as at the 16th of December there'd been no commercial arrangement between Quadrant and Mr Shepherd?-- None at all.

30

There's no discussion of what Quadrant might do for Mr Shepherd at the meeting?-- Absolutely none.

And there was no discussion at all about provision of services to other councillors?-- The question was never raised.

Now, did you in fact then have a further meeting with some of these candidates in the New Year? I'm sorry, I've jumped ahead too far?-- Yes, you have. I was going to say we met with Brian Rowe, I think December 23 roughly, I think there's a notation to that effect.

40

Before you go to that, I'm sorry, I've just missed out. Was there a further meeting the next day?-- Oh, yes, there was, most definitely.

And who was that with?-- That was with Brian Ray and with Tony Hickey.

50

Now attachment 10 to your statement has the 17th of January diary there. There's an entry at 8.30 a.m.?-- 17th of December.

Sorry?-- At 8.30 a.m. with Tony Hickey and Brian Ray.

And where did that meeting take place?-- Upstairs in Brian's office.

Was there anybody else present?-- Not to my knowledge.

And who organised that meeting?-- It would have been organised by Brian. And the - what did you understand to be the purpose of that meeting?-- Basically clarification of funding and really getting down to it, the specifics of just what was the extent of the budget, the available funds, and to try and formalise the arrangement in a more professional fashion.

10

And prior to that meeting had you debriefed Mr Ray as to the outcome of the 16th of December meeting?-- No, it was literally the next morning.

Did you explain to Mr Ray that your perception as to what you thought you were providing, or to provide had in fact not been borne out?-- No, not really. I never really got into a great deal of discussion with Brian or what his expectations were. I wanted to get a clear indication in my mind as to what we were there to do. Our clients were, as it subsequently turned out, three individual candidates and discussed it with Brian, what they were going to do or not. It was yes, we've got a clear brief from them, we know what it is they're looking for and-----

20

Did you in a sense compartmentalise the discussions between Ray and yourself as to funding and you left what you might do in your professional undertaking as an advertiser to respective people who had sought specific services?-- Absolutely, yeah. There was no discussion between Brian and myself as to what the individual candidates were or were not going to do, other than within the context of okay, does that suit within the budget allocation that's been set.

30

Did Mr Ray in any way seek to influence you as to how you would go about the discharge of your professional duty?-- Absolutely not.

Now, at the meeting of 17 December did you make any notes of that meeting?-- I imagine I did.

40

Can I assist you; there's none attached to your statement, and I haven't seen any?-- No. Any notes that were raised with that meeting would have been the result - there was a spreadsheet tabled which has been circulated at this Commission before which was prepared - I don't know who by; that was probably about the only piece of documentation that existed at that time.

What do you mean by spreadsheet?-- It was a spreadsheet listing all 14 divisions and the councillors and/or candidates that were going to stand for that.

50

Is that the one with the percentage mark-----?-- Yes, that's the one. That was tabled at that time.

Now, that document, who tabled it?-- I can't recall. I suspect it was Brian.

Brian Rowe?-- Yeah.

Did you have any hand in the detail on that document?-- No, not at all. I made notations on the copy that I had which I think are part of the evidence here.

Okay. Did you produce exhibit 14, being your briefing notes from 16 December meeting, to the subsequent meeting on 17th December?-- I don't recall doing so, but I noticed or it appeared that Tony Hickey had a copy of it. So, the only way he would have got that was by me bringing it there.

10

To that meeting?-- Yes, that's the only way I assume it would have been there, and it would have been in relation to the topics that we discussed.

Could you just explain then why that document if it no longer was a relevant document in your brief, why you were publishing it at the meeting the next day?-- Only from the point of view of what were the topics because I still had this thought in my mind that we may do some research and those five or six points were relative to that particular exercise.

20

But why were you discussing it with two people who, on your account, were uninterested in the actual discharge of work but who were only focusing on funding?-- Mainly because I was talking about a research cost of something in the vicinity of four and a half to \$5000 and that was a significant part of budgeting.

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Four hundred?-- Four and a half to \$5000 to conduct this research if we were going to do that through the Gold Coast Bulletin.

Right. That's a specific cost of that research of divisional-----?-- Correct.

-----hotspots?-- Correct.

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Right?-- And the points I was referring to or these are the items that came out of the discussion with the candidates yesterday that it would be useful to have some further information on. That subsequently didn't proceed.

Were you, in essence, pitching at the 17 December 2003 as to what you could do and how much money you needed?-- Very much, particularly in terms of budget. What we were trying to determine - a large part of what we do - obviously, a significant part of what we did was going to be determined by how much money was available at the time. So-----

50

Was any discussion at the meeting of 17th December of how much money would be available to you for this?-- The implication was something in the vicinity of about \$300,000 which was consistent with our earlier expectation.

And who raised that figure?-- Brian Ray. Actually, the figure was somewhat higher but we suggested it was 300 and the reality of the 17th-----

1

What figure was higher?-- Brian's expectation initially was that it would be significantly more. We thought-----

That which he could raise?-- Yeah. Our interpretation of that was, okay, well, let's be a little bit more realistic; 300 seems to be a little more like what in reality would occur and that was actually the case on the discussion at the meeting of the 17th.

10

At this meeting, was there any discussion of who would be the donators?-- Yes. That was the primary focus of what that meeting was all about.

And who was listing or who was nominating who might donate?-- That came from Brian; I'm sure David Power would have contributed to that; Tony Hickey had suggestions.

20

Contributed to what?-- The list of the nomination of donors that were to be approached.

And did Mr Hickey also suggest people?-- Yes.

But for your purposes, I take it it didn't matter who-----?-- It didn't really matter where it came from; how much is there; what can we work with.

30

Did you suggest anybody who might-----?-- I suggested a couple of companies; yes, that's correct.

That you would approach or they would approach?-- It was suggested that I approach them. I declined to do so.

So, at the meeting, you suggested some people-----?-- Correct.

-----who you thought might be prepared to donate; it was asked that you contact them or canvass them and you declined the offer?-- It was suggested at that time.

40

And you declined the offer?-- I declined to do that.

Is it fair to say that you were seeking to distance yourself from the task of getting the money in?-- There's a limit to the services that we're going to supply.

Yes or no, did you?-- No. No.

50

That is, you were distancing yourself from the task?-- I was. That was not something that I saw our company had a role to do.

Okay. Now, was there any discussion - firstly, going back if I may to the 16th December meeting - about keeping this meeting private?-- None at all.

Was there any discussion about not letting others know that this service would be provided by Quadrant?-- Not at all.

1

That is, I'm not saying only limited to people saying that it should be secret; was there any discussion about whether it should be secret or not?-- No, there was no discussion as to secrecy. Again, I'll confine myself to the question but the - we had a normal working relationship that any client of Quadrant can expect and that is when you're discussing commercial in-confidence material, and that's whether it's - whatever the client's product or service is that that's not divulged, particularly if we were in a planning stage, and that would apply as much to the campaign strategy that you may wish to adopt for a political candidate or for anything else.

10

Okay. Mr Morgan, they're internal mechanisms in your mind?-- Correct.

You're saying there was no external discussion about whether or not any of these meetings should be secret or not?-- Absolutely not.

20

Okay. Now, turning to the meeting of 17th December?-- Mmm.

When the list of potential donors was being discussed?-- Yes.

Was there any discussion at that meeting - that is, with Mr Hickey and Mr Ray and yourself - about whether or not the identity of donors would be public or not?-- It was always intended that it would be anonymous.

30

And what was the discussion in relation to that?-- It was kind of - once the concept of donor anonymity had been established, it was simply then a matter of Brian, Tony and I presume David, or whomsoever else, following up those individual potential donors and requesting a donation to be paid to the trust account. Now, that was pretty much the extent of the conversation.

The concept of anonymity?-- Yes.

40

Who raised it?-- I can't recall specifically, but it certainly came out of conversations with both Ray and Power and Robbins.

And did that include a requirement for whatever purposes of none of the candidates knowing who donated?-- Very much so. It defeated the purpose.

Defeated what purpose?-- It defeated the purpose of donor anonymity. If the whole idea was to sort of say here's a sum of money with which you can be assisted, the concept of knowing where those funds came from was regarded as being - it would have compromised the actual individual candidates.

50

Can I ask you this - I mean, you would be aware that companies publicly make direct donations to political parties and candidates?-- Definitely.

Why would any purpose be not served by a candidate knowing where funds for their political campaigns came from?-- Donations were made by various developers directly to individual candidates. Donations were made to the fund on an anonymous basis as well by those same developers. I can't account for the reasons that developers make direct fund or direct donations to candidates other than obviously it's to see them - to assist them with their campaigns on a direct basis. The whole premise, as I understood it, for the actual fund to be established was an absolute and complete frustration on the part of Councillors Power and Robbins and I imagine Shepherd and La Castra and those associated with them to achieve a situation within Council where you had people that you could work with. Any concept of - people sort of ask what - and this question has been raised: what were the developers looking to get out of this; you know, they've put money into this anonymous fund; you know, what do you get out of that. My understanding was that what they were hoping-----

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CHAIRMAN: Mr Morgan, I think we need to be back on what was said to you. You're now - it seems to me you're diverging on to giving a statement of your own personal views as at this date?-- Sure.

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It's back to what was said by individual people at that time about the need for anonymity and the reasons why it was being done.

MR BOE: That's probably my fault, and I will-----?-- Right, sorry.

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CHAIRMAN: That's all right, Mr Boe.

MR BOE: -----go back to a direct question. Can you just tell me when the concept of anonymity was being discussed in your presence?-- Yes.

What were, as you understood it, the reasons expressed by those people suggesting anonymity, the reasons for anonymity? Not your perception of why it was necessary and why it - why - what was said by people who were raising this issue of anonymity?-- Oh to avoid any possible conflict on the part of candidates that at a - at any future point in time somebody could turn around and tap them on the shoulder and sort of say, "Hey look, you owe us a favour."

40

Who said that?-- That basically was the premise of what I understood to be the whole reason behind donor anonymity. That-----

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But who are you attributing that to?-- That would have been - I can't recall the verbatim comment but it arose in discussions with both the two councillors, Power and Robbins, and also Brian Ray.

Okay. Now, did you at that stage turn your mind to obligations of disclosure as to campaign fund sources?-- We were specific at all times in ensuring that every cent was

accounted for. We had specific ledgers prepared for each individual candidate or individual that we did work for. Those have all been submitted.

1

I'm not talking about the accountability for your services?-- Yes.

At this stage I'm talking about accounting to Electoral Commissions and the like as to from where sources came for funding of individual candidates?-- I am not aware - sorry, our understanding-----

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I'm asking you, did you turn your mind to that issue at this stage?-- Only to the extent that we understood it was imperative that we provided any candidate with a complete breakdown of information in terms of what support we had provided, the value of that support, and that they had to declare, as we understood the situation, in their - on their returns where those funds came from, which subsequently became known as the Lionel Barden Trust Fund.

20

At that stage, however, did you think that the candidates needed to know more than that they came from a fund? Did they need to know or did they need to disclose specific donors?-- Our understanding was that-----

Your understanding I'm talking about?-- Yes, in terms of advice to - to them and what our obligations were, that there was no need to disclose prior to the election who their - who or where they had received support from, who had contributed to their campaigns, but they certainly had to disclose in the return, their final returns to the Returning Officer, where all this support had come from.

30

Including the identity of donators?-- I was not aware that they were required to provide names of people who had contributed to a trust. I don't see how physically they could have done so. It was just impossible.

Now, the task of setting up whatever structure of any trust was left to Mr Hickey?-- It was. It was suggested that I follow up with Mr Hickey by Brian. Again, it was kind of outside of our brief a little.

40

Okay?-- And I think that's noted there.

Now, did you have any further involvement in the administration of Mr Hickey's trust account?-- I had no involvement in the administration of Mr Hickey's trust account.

50

Just jumping ahead, ultimately did you issue invoices to Mr Hickey?-- Yes, we did, or to the trust as we understood it.

And that involved, at some stage, a filter on the part of Mr Barden for him to approve?-- More laterally, the original invoices in the month of January that I raised were for the Power and Robbins Trust Account which have been tabled here.

Now, you mean your trust account or the trust account of Hickey?-- We created a - an account within our company, a normal ledger account as a new client account if you wish-----

Which you happened to have called "Power and Robbins"?-- Had to call it something.

Yes?-- And it was called "Power and Robbins Trust Account", yes.

Well, you just said you - were you referring to that account or to an account held out the law firm of Hickeys?-- We submitted our accounts labelled "Power and Robbins Trust Account" or went to do so to Hickey Lawyers. At that time, it was indicated, "No, it won't be called the Power and Robbins Trust Account" and-----

Who gave you that indication?-- I think it was David I think, David Power.

David who?-- David Power. And David indicated that the trust account name would be changed and I was subsequently advised on January 30 that Lionel Barden had agreed to allow his name to be used in conjunction with that trust account.

Let me just jump to that. There is a letter of appointment to Quadrant-----?-- Correct.

-----involving Mr Barden-----?-- That's correct.

-----which is dated sometime in December 2003?-- 10th of December I request it.

Now, that was not - can you just tell me how that date got on to that document given that Mr Barden was not in the frame-work on the 10th of December 2003?-- Standard operating procedure for any advertising agency to have a letter of appointment from their client. There are a number of reasons for that, which I won't go into, but it's standard operating procedure and it has been in every company I've worked for and advertising agency I've worked for over the past 30-odd years.

And you mean - forget all the vernacular in your industry but you mean a written contract-----?-- That says we're allowed to incur expenses on behalf of a given party.

Yes, a written contract determining your authority to do certain things on behalf of a client?-- Correct.

And a document upon which you might be able to sue for fees for work done?-- Correct.

That's what you mean by letter of appointment?-- Correct.

Now, did you have one in place as at the 10th of December in a written form?-- No, we didn't. Just a lot of emails confirming instructions.

Right. And how did this document come into existence? Who asked for it?-- I specifically asked for it on a number of occasions during the month of January.

Of whom?-- Of David and Brian and Sue - anybody that could actually issue that.

Can I just ask you this: at this stage, were you expending costs, that is Quadrant, without having any money then available to spend?-- Correct.

10

So you were incurring liabilities?-- We were.

And you were also paying for outlays?-- We were.

And you were, I take it, seeking to regularise your entitlement to be paid for that?-- Very much so.

And you were pressing the people who you had started this arrangement with, those key councillors, and Mr Ray, about having a formal document to evidence your role and your entitlement to be paid?-- Correct.

20

Now, did that end up resulting in you constructing that document and Mr Barden signing it?-- I prepared a draft, as is customary practice, and suggested that this - something to this effect is what we required. Lionel-----

Who did you send it to?-- I sent that to Lionel Barden and when we were advised formally that he was acting in the role, from our point of view, as - as auditor of our accounts, if you wish, and-----

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Who advised you of Mr Barden's involvement?-- David Power first mentioned it. He indicated-----

And when was that?-- 30th of January is my notation to that effect. Just when Lionel formally came on board, I couldn't give you a specific date.

40

Did you have any role in selecting Mr Barden?-- I had never Mr Barden prior to this.

Okay. So from your pursuit of getting a contract document in line for Quadrant-----?-- Mmm-hmm.

-----it took you to corresponding with Mr Barden to have that document signed?-- Correct.

50

And why does it bear the date of 10 December when-----?-- Because I specifically requested him to back-date it to when we first commenced work, which he did.

To cover the expenditures?-- Oh to cove the extent of liability. That's when we first started getting involved.

Now, just moving to this question of what you did for each of the individual candidates?-- Mmm-hmm.

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In particular the three for which you did most of your work for. Have you provided to the Commission in detail all documents associated with each of those retainers?-- Yes, I have.

And they're accurate, I take it?-- To the best of my knowledge yes.

10

And when you were dealing with, say, Ms Scott's campaign did you cross-pollinate ideas across to the campaigns you were doing with - for others?-- Only to the extent of lay outs of brochures, for example. There was some commonality there in terms of design. They represented a template in some respects. But generally speaking, in terms of the thrust of what each individual candidate, those three individual candidates presented to their electorates they all differed.

20

And did you advise another candidate of what one particular candidate was doing or vice versa?-- they weren't particularly interested. No.

Is the answer no to that?-- No.

Did you have any collective meetings with any of those three candidates about any jointness in their campaign approach?-- The only subsequent meeting to the 16th of December that I had with the three candidates was on January 8 and that was specifically the Thursday, I believe, and that was specifically to determine what their individual requirements were. After that meeting there was no other meeting of any description until the week prior to the election, which is around about the - and I think it was about - on or about the 25th of March where we had a group session at Lakelands Golf Club and we discussed activity.

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That was about something else?-- Something else, that's true.

40

I'll get to that in a second but the 8th of January meeting, you met with the three of them together?-- Correct.

When you were distilling from each of them what their needs and preferences were?-- Correct.

Was that done in a collective group meeting?-- Initially.

What do you mean initially?-- Oh, they all attended at the same time. We spoke about specifics. I would individual basis for each of them and-----

50

But that is, you were talking to Ms Betts or Mr Betts-----?-- Yes.

-----about what he wanted?-- Correct.

With Ms Scott and-----?-- Correct.

-----Mr Pforr is present for that?-- Correct, yeah.

So they were each aware of what the others were seeking to achieve in their campaigns?-- It was more a summary of what they had done to date. Again we were still seeking a brief and-----

Was the discussion limited to the mechanics of what they had done and what they would want to do or did it cross over to their policy positions on any subject matter?-- It was specifically to provide us with information on what they had done to date.

10

And be precise in your answer. Is it the mechanics of what they had done?-- Yes, the mechanics.

Or their policy positions?-- There were policy provisions relative - if policy is the case - relative to what were the issues within their own electorates. For example, Grant Pforr wanted specifically to talk about Jabiru Island, that was a real hot number for him. It had no relevance whatsoever with any other division, but it was the main focus of his attention. Roxanne Scott had issues with footpaths and other areas, and other activity, and she discussed that as policy. Greg Betts had issues with car parking and things of that nature.

20

Was there any attempt by any of the three, including yourself, to caucus agreement politically on any subject matter?-- No, not at all.

30

Any discussion of caucusing anything like that?-- Absolutely not.

Now, attachment 11 to your statement appear to be a bundle of notes from your day book which I won't take you through each of them but they appear to me to be details of what you were doing or proposing to do for each of these candidates?-- Mmm-hmm. That's true.

40

Is that a fair summary?-- It is.

And the - and others may want to take you through them but that's all Exhibit 11 intends to be?-- Mmm. Correct. It was pretty much a summary of my - my summation as to what these individuals required.

Now, I have seen in the material and maybe on the discs that the Commission has provided to you, where you've got "accounts by reference to detail of what you did and also got details of costings for various things like mail outs?-- Mmm-hmm.

50

Brochures, et cetera?-- That's correct.

Now have you discreetly kept separate what you did for each of them? Each of the people?-- They are three individual clients.

Yes?-- Basically. What one did really had no impact on the others other than they were all trying to get elected to council.

And I think in fact they are attachments 14 and 15 and 16 to your statement. Is that correct?-- Oh, these are the individual accounts, yes, they detail precisely we did for each individual candidate and the associated costs.

Now, can I just turn to something you'd raised very early on. In your meetings with Mr Ray and Mr Scott a discussion had been made as to your fee?-- Correct.

And there was a fee of 10,000 plus GST per month?-- Correct.

Now, was that arrangement ever a product of a written documentation, other than invoicing? Was there some agreement that that would be your fee out of the fund?-- It was confirmed in our letter of appointment which was one of the reasons that we were seeking a letter of appointment.

That's the 30th of January?-- The letter of appointment that Lionel Barden produced for us backdated to the 10th.

I know, but the one-----?-- Yeah.

The document was signed on the 30th of January or thereabouts?-- What, by Lionel?

Yes?-- No, no, it was later, it was in February some time.

Okay. But prior to then, that is prior to the signing of that document?-- Yes.

Beginning what date it is dated, there was no confirmation of your fee?-- Other than an acknowledgment in the literature - sorry, that spreadsheet - there was a spreadsheet presented, I think probably on the 17th. I didn't create it, it was-----

17th of?-- December.

Who created that spreadsheet?-- I suspect Brian. There's a notation in there somewhere that sort of says Quadrant fee and I think it's-----

I know the document you are talking about but can I just-----?-- Yeah.

I'll dig it up in a second?-- Yeah. I don't have it.

Who created that document?-- I'm not sure. I think Brian.

It wasn't you?-- No, it certainly wasn't us, but it-----

And did you understand it to be a projection of the timing and - of expenditure and when money was needed in by-----?-- Correct. I think the overall sum total of that

spreadsheet was the sum of \$268,000 which incorporated or acknowledged that there was a fee structure there for Quadrant totalling-----

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Of 10,000 per month?-- -----10,000 per month.

I'll undertake to get a copy to those assisting you in a second?-- I think it's actually already part of the evidence.

It may be. Every document I've seen I think is already-----

10

CHAIRMAN: I don't recall it.

MR BOE: I think every document I-----

WITNESS: It mentions all the candidates and the budgeted sums that were being proposed to be allocated to them.

MR BOE: I'm pretty certain, Mr Chairman, it is a document that's part of your data base and I'll identify it and give it to counsel assisting.

20

CHAIRMAN: Okay.

MR BOE: Now-----?-- I only mention that in support of the fact that that was the only-----

Recognition?-- -----contractual evidence we were going to be paid a fee.

30

But to be precise and opaque - clear about it?-- Mmm-hmm.

That was not the sum total proffered for Quadrant, was it?-- No, there would have been a minimal return through work that had gone through our studio, copyrighting and art direction.

Let me see if I can understand. What it is, is that there are personnel employed by Quadrant?-- Correct.

40

Who do specific things like brochure organisation, say?-- Design work, artists-----

Design work?-- -----graphic artists.

Now outside of the 10,000 per month, work done on, say, brochures-----?-- Mmm.

-----would be billed to the individual client?-- Correct.

50

And, therefore, other than your cost of employing that person-----?-- Mmm-hmm.

-----whatever the invoice came from that work would also be part of Quadrant's profit?-- There'd be a small fee because the structure-----

Don't worry about quantum?-- Yeah, there was.

It'd be part of your profit?-- Correct, yes.

And what you purported to do in document 17 is to distil what you could do, that is, distinguishing between bare outlays, that is to a third party-----?-- That's correct.

-----that was paid-----?-- Mmm-hmm.

-----like a printer-----?-- Correct.

10

-----to the sort of things that were in-house expenditures which have a component of profit in there?-- Correct. The - all the work that was done through out-house trade houses, be it printers, sign makers or whatever, was done on a net basis. This is one of the things that - oh, sorry, and our costs were - I've itemised those separately.

Sure. Now can we turn to Mr Shepherd for a moment, at what stage did Mr Shepherd become a formal client of Quadrant?-- We got underway in January, I think, with some of Ted's stuff. I don't think we billed him - I need to refer to the invoices actually.

20

I'll just get a date. You say, sometime in January?-- Yeah, well, we weren't doing much before then.

And - sorry, you were personally involved in his campaign?-- Correct, yes.

30

That Quadrant was not formally engaged to deliver any services?-- Not at that stage, no.

And what was the first undertaking professionally that Quadrant did for Mr Shepherd?-- I recommended to Ted, as part of his campaign, that he focus on a - the production of a colour brochure or a leaflet, I should say, for distribution within division 9 rather than going into press because there was too much wastage. The local distributions made a lot more sense. We-----

40

And did you, in fact, assist him with that brochure?-- We produced that for him.

And that's the one that says, 10 out of 10?-- Ten out of 10. It was a campaign strategy that we also developed for him. We produced car stickers-----

Mr Chairman, I understand, that document is part of your records-----

50

WITNESS: Yes. It has been all supplied.

MR BOE: -----the brochure

WITNESS: All the art work that was produced for Councillor Shepherd, for that matter everybody else has already been supplied.

MR BOE: Okay. To the Commission?-- To the Commission on disk, yes.

Now-----

MR RADCLIFF: If it assists, Mr Commissioner, it's in Exhibit 138.

CHAIRMAN: Thank you.

10

MR BOE: Now the - what was the sum cost to Mr Shepherd of the professional services that Quadrant provided?-- Total cost of items invoiced to Ted Shepherd were - or to his campaign committee, more to the point, was \$9,999.13, I think.

And who paid for that?-- That was paid for directly by his campaign-----

Did the Hickey Trust Account, the Lionel Barden Trust Fund or any other source have anything to do with the payment of that invoice?-- Absolutely not.

20

Now I'm just doing a checklist, Mr Chairman, as to other matters I was going to cover. Now subsequent to the elections and after your campaigning assistance had been finalised, were you still - that is, Quadrant, still owed money?-- Yes, something in the vicinity of about \$22,700-odd.

And the - did you pursue that from Mr Ray?-- Vigorously.

30

And did that become the subject of emails and telephone calls and letters?-- Certainly did.

Okay. At some stage did you let go of responsibility for chasing that-----?-- Yes, basically Brian Ray or the Ray Group was Tony's, my business partner's client, if you wish.

Tony Scott's?-- Tony Scott. My involvement was specifically relative to the conduct of support for councillors - sorry, not councillors, for candidates for the election. Once we got beyond the 27th-----

40

Of March?-- -----of March and the council - the election campaign, Tony reassumed his direct role with Brian. We still had that although we had parted company on one instance, midway through the month of February-----

Just get to the point, Mr Morgan?-- Sorry.

50

Did - at one stage, when there was a figure of \$22,000-odd owed to Quadrant, you pursued payment of it-----?-- Correct.

-----on behalf of Quadrant?-- Correct.

Did it get ultimately paid?-- We received the last cheque in November of last year.

Now, at one stage, did you hand over the collection role on behalf of Quadrant to somebody else?-- Tony assumed that and went back into client service role as far as the Ray Group was concerned and proceeded to chase up Brian with regard to the funds that were still outstanding.

1

Now those invoices, as I understand, were ultimately subsequently paid by specific donors?-- A variety of donors, yes.

10

Now did you have any role in canvassing and organising those people to pay those invoices?-- No, I didn't.

Did you have any role in the construction of invoices on behalf of Quadrant as to how they might be styled at the request of donors for them to be prepared to pay?-- No, I didn't.

Are you now aware that, in fact, invoices were issued by Quadrant which were utilised by these donors for the payment of these - this outstanding debt?-- Yes, I'm not aware of that, yes.

20

You had nothing to do with that?-- Had nothing to do with it. I know Tony was chasing the - chasing Brian.

I don't want you to talk - verbal Mr Scott, he can speak for himself?-- Sure.

You had no role in it?-- No, I did not.

30

And what you now know, only you know from subsequent events-----?-- Correct.

-----when people produce documents to you?-- Correct.

Mr Chairman, that was all I was going to lead from this witness unless there's anything specific that is sought to be led and could I-----

40

CHAIRMAN: It's up to you, Mr Boe.

MR BOE: Can I-----

CHAIRMAN: There's nothing specific I would seek.

MR BOE: Yes. Mr Morgan doesn't come here as a respondent to this inquiry. He comes as a witness. If there is going to be any adverse view taken on anything at all in any of the material that he's provided, we would like the opportunity to respond. I - we operate on time constraints-----

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CHAIRMAN: Well, I would envisage-----

MR BOE: -----that was-----

CHAIRMAN: -----Mr Mulholland will now question Mr Morgan and will put to him any matters that he feels that needs to be put to him to get his comment on.

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MR BOE: Yes.

CHAIRMAN: You will have another opportunity after that and after everyone else to question Mr Morgan before Mr Mulholland will finally have another opportunity. So you will have a second chance.

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MR BOE: Sure. Thank you.

CHAIRMAN: Yes, Mr Mulholland?

MR MULHOLLAND: Thank you, Mr Chairman. Mr Morgan, can we go back to the beginning and your first involvement in relation to the funding of these councillors? By the way, that's what it became, wasn't it? What happened here was that, to your knowledge, there were a group of councillors who received funding for the Gold Coast election of 2004 out of a common fund?-- No, that's not correct. No councillors received anything out of a common fund.

20

They didn't?-- No, councillors did, no.

Well, candidates?-- Candidates did.

30

Right. You became aware that these candidates for the 2004 election received it out of a common fund?-- Correct.

And did you - were you aware, in January of 2004, that they were being paid out of a common fund?-- Yes, I was aware.

Were you aware that this group of candidates were being paid amounts of money out of an account titled. "Power and Robbins"?-- I'm not sure what the cheques were or where the accounts came from. When you say, they were being paid, they would have been receiving those amounts of money directly. I had no involvement with that.

40

When did you become aware that in January of 2004 a large sum of donations were being made into the trust account of Tony Hickey in relation to an account which was basically the Power and Robbins account?-- I was expecting to see funds go in there. They had been discussed on the 17th of December. There was a list of candidates - sorry, of donors presented which we discussed earlier. Yes, that was essentially the budget with which we were expecting to work.

50

So you were aware that in relation to the Hickey records, there was a trust account in the name of Power and Robbins into which large sums of money were being donated-----?-- Correct.

-----and out of which large sums of money were being paid directly to candidates; you were aware of that?-- I'd probably debate the term large, but, yes, significant sums of money, yes.

1

All right. Now, can I take you back, please, to your first involvement. You say that your first involvement in relation to this matter - that is, the group of candidates being funded towards the 2004 elections did not occur until December 2003; is that so?-- I was not aware of any proposed activity until December.

10

Right. And the first involvement you say occurred - that is, your first involvement?-- Mmm.

Occurred on 2nd December 2003?-- That was when the matter was first raised to me or brought to my attention by my business partner, correct.

Until then, you knew nothing about any intention to raise funds for the purpose of funding candidates?-- Nothing at all.

20

And you only became aware or you first became aware because of contact that you heard of between your associate, Tony Scott-----?-- Mmm.

-----and Brian Ray?-- Correct.

You go on to detail meetings, which I'll come to?-- Mmm.

30

And you refer to a meeting of 17th December 2003?-- Yes.

Attended by Brian Ray?-- Yes.

And Tony Hickey?-- And Tony Hickey.

Now, up until that time, you haven't had any contact with Tony Hickey?-- No, none at all.

Did you become aware at any stage that Tony Hickey had attended a meeting with Brian Ray and Mr Power?-- I was not aware of any prior association or meetings with those gentlemen.

40

So, nothing that occurred on 17th December gave you to understand that Hickey - Mr Hickey knew about the matters that were discussed that day - that is, you in advance?-- I would have imagined that Brian Ray would have spoken to him at some point in advance of that date with respect to a trust account being - or his trust account being utilised for donations. I'm not aware of the actual conversations but I - they would have had to have taken place.

50

On 2nd December, I want you to go to any records that you have when you speak about this, but I want you to tell us as to everything that you can recall about that meeting?-- It was in the afternoon. Tony had had a meeting with - Tony Scott had had a meeting with Brian-----

What are you looking at to refresh your memory here?-- My day book notes of Tuesday, 2 December.

Right. Yes?-- Tony wandered into the office - into my office and sort of said, "There's a prospect of some new business coming through for January. Brian suggested that there could be some funds raised to support candidates for the forthcoming election"-----

10

Right. Now, where are you looking at when you say that that was part of the conversation?-- Well, I've just got the term "funding" there, "funding, financial or in kind."

So, is this Brian Ray speaking?-- No, these are just notes that I made as a result of the conversation with my business partner.

Right. So-----?-- They had no discussions with Brian Ray up until this point on this.

20

So this is something that you noted as a result of what Mr Scott told you?-- As to the best as we could establish what was likely to occur, yes.

So-----?-- In other words, what-----

Were you making these notes as you discussed the matter with Mr Scott?-- No, I don't think so.

30

When did you make the note?-- Possibly subsequent to that meeting.

Well, how long?-- Same day, that afternoon.

All right. So it was roughly contemporaneous with the discussion that you had with Mr Scott?-- Yeah. Correct.

Yes. Funding financial or in kind; so what was he saying about that; what was Mr Scott-----?-- In kind reference would be to-----

40

-----saying?-- This is not a direct verbatim report as to what Tony said or didn't say.

Well, what is it?-- It's my impression of what was required. We're looking at funding, funding for this possible new client campaign, whatever it was going to evolve into, would either be financial - in other words, a direct contribution in cash - or it would be in kind - in other words, somebody would provide professional services, printing, signage, things of that nature.

50

So, this is what you were going to be doing?-- Possibly.

Is that what you mean?-- Possibly, or organising, as the case may be.

Right. So, funding financial or in kind, so what's that mean - funding, were you going to arrange funding?-- No. No, how was this thing going to be funded; it would be either financial, a direct donation, or it could be in kind. Keep in mind, this is the very very first time that I'm aware of any possibility of a new client evolving.

1

Yes?-- We discussed in general terms how perhaps that could develop and I made a few notes just for future reference.

10

Well, I'm just trying to gain from this note that you did make, Mr Morgan, anything that assists you to say what Mr Scott relayed to you about a conversation that he'd had with Brian Ray?-- Bottom line with all of that was there's a potential bit of new business coming down; we need to clarify what that is because it wasn't clear. I made some notes here with respect to some of the points that were discussed in the meeting and we were to clarify those with Brian the following day.

20

Yes. Well, that's why I'm trying to discover from this note?-- Right.

I want you to look at the note and tell us what you gain from what Mr Scott said as to his meeting with Mr Ray. Do you follow me?-- Mmm.

Because this had come from Mr Ray to Mr Scott, hadn't it?-- It's more my interpretation of what Tony said, the potential for new client or clients, plural, depending on how that evolved, and some notations there to points that we would be discussing the next day. This isn't a direct summary of exactly what Tony said as a consequence of meeting with Brian Ray so much.

30

Well look, does this assist you at all to tell us now what Mr Scott said to you about his meeting with Brian Ray or not?-- I can't remember verbatim exactly what Tony said other than-----

No, no, please, just direct yourself to the question I've asked you, Mr Morgan: does this note that you made on the same day apparently assist you at all to tell us what Mr Scott said about his meeting with Mr Ray?-- Not in specific detail, no.

40

Right. Well, does it assist you at all?-- It does only from the point of view of what I understood to be in very general terms the opportunity that presented itself and I've made notations here about some of the points that Tony mentioned - funding was one, it could perhaps be financial or in kind, we didn't know; what needed to be declared is a notation that I put in there which I was familiar with; it was very very early in the piece, very very general and in that instance quite non-specific.

50

Read that part about "declared". What's that say?-- "Campaign expenditure in excess of \$200 must be declared."

Right. So where did you get that from? Is that something you knew?-- That was an understanding I had as to what was required. If anybody's going to make a donation, anything in excess of \$200 must be compared and I think this is where the - the concept of - well, probably the trust eventually eventuated.

1

So you knew at this point that donations received by candidates would need to be declared after the election?-- Oh absolutely.

10

And-----?-- Anything in excess of \$200.

Now, did you know that - you told us that you hadn't had apart from something that occurred in New Zealand, you hadn't had anything to do with something similar-----?-- I was-----

Hold on . In relation to elections; is that so?-- No. I was aware of that from experienced with Ted Shepherd's campaign.

20

Right. All right. So you're writing down with the intention of, what, this would have to be kept in mind that donations would have to be declared?-- Absolutely.

That's nothing that was said between Mr Ray and Mr Scott; it's just something you're noting down as something that you're going to have to be aware of?-- And it's probably something I mentioned to Tony that anything else in excess of that - whether that was the discussion he had with Brian Ray or not, I - I have no idea.

30

Now, the next line, "Private support", just read that to us and tell us what that means?-- "Private support and non-declared so long as not in support of the campaign."

What's that mean?-- My understanding of that is that yes, you can receive private assistance but so long as it's not in the support of the campaign. If it's in support of the campaign, it has to be declared.

40

Yes?-- I'm not really quite sure what else that means.

"Private support"?-- Private support, that's correct.

Right?-- Which is non-declared so long as it's not in support of - it doesn't need to be declared so long as it's not in support of the campaign.

Right. So any amount received in connection with the - any gift received in connection with the campaign would have to be declared, you're aware of that?-- That was my understanding and remains so.

50

Now, the next - the final two lines, just read that to us and tell us what that conveys?-- "New candidates expenditure accountable from date of declaration, not poll date advice."

Yes. "New candidate expenditure", right?-- Mmm.

So does this assist you to say that the discussion that had occurred between Mr Scott and Mr Ray suggested that there was going to be an attempt to gather funds to support election candidates at the March election?-- Correct.

And that Mr Ray was going to be involved in that?-- Most definitely.

And Mr Ray, you would have known as a property developer?-- Yes, I was aware. Brian was a long-term client of our company. I had no direct contact with him but he was a - his - his - his work was serviced by Tony Scott but I did know Brian just to say hello to, yes.

10

So you would have known at this stage even, as early as the 2nd of December even though you didn't know the specifics of it yet, you would have known that it was likely that developers were going to contribute to this fund?-- It would have been astonishing for developers not to contribute to the support of candidates on the Gold Coast.

20

Yes?-- Yes, it would - yeah, the short answer is "yes".

All right. Now, you, having made that note, you had a meeting on the-----

CHAIRMAN: Just before you go off that note, can I just mention something to you, that this third dot point, the funding?-- Mmm.

30

The way I must say I read that was - going on from there, I read it as financial or in-kind campaign expenditure in excess of 200 must be declared?-- It probably is, actually, Mr Chair.

Yes. It seems to read logically that way, doesn't it?-- It's just that I've got almost a full stop after the word "kind" which is why I tend to read it in two sentences but it does - does work in that context.

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Yes. All right. So why would it be that out of the five dot points that you made of after your meeting with your colleague, Tony Scott, where he's telling you that there's a possibility of new business-----?-- Yes.

-----why would it be out of five dot points that three of them relate to requirements of declaring funding?-- This is a commercial venture on our part.

Yes?-- We were trying to determine, one, what size of account budget, if you wish, it represented, what was involved. We looked at this purely from the point of view of a commercial venture with a new client.

50

I understand that, but what's the relevance of three out of five of the points that you jot down of your meeting with your colleague being to do with requirements for declaration of funding?-- I made the notes there that they had to be - there

were certain obligations. It was different to a normal client that we would normally have - you do working with a property developer or a producer of a product, there are no declarations that they need to make other than tax implications with respect to funding. So this was quite an unusual brief from our point of view. I just-----

1

Yes. Did you think you would be involved in helping them with their declarations?-- Only to the extent that we needed to provide accurate information in terms of whatever work we may or may not do on their - or we may do on their behalf.

10

All right. But I'm still not understanding what at this first meeting where he's telling you, "Look, there's the possibility of new clients here in this"?-- Mmm-hmm.

"The election's going to be 27th of March polling day"?-- Mmm-hmm.

"Looks as if you're going to might have to be starting up in the first or second week in February, say the 10th of February" and then everything else that's noted down is about the requirements of funding declarations?-- Mmm. It was something that is unique to this particular type of business - certainly outside the scope of what we normally do.

20

Well, can you tell me why you made these notes, though? You said these things were known to you. This isn't something Tony Scott's told you?-- No, no.

30

So why in making notes for yourself do you jot these down? You did say to Mr Mulholland that "These were points we'd be discussing the next day." Were you going to be discussing these aspects of what was required to be declared with Brian Ray the next day?-- Yes, we would have been, yes, definitely.

I see. Well, Mr Mulholland will doubtless cover that when he gets on to that.

MR MULHOLLAND: Well, now - thank you, Mr Chairman. The next day, go to your work book, and indeed any other record that you wish to refresh your memory - now, these notes that you made for the 3rd of December, were these made at the time or on the day?-- They look as though they were made at the - on the time at the - on the day of the meeting.

40

Right. All right. So you had your work book there?-- Mmm-hmm.

And as there were discussions-----?-- That's correct.

50

-----you were noting these things down?-- Mmm-hmm.

The very first thing that you have noted there is "Local body" - is that "local body"?-- Correct, "2004".

"2004", right. So what's that? Referring to the election?-- Local body elections.

Yes?-- "2004 and Queensland and New South Wales are both taking place at the same time."

Right. So why have you noted that, "Queensland and New South Wales"?-- Because that's when the local body elections were taking place.

Well, yes, but what did you have to do with the New South Wales elections?-- Absolutely nothing other than the fact that they'd be on at the time and would prove a distraction. We also had a State Government election, actually, appeared right in the middle of the campaign period.

10

Did you know of Council elections taking place in the Tweed in March 2004?-- Yes, well, my notation reflects that.

And we see some discussion with Mr Ray about his involvement in relation to that campaign?-- Not at that time, no.

20

Not at that time?-- No.

Well, at any time?-- There was once, yes.

When?-- When the campaign got under way for the Tweed elections, he-----

When was that?-- Would have been - I would imagine sometime in February. I'm not sure. It would have been - yeah, it would have been fairly early in the piece, I think. Brian asked me to come and have a look at a press ad, a full page press ad that had been run by whoever had been running it, Tweed Directions or Winning Directions or whatever-----

30

Sorry, February, what year?-- 2004. It was the first advertisement that he had seen that had been run by the group on the Tweed that were running a group down there.

All right. Well, this is something that occurred in February 2004?-- That's right.

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You've noted this down. I thought it was a note as to what was said at the - referring to what was said at this meeting on the 3rd of December?-- It's a note. I made a note that, right, the local body elections are coming up in 2004. They're taking place in Queensland and New South Wales.

No, you may have misunderstood my question?-- Certainly.

I thought this was a note of what was discussed at this meeting. Is it some other kind of note?-- It's just a note of my impressions that came from that meeting. It's not a verbatim minute or anything to that extent.

50

Well, why - what had New South Wales elections have to do with what this matter that you were going to discuss or that you were discussing with Mr Ray?-- It had absolutely nothing to do with it other than it was an activity that would be taking

place in the marketplace at the time we could be running activity for other candidates, in other words.

1

Mr Morgan, still I don't know that you followed my question. Does this relate to anything that Mr Ray said at the meeting?-- No.

So you just made this without reference to anything he said?-- Correct.

10

Well - but you were making these notes as the meeting proceeded?-- Correct. It was - we were aware that the New South Wales elections would be taking place at the same time so I made a notation to that effect, there was a Queensland State Government election coming up which we weren't sure when that was going to break, and these were all matters that would impact on anything that we did on the Gold Coast.

Who attended this meeting?-- Myself, Tony Scott and Brian Ray.

20

Now, you have on the next line - what is that?-- It says, "Exec DIR", director, "CM, clients Robbins and Power."

Right. "Exec," what's that mean?-- I think what Brian - it's a notation to something that Brian suggested, that I become executive director of some sort of campaign and that I coordinate the whole exercise in that form.

So that's what he was suggesting that you do?-- He was suggesting to myself, yeah, that's not particularly a role that I'd take in that form, it's a little bit presumptuous.

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So he made that suggestion and - and you said what?-- Didn't make any comment on it at all. It was - it was just a comment that he had proposed or a role that he saw me as playing.

And you didn't respond?-- Not directly. What we were specifically looking at, both Tony and I, was some indication as to who the client was, it wasn't obviously going to be Brian, and that's the first time that I became aware that Councillors Robbins and Power were involved, and he said that - the notation there is that would - that would be our client as such.

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So Mr Ray told you that your clients would be Robbins and Power as such?-- As such.

Well, what's that mean? As such? You do have a client?-- At this stage we had no client.

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No, but that's what he's suggesting?-- Correct.

Well, why did he - why did he suggest that Power and Robbins would be the clients as such? What did he say to explain why he wanted them or why they would be the clients as such?-- I have no idea. Sorry, not that I could recall. My notation here is that it was quite clear from questions that we asked,

okay, who are we working for? You're working for clients Robbins and Power. The-----

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Sorry. Sorry, you asked that?-- Yeah, we were trying to determine who - what - the whole purpose of this meeting was to get a clarification, and subsequent meetings for that matter, as to what it requires, who were we working for, what was it that was required of us, what function did they want us to perform.

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Right, okay. Well, let's start with that. Apparently, judging by the note that you made, which I understood you to say-----?-- Yes.

-----was made at the time?-- Mmm.

The first was who you were working for?-- Correct.

And they were to be the clients as such. Is that something someone said, that they would be the clients as such?-- No, that's just my interpretation of that. I asked the question, Tony asked the question, who is our clients? Who are we working for? The clients would be Robbins and Power.

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So that, what, these were nominal clients, were they? Just a name?-- No.

You needed a client for the purposes of your own records, I suppose?-- Exactly, yeah.

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Well, did anyone say, "Well, what about you, Brian? What about you be the client? After all you're the person who seems to be behind it"?-- No.

Well, why wouldn't he be the client?-- Because when we asked the question it was nominated as Robbins and Power. Brian explained that they were looking to gain funding, his assistance, and my further notes here talk about what the function is, what we were looking to do was to follow up with donors and confirm funds, and to develop campaign/campaigns plural.

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So he told you, and don't agree with anything I put to you if you-----?-- Mmm-hmm.

-----think that it's incorrect. He told you that Robbins and Power wanted to raise some funds. Is that what he said? Or to that effect?-- To that effect. And to seek his assistance in doing so, yes.

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Well, you had already Mr Ray as a client?-- Correct.

Why - did you say, "Well, why do we need - I don't - haven't had anything to do with Robbins and Power, why don't you be the client? After all you are my client. I don't know these people"?-- Totally irrelevant. This was an exercise related to the Gold Coast City Council elections.

But you didn't know them and you were accepting Mr Ray telling you that they would be the clients?-- We knew that what Brian was proposing to us by way of a new client represented potential work relative to the Gold Coast City Council elections. To have the Ray Group as a client relative to that would have been totally irrelevant, totally inappropriate.

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Well, why would it be inappropriate?-- Because he's a developer. That's not his business, that's not his line of business.

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It wouldn't be inappropriate because maybe if the people got to hear about it, the public, they, in some quarters at any rate, would raise - would raise their eyebrows?-- No, Brian Ray wasn't running for Gold Coast City Council. It would have been irrelevant.

So it would have been irrelevant, it really didn't matter whether he was a client or not?-- He wasn't the client. He'd made it quite clear to us that the client would be in this instance, in other words, who is the entity that we're going to be invoicing for this, was to be clients - was to be Power and Robbins.

20

Now you said that one of the matters that was raised was the question of funding?-- Mmm.

What was said in relation to the funding?-- The note that I've got here says "Function CM" myself "to follow up with donors and to confirm funds, develop campaigns."

30

Yes?-- That we didn't do or undertake to do, other than the development of campaigns.

Well, what I'm interested in is what Mr Ray said about the question of funding. You said, when we introduced - when I introduced this topic to you, there were a whole number of things that you wanted established?-- Mmm.

Right. Well, one of them was obviously funding?-- Correct.

40

What did Mr Ray say about funding?-- Funding was to be donations across the board, anonymous donations across the board from the business community at large.

That's what he said?-- Correct, or words to that effect.

Anonymous business donations?-- Correct.

Yes, for whom?-- Sorry?

50

For whom?-- For candidates that we had yet to meet.

Right. Candidates yet to be met, yet to be selected, or had they already been selected?-- I have no idea.

Well, the clients were - as such were Robbins and Power?-- Correct.

Now they were councillors?-- Yes.

And the funds were going to be raised for the purposes of some candidates at the election?-- Correct.

And this is what Mr Ray wanted to do. He wanted to assist in raising these funds?-- That's right.

You understood he was the organiser behind it, did you?-- Who the overall organiser was I'm not sure. Brian first approached us through Tony and sort of said, "We'd like you to assist here." Where we're his advertising agency it's not an uncommon recommendation. We then met with Brian the next day.

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We'll stay with the-----?-- I got the impression that we were talking about a campaign of some description. That wasn't really clearly defined.

A campaign of some description?-- Correct.

20

Well, it was a campaign to get people elected obviously?-- Ultimately, yeah, whether it was individuals, just specifically whom, we had no idea at that point.

Right. So it was a campaign to get people yet to be identified-----?-- Mmm-hmm.

-----elected?-- Correct.

30

And apparently Power and Robbins wanted to achieve this?-- Yes.

Right. Well, did Mr Ray explain that? Why that was the case - why they wanted to do that?-- The motivation basically behind that was to have a council that could perform. In other words, a council that-----

CHAIRMAN: No, is that what he said? You've got to listen to the question carefully?-- Very much. This - sorry.

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You were asked what he said, so express it that way if you can?-- Again, I can't quote Brian verbatim from that particular meeting over two years ago. The motivation - the whole - again, this is my interpretation of what came out of the meeting. The whole premise on which the meeting with Robbins and Power was based was a complete dissatisfaction with the manner in which the Baildon Council, if you want to call it that-----

50

I think you've jumped to another meeting now because Robbins and Power weren't at this meeting?-- Well, the question is what motivated Brian?

What - no, the question is what he said at that meeting, if anything, that was motivating him about this. We'll give you lunchtime to think about it and we'll adjourn now. Before we do adjourn, I had hoped that we'd finish this witness today.

It looks very much as if won't. Could I ask the representatives to check this to their availability, say, Wednesday or Thursday of next week? Friday if it has to be, preferably Wednesday or Thursday, when we could complete the evidence of this witness. I think it's preferable rather than leaving it over until next month. We'll adjourn now till quarter past 2.

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THE HEARING ADJOURNED AT 1.06 P.M. TILL 2.15 P.M.

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THE HEARING RESUMED AT 2.18 P.M.

CHRISTOPHER LAWRENCE MORGAN, CONTINUING:

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CHAIRMAN: Yes, Mr Mulholland?

MR MULHOLLAND: Thank you, Mr Chairman. Mr Morgan, I was asking you about the meeting on the 3rd of December 2003 with Mr Ray and Ms Scott and - now, this meeting, you were looking at your record. If you just have a look at your record again for the 3rd of December?-- Yep.

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I was asking you what Mr Ray said at the meeting. Have you thought about that over the luncheon adjournment?-- Yeah, extensively. To be perfectly frank, I cannot recall verbatim what Brian specifically said. My notes here reflect what action I thought I needed to take with respect to securing a new client/new business but verbatim reports of what Brian said, I'm sorry, I can't recall that, two years' ago.

Well, you did say this morning in answer to questions by Mr Boe that there was something said by Mr Ray, and I think you mentioned this before lunch-----?-- Mmm-hmm.

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-----but you put it in a different way which attracted a question by the Chairman?-- Mmm-hmm.

You said, Mr Ray was unhappy or something to that effect with the Baildon Council; is that right?-- Oh, I think the majority of the people on the Gold Coast were pretty unhappy with the council.

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No, no, no, please, Mr Morgan?-- My apologies, yes, he did, yes.

Okay. So what is the best recollection that you've got as to what Mr Ray said about why he was unhappy with the Baildon Council?-- My best recollection of what he said was that we need to have a council that can function. We need to have a

council that can work together. That was basically the thrust of what Brian would have said.

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Right. You said this morning in answer to Mr Boe that the - something to this effect, this is again from Mr Ray-----?-- Mmm.

-----that Mr Ray said that the decision making process had stalled?-- Yes, it had, correct.

10

No, not whether it had stalled or not, did Mr Ray say that the decision making process had stalled?-- Words to that effect, yes.

And did he say, to the effect, that he wanted to speed it up?-- Not in those words, no. What he-----

Well, what did you mean when you said that - or to that effect this morning and I understood that you said that this is something Mr Ray said, "The decision making process had been stalled" and something about speeding it up?-- You have a situation where council, as I said before, for want of a better term was dysfunctional-----

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Is this what Mr Ray is saying?-- The term, dysfunctional came up, yes. Whether Brian specifically mentioned that or not, I'm not sure. My understanding of his motivation for us being there was twofold; one, to introduce us to a new client and, secondly, for the purposes of conducting advertising support for councillors of a like minded nature that could get on and work - that could function, that could achieve what they were there to do. In other words, function - not continuously argue amongst themselves.

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Sorry, who was present at this meeting?-- On the 3rd, myself, Tony Scott and Brian Ray.

Yes. But I thought you said this was to introduce you to the client - to the clients?-- No, we didn't actually meet the clients until the 10th. The first meeting that we had with Councillors Robbins and Power was on the 10th of December.

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Now please focus on my next question; Mr Ray then said - mentioned that there was unhappiness with the Baildon Council to the effect that it was dysfunctional-----?-- Correct.

-----if he didn't say, someone else said it-----?-- Certainly.

-----he certainly agreed with it; would that be correct?-- It would be correct.

50

The decision making process had stalled and needed speeding up or something to that effect?-- To that effect.

Right. Now you knew also that there was going to be funding organised in order to support candidates. That is what you knew at this stage?-- That was the - that's what had arisen

from conversations from that day and the day before with Tony,  
yes.

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Right. So by this time, that is by the time that you had had  
this meeting with Mr Ray-----?-- Mmm-hmm.

-----you knew that what - the venture that Mr Ray was involved  
in was the raising of funding in order to support candidates  
for the March election so as those candidates once elected  
would assist to speed up the decision making within the  
council.

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MR NYST: Well, sir, I must object to this.

WITNESS: I disagree with the word "assessed," I'm sorry.

MR NYST: Mr Mulholland-----

CHAIRMAN: Sorry, what did you just say?-- I would disagree  
with the word assessed. My apologies.

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MR NYST: Mr Mulholland tried a number of times to get this  
witness to say that the process needed to be speeded up. He  
got an agreement that there'd been talk about the decision-  
making process having stalled-----

CHAIRMAN: I think you are now putting it somewhat  
incorrectly. Mr Mulholland was putting what I took to be Mr  
Mulholland's note of what the witness said this morning: that  
he had said this morning that Mr Ray said these things.

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MR NYST: Yes.

CHAIRMAN: And the witness at first said that he wasn't sure  
about that and then he agreed that, yes, something like that  
was said.

MR NYST: To that effect he said.

CHAIRMAN: Well, to that effect, something like that.

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MR NYST: After several attempts to get him to agree that he  
had said earlier on that Mr Ray had said that the process  
needed to be speeded up, unsuccessfully, he then said, well,  
was it something to that effect and bundled the two in  
together and the witness said it was to that effect. I don't  
have a note on the matter. I don't recall it, but, in my  
submission, one needs to be very careful about that because  
it's been done in that fashion; he's finally agreed to that  
effect, and now that's being pinned upon him-----

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CHAIRMAN: Well, Mr Nyst, the witness agreed to that. The  
transcript will show what he said this morning.

MR NYST: Well-----

CHAIRMAN: Mr Mulholland is cross-examining in exactly the same sort of way as you did yesterday and as one normally does.

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MR NYST: Well, I wouldn't do that.

CHAIRMAN: As to the weight - I've known you too long, Mr Nyst, and you've known me too long. Thank you, Mr Mulholland?

MR MULHOLLAND: Mr Morgan, the meeting - come back to the meeting of 3rd December. Did you understand from the discussion that you had at that meeting and in particular what Mr Ray said that he was embarked upon a venture to raise funds in order to support candidates for the March 2003 - 2004 election?-- Correct.

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Because of a concern about a dysfunctional Council - that is, the existing Council - and in an endeavour to speed up the decision-making process?-- Correct.

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Right. Now, these candidates that Mr Ray was concerned to support through this fund, had any of them been identified to your knowledge by this time?-- No, not at this particular point.

Mr Ray suggested that your clients would be Robbins and-----?-- Power.

-----Power; is that right?-- Correct. That was a notation that I made with respect to who we're dealing with here.

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So, it wasn't your suggestion; it was Mr Ray's suggestion?-- Yes, it would have been; yes, most definitely.

And did he give you to understand what he said that he had met Power and Robbins in relation to the matter?-- I've no idea whether he met them. He certainly obviously had conversations with them. Whether that was face to face or over the phone, I've no idea.

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Well, presumably, if you were going to accept Robbins and Power as your client, then you must have been satisfied that he had authority to speak on their behalf?-- The operative word here is if. We hadn't at that stage really been able to formulate a clear picture as to exactly what was required, but, yes, I was reasonably satisfied that Brian could act or speak on their behalf.

Now, look at your note, please and tell us by reference to your note anything else that you can recall Mr Ray saying at that meeting on 3rd December?-- In general terms, we would have discussed what I've got here as a second point, establish the hot buttons, and I've noted points there as to what that may perhaps be. I would have spoken perhaps initially there about the prospect of maybe conducting some research. That would have been discussed at that time. That's what that notation relates to. And subsequently we would have also looked at other distracting influences, if you like, because

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that's the reason for the notation of the New South Wales local and Queensland State elections which were taking place at and around the same time.

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Did you understand that Quadrant was being asked to support these candidates who were to receive funding organised by Mr Ray?-- We understood that we were to be introduced by Brian to potential, new clients and that any support would be in the form of professional services and not in any other form.

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I thought that the clients were going to be Robbins and Power?-- That was the client name. The actual work that we were to do was not for Robbins and Power, as it subsequently evolved.

Right. Well, in what way were Robbins and Power to be the clients; what do you mean by that?-- We needed to have a billable entity.

So you were going to bill Robbins and Power?-- If they - yes. At that particular point, that's the billable entity.

20

Did you understand that Robbins and Power, even if you didn't know the details of this, did you understand after you'd spoken to Mr Ray at this meeting that Robbins and Power had spoken to him-----?-- Most definitely.

Made a request of him?-- Most definitely.

Right. So the funding had come about because they had made a request to him to see if he could organise it?-- I have no knowledge of just exactly what took place. I'm only presuming that. That's an assumption on my part.

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Now, you said, as I understood it, that Brian suggested - that is, Brian Ray suggested - that there would ultimately be a trust account established and that Tony Hickey would be doing this?-- Correct.

Right. Now, he said this to you and Mr Scott at this meeting?-- Correct.

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And did he give you to understand that he had discussed the matter with Mr Hickey?-- I've no idea. No, I have no idea to that effect.

SO, at this point, you understood that the trust was the reference to moneys when they were obtained would be paid into the trust account at Hickeys; that's what you understood he would be giving you - that's what you understood that he was suggesting would happen?-- That's correct in terms of what took place. Whether or not that was specifically covered at that particular point or whether that was raised on the 10th I'm not 100 per cent sure. That was the case, yes, you're quite correct. Whether that was discussed at that meeting or the 10th, I can't be accurate about that.

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All right. Well, I understood you to say - you mean a meeting with Brian Ray on the 10th; is that what you're referring to?-- We had - I had a meeting - this is the only other meeting - this particular meeting on the 3rd was the only other meeting that Tony Scott attended. I had a meeting on the 10th with Brian and Robbins and Power.

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All right. Well, we'll come to that. So you're not sure whether it was that meeting on the 3rd or the meeting on the 10th; is that what you say?-- I'm not - I couldn't - I'm not too sure, no.

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All right. Now, in that next line after "Clients Robbins and Power", what does that suggest to you was said and by who?-- What that suggests is that Brian suggested to me that the function of myself was to follow up with donors, confirm funds, and develop campaigns or a campaign/campaigns.

Right. So you were going to assist, what, with advertising?-- Well, what that basically implies is that he wanted a - wanted me specifically to follow up with donors and confirm funds, which I didn't do - develop-----

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So did you make that plain to him that you wouldn't be able to do that?-- It wasn't a question of being able to; we just refused to do so.

Okay. So you told him that you wouldn't be doing that?-- Correct.

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Yes. And if-----?-- And-----

Yes? Any-----?-- And the development of campaigns which is really what we're about, that's what we do. We develop advertising campaigns. Brian was introducing us to a new client or clients, plural. We weren't quite sure at that point.

Now, the next meeting you've said-----

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CHAIRMAN: Well, just before you go off that, if I may, Mr Mulholland, you said about that meeting on the 2nd, those points on that meeting that I asked you about earlier, all those points about the requirements with respect to disclosure of funding were points that we would be discussing the next day. So did you, then, on that next day at the meeting Mr Mulholland has just been taking you through, did you discuss those with Mr Ray on that date?-- I can't recall specifically, Mr Chairman, no. The only points that I - the only points that I have here with reference to that meeting are - basically what are in my day-book. I really can't recall anything else beyond that.

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But again, then, we get back to the point that they were important enough to you to note down on the 2nd?-- Mmm-hmm.

And yet you can't remember if they were discussed on the 3rd; is that what you're telling me?-- Not - no, not - not really.

They're points I made a note of. They're things that we needed to be aware of. I was conscious of them. I don't know that it was anything to draw to Brian's attention or not. They're just action points for my own point of view.

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So were they never ever discussed again?-- Oh I have no idea. They certainly would have been discussed with candidates.

All right. Well, we'll wait until we get to the discussions with candidates.

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MR MULHOLLAND: All right. Now, come to this next meeting. This is the next event of significance that you can recall, this meeting on Wednesday the 10th?-- Mmm-hmm.

What had you done in the meantime?-- Not a great deal. We were aware of it. I think there was some communication with Brian. I can't recall specifically. We were to meet at least I was to meet with him in his office on Wednesday the 10th at 9.30 which I did. Also at that meeting were Councillors Power and Robbins whom I met for the first time there, and we went through the extent of the sort of services and back-up that we could provide as a company.

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Now, this was in Brian Ray's office, was it?-- Correct.

And who organised the meeting?-- Brian I imagine.

Well, your best recollection is that you were called to a meeting at Brian Ray's office?-- Correct.

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Did you know that Power and Robbins would be there?-- Yes. At least I presumed that, yes.

Right. And just the four of you?-- Just the four of us.

How long did the meeting go?-- No idea. Probably about an hour.

Now, these notes that you've made in your work book?-- Yes.

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Were they made at the time?-- No, I don't think so. These were notes that I would have made after the meeting. They certainly weren't a comprehensive minute of everything that took place because there's other - there were other items that arose from that meeting. No, that's a summary that I would have made back in my office the way - particularly the way I presented that. That's not made on an ad hoc basis as I've gone through the meeting.

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Right. So, what, you didn't make any notes at that meeting?-- No.

Was the name which you have at the head of your note there-----?-- Mmm-hmm.

-----"Commonsense Candidate Resource", was that discussed at the meeting?-- I imagine it would have been. Oh it's

certainly something that would have been - yes, it would have been, yes.

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See, was it suggested, Mr Morgan, that these people who were identified or were going to be identified as candidates were people who were seen by Power and Robbins as being commonsense people?-- Absolutely.

Sensible people?-- Sensible people, similar in terms of attitude, and a professional manner and the ability also to work with one another.

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Right?-- All of those.

And these are people, as you understood it, were identified by Power and Robbins?-- Not all of them, no. I - I have no idea really who individually selected them. It could have been that another councillor might have suggested that Roxanne Scott, for example, might have been a - a candidate to support. Whether that was somebody that Power and Robbins specifically noted, I don't know.

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You saw at some stage a list of candidates with a rating-----?-- That's correct. These were-----

-----along side their name?-- -----candidates listed for all 14 divisions, that's right.

Now, when did you receive that document?-- I'm not sure. I think it could have been that meeting of the 10th.

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Right. And did you receive it from Brian Ray?-- I believe so, yes.

Yes. That has - if you have a look at the document - do you have it there?-- No.

CHAIRMAN: It's Exhibit 18.

MR MULHOLLAND: Thank you?-- 18. My notations here only go to 17.

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CHAIRMAN: No, they're your annexures to your statement. This is a separate document which was already tendered a number of days ago, is Exhibit 18 this morning.

MR MULHOLLAND: No, Mr Chairman-----?-- No, I don't believe I have a copy of that.

-----I'm just asking him to look at what he does have in his documents.

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CHAIRMAN: Oh I see. Okay.

MR MULHOLLAND: Now, this is-----?-- I have supplied that.

Yes, you have?-- Mmm.

But you don't have it there, is-----?-- It doesn't appear to be, no.

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It's part of 139, Exhibit 139. It's all right, we'll get it for you, Mr Morgan?-- No, it doesn't appear to be here.

Is that your best recollection, that you first saw that on the 10th?-- It wouldn't have been any earlier than then, no.

Well, the only other occasion it could have been if you were given it by Mr Ray would have been the 3rd, isn't it?-- Correct.

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Okay?-- It - like it could have - I could have - it may have been made available to me on the 17th but it would have been the 10th at the earliest, yes.

Well, it's dated the 24th of November; have you got it there?-- Oh yes, here it is.

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It's immediately behind the blue-----?-- I know, I've got it here. This is the original document; it has my handwriting on it.

No, I'm just indicating for the Chairman's benefit. Now, so when you received it, what markings were there on the first page?-- There were various ratings against individual, either-----

No, sorry. Was there any of the circling or the handwriting, was any of that on the document, or the ticks, when you received it?-- All the - this had been noted and the - all the notations here on this in black next to Rob Molhoek, the correction of his name, the asterisk next to Sue Robbins, and the circling under the rating percentages, they were all on the document.

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Right. Do you know whose handwriting that is?-- No, I have no idea. I suspect - I suspect it was Brian Rowe's.

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Yes. Well, you saw alongside the candidates?-- Mmm-hmm.

Other people who were named?-- Yes, that's my handwriting.

That's your handwriting?-- Correct.

And does that represent opponents?-- No, Grant Pforr, I've got the - I've got Alan Rickard listed there, Alan Rickard was standing down at that stage.

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Right?-- Margaret Grummit was also standing down. Brian Rowe there. The incumbent councillor at that time was Councillor Young.

Right, well-----?-- Et cetera.

All right. So he was an opponent?-- In that instance, yes.

Sorry?-- Yes, that's correct.

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Right. And the next one, Roxanne Scott, you wrote down Crichlow?-- Crichlow.

Again?-- And she was the incumbent councillor, that's right.

Yes, and her opponent, that is Scott's opponent at the election?-- Correct.

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Now, also you got Christmas?-- Mmm-hmm.

Why did you write that in?-- It was - there I've circled Max or Tom. It was thought that Tom Tait may stand, he didn't, and we've just put in Christmas there because he would have been the candidate at that time - sorry, he would have been the councillor at that time.

Then we've got La Castra, Shepherd, Sarroff crossed out?-- Mmm-hmm.

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Jan Grew?-- Mmm-hmm.

And then the others. Now what we see is a rating section?-- Correct.

Alongside these candidates?-- Mmm-hmm.

We also have ticks. So what does - what do the ticks indicate? Can I make a suggestion?-- I'm not really sure. Yes, please.

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Well, do they indicate that the person ticked might be seen as the winner of that division? Look at them?-- Mmm.

Attwood?

CHAIRMAN: There's two lots of ticks on what I'm looking at. Which lot of ticks are you referring to?

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MR MULHOLLAND: Sorry, I'm looking at the ticks in the line that Mr - or in the part of the document that Mr Morgan says he was responsible for. Were you responsible for those ticks?-- I - all those ticks are-----

No, sorry, I'll identify, having regard to the Chairman's question, I'll identify the ticks I'm referring to. The ticks I'm referring to is in the section of the candidates themselves, so not the ticks alongside the number 1, 2 et cetera?-- Mmm-hmm.

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But the tick to the right of the candidates?-- Yep.

You follow me?-- Mmm-hmm. Yes, I'm familiar with that.

Well now, Attwood and Power, both with a rating of 100 per cent?-- Mmm-hmm.

Have a tick?-- Correct.

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Well, does that suggest that they were regarded as the winner of the seat? A hundred per cent chance of winning?-- Well, with a rating of a hundred per cent, yes, definitely, yeah. The rating percentage, to be perfectly frank, I can't recall what the option with the ticks were or was. The rating percentage was somebody's assessment of their prospects of being re-elected.

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Right?-- Or elected. That's what that rating percentage related to.

Now you said that Mr Rickard wasn't standing, so there's nothing beside his name in the way of a tick, is there?-- No, because he stood down-----

He stood down?-- -----and the assessment was that Grant Pforr had a 60 per cent chance of being elected. That's what that relates to.

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Right. The next one, Mr Molhoek?-- Mmm-hmm.

That - you didn't put that name in there?-- No, I didn't.

But you believe that it's been written there by Mr Ray?-- Yes, it's a typographical.

And Grummit, you wrote that in?-- Yes, I wrote that.

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Again here, 80 per cent. Now what does the 80 per cent relate to as you understood it?-- As I understood it, it related to the prospect of re-election. That whole percentage column was re-election potential.

Right. Now, Grummit, Ms Grummit was not going to stand?-- No.

And Mr Molhoek was considered to have an 80 per cent chance of success?-- Correct.

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Young. Now, in the next row Young is given a tick and there's a 50 per cent rating. Does that mean that he was, so far as you understood, believed that Brian Rowe had a 50 per cent chance of success?-- Correct.

The next one, Roxanne Scott?-- Exactly the same.

And both Young and Crichlow have been given a tick. That's why I put to you earlier and I ask you again whether that conveys that perhaps the tick was going to - was indicating that so far as the assessment went that Young and Crichlow would be re-elected?-- I cannot recall the significance of the ticks or why I have ticked them like that down that side or for that matter on the other column.

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Well, you have ticked them though?-- Oh, yes, it's definitely - I've definitely ticked them.

So Rowe and Scott were given a 50 per cent chance of success?-- Correct.

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Yes. The next one, Christmas, who has a hundred per cent chance there?-- At that stage that would have rated Max as being re-elected.

Sorry?-- That would have - that would have denoted that Max Christmas had a 100 per cent chance of being elected.

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Right. Bob La Castra given a tick?-- Likewise.

A hundred per cent. Ted Shepherd?-- I only rated Ted's chances of re-election at 55 per cent.

He's still given a tick?-- Yes.

Right. Well, no other opposition candidate is mentioned there?-- No, they weren't - at that particular stage I don't know that they'd even been declared, November 24 was a fair way back.

20

Now why has Eddie Sarroff been crossed out?-- I have no idea.

But again he's been given a tick. Is that right?-- Yes, he has.

Eighty per cent-----?-- Correct.

He has an - he was seen as an 80 per cent chance of being re-elected?-- Mmm-hmm.

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Jan Grew, 90 per cent chance?-- Correct.

Also given a tick by you?-- Mmm-hmm.

Now, Drake and Betts?-- Yes.

Sorry, I can't pick up that other name. What is that?-- I've got Drake plus GECKO in there.

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Right?-- A 50 per cent chance of re-election.

Is that for Mr Betts?-- It's a 50 per cent chance of Mr Betts being elected, yes. That's the way I read it, yeah, I have no-----

You've given a tick. Does that mean to say that your tick thought that Mr Betts might lose?-- No, not necessarily. I - I cannot recall why I ticked these in this fashion other than to have gone through and sort of said, right, have we assessed these candidates or reviewed them or whatever. I cannot - I can't give you an answer as to why I ticked them in that form, I don't know.

50

Well, perhaps you might - you might think of why you did in a moment. Daphne McDonald has been crossed out. Can you explain that to us please?-- No, I can't.

Were you given some - you've got a tick there?-- Yeah, I have and also for Sue Robbins.

Eighty per cent?-- Mmm.

So someone has an 80 per cent chance. Did you cross Daphne McDonald's name out?-- No. Those two deletions there, they're not - they've been crossed out in pencil but I don't recall crossing them out. I can't understand why I would.

10

Well, you can't identify whether you did cross those names out or not?-- No, I can't.

Or put the ring around the names?-- I certainly didn't put the ring around the numbers, no.

And finally, Sue Robbins assessed as having 100 per cent chance and you've given her a tick?-- Mmm.

20

Now, why are you going through and performing this exercise of giving these candidates ticks? It suggests, doesn't it, that whenever this was brought to your attention there was a discussion with Mr Ray about it and you've gone through and actually participated in the process, maybe upon - because of what you were told but you've certainly participated to the extent that you put ticks alongside these people's names as indicating who might be elected. Would that be correct, Mr Morgan?-- I don't believe that those ticks, from my point of view, indicate the likelihood of anybody being elected or otherwise.

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Sorry. I thought that's exactly what you told us they did indicate?-- No, I don't recall saying that.

CHAIRMAN: No, I thought the witness said he couldn't recall what the ticks were for.

MR MULHOLLAND: Well, the-----

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MR WEBB: My learned friend said that's what they were for.

MR MULHOLLAND: In a situation where a rating was given - for example, 100 per cent rating - that's what you did, you ticked that candidate?-- Not necessarily because they had 100 per cent rating, though.

Well, it suggests that an explanation is being given, presumably by Mr Ray or maybe in combination with Power and Robbins, to you as to the candidates' chances of success?-- My best understanding of what the function of this particular document was that as of November 24 when somebody, whoever put this together, did so, certainly, it was prior to any knowledge I had of it, was that there was an assessment made of the likelihood of these individual people being elected. I've written other names down here to try and get a feel for who else was standing, or whatever. The significance of the ticks I cannot recall.

50

By this time, and you think that it could well have been 10th December at this meeting attended by Brian Ray, yourself, Power and Robbins?-- Yep.

You would have known that there was a fair degree of finality by this time of a number of candidates who were going to be supported; would that be right?-- Yes.

And which of these candidates were being supported, to your knowledge?-- I - at that stage, I had no idea who was being supported or who hadn't been supported. There was discussion; these were names that were completely new to me.

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Well, you were going to be - you were being asked to be involved in the campaign?-- We were being invited to consider taking on new clients, but those new clients at that stage had not been identified any more than beyond the fact that the client would be called Power and Robbins.

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Yes. But you've also told us that you knew from what Mr Ray said that there was going to be funding to support the election of certain candidates?-- Candidates, that's correct, yes.

Yes. So, when you saw this list, you knew that some - there had been some planning in relation to who those candidates might be?-- Obviously.

And you were going to take part in a campaign to support their candidacy. That's what you were being asked?-- That was our understanding at that time, that's correct, yes.

30

Was it any part of your role to assist in who might be supported?-- Not at all, no.

Did you either at the meeting on the 3rd or at the meeting on the 10th ask who these candidates will be?-- Not specifically. We were still trying to get our head around just what the brief was. The first time I specifically raised that was when it was proposed at this meeting that we have a further meeting on it, which subsequently was on the 16th, and at that particular point, I made a point of saying to David Power, "Who's attending this; who have we got." This at this particular stage was the first time I'd seen this and there was no assurance that these were definitely the people that were going to appear. For example, I'll give you a case in point, Max Christmas stood. Now, eventually, Max didn't; Susie Douglas stood as a candidate. That's not indicated there at that stage.

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Yes. Well, as we see, it's dated November?-- Correct.

Your meeting on 10th December. So, that's why I'm asking you whether or not by this time there was any further discussion about who these people were apart from the list that you were provided?-- Only in the most general of terms and nothing precise.

Now, go back to your work book and this heading, in quotes, commonsense candidate resource?-- Yes.

You didn't make that note at the meeting; you made it afterwards?-- I made all those notes after the meeting. That certainly would be the way it would appear, because it's just very pro-logical; it's quite tidily written, rather than something that's scribbled in haste while you're listening to somebody else.

10

Now, you say that you selected that name, commonsense candidate-----?-- Correct, that's right.

-----resource. What did the resource refer to, or what was the name referring to?-- The resource related to - and this is our understanding as the exercise evolved was that the resource was the services, talent, expertise of Quadrant.

Right. It wasn't the funding?-- No, no, the resource was what we could bring to the table as an advertising agency.

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Did you take the word commonsense in this name from what you had been told was seen as the strength of this group of people who were going to be funded even though they hadn't been identified: namely, that they had commonsense, were able to work sensibly, professionally?-- The name commonsense - when we look at any campaign, if I could just explain how we work-----

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Well, yes, you can as long as you come back to the question?-- Certainly. Well, it strikes to the very point of where the term commonsense came from was that we were looking for a point of difference, and remember at this particular point in time I still had in my mind that we were going to run a campaign and a broad-based one at that particular point. The key thing that was missing, the point of difference, the single biggest benefit that we could see the electorate voters were reacting to in a positive fashion was to introduce some commonsense behaviour within Council. That was why I used that particular term relative to the resource, the expertise that we could provide as a company.

40

So, is the name commonsense a name which had been bandied about by Mr Power, Ms Robbins or Mr Ray?-- The word commonsense, not the name so much, the word commonsense was common to a lot of the discussion that was taking place at that time.

Well, does that include the conversations that were going on-----?-- Yes, it does.

50

Hang on - on the 3rd and the 10th?-- Correct.

So, you just picked up the word from what you had heard; is that-----?-- It was a deliberate decision on my part based on my understanding of what was required and my reading of the market at that point in time as to what would be appropriate.

Now, if this doesn't assist you in relation to what was discussed at the meeting but it was something you did afterwards, can you tell us what was said at the meeting of the 10th?-- There were-----

What are you looking at now?-- I'm looking at my notes from Wednesday, 10 December, item number 6 is the top right-hand corner, commonsense candidate resource, and I've listed a variety of items here. What we were looking for and still trying to get some feed on was the extent of support required.

10

Yes?-- The extent to which each candidate was already aware of what we could do.

But this is a note made afterwards?-- Correct.

Does this represent what was discussed at the meeting?-- Represent - represents part of what was discussed at the meeting. It's not necessarily an entire factual minute of everything that was discussed.

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All right?-- This is a day-book. I use it to brief our team when I come back to the office. Quite often I make those notations after the meeting because it's not appropriate at the time.

So each candidate already - what does that say?-- "Each candidate already aware" - there's a questionmark - "To what extent are they aware of what we can provide."

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Right?-- And then I've gone on to list the best suggested support components, the various types of things that we could perhaps suggest to them or provide to them in the event that we were employed to act on their behalf.

Right. Well, this is something that you were going to do subsequently. What I'm interested in is what was discussed at this meeting on the 10th of December?-- Oh all of these items here. What is it that we can do. I outlined to Councillors Power and Robbins basically what Quadrant was about-----

40

But if-----?-- -----the services that we could supply.

Sorry, Mr Morgan, if you had made this note afterwards-----?-- Yes.

-----wouldn't you be noting what had been said or decided in relation to the points that you raised?-- I've - these are the points that I've raised. These were the items that I understood we needed to address at an upcoming meeting of possible new clients.

50

After you had had this discussion on the 10th?-- Yes.

So did you raise these matters that are listed here in your work sheet, did you raise those matters at the meeting on the 10th or not?-- Yes, we did. Yes, I did.

Well, did - was any finality reached in relation to what should happen on any of those items?-- No.

Did Mr Ray express any view in relation to how the campaign might be conducted-----?-- Not at all.

-----what he had in mind?-- Brian had no point in mind in terms of what the campaign was supposed to be. It was never discussed in that context.

10

What was he doing there?-- He was introducing me to two potential new clients.

All right. Well, how did he introduce you to them? What did he say?-- I can't remember specifically except that, "My name's Chris Morgan. Please would you" - and introduced each person-----

But wasn't there a discussion about what they had in mind, what they were going to do in regard to these candidates, why they were going to do it, all of those sort of things?-- There was discussion on - my focus with all of this was specifically we've got the potential here for some new business. That was discussed in depth. Robbins and Powers - Power - mentioned what they were looking for. These are the points that I noted after that meeting. We discussed research, which was the subject of some emails we discussed before. That was also discussed at this meeting. I didn't need to make notes on that. I knew exactly what was required. We would have discussed a group of candidates at that stage, the need to get together with them specifically. Out of that meeting also arose the agreement to meet again on the 17th, subsequently the 16th of December. That was discussed at that meeting. Again, as I - as I said before, my focus was here we have an opportunity to secure some new business. We're not going to get that until such times as we present a case for our company to these individual candidates.

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Yes. Well, you might have been focused upon the new business opportunity for the company?-- Yes.

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But by this time you would have been aware that these candidates who were going to be supported were considered by those supporting them and organising it, namely Mr Rowe, Mr Ray, Mr Power, and Ms Robbins as being people who, if elected, would carry the balance of power after the election?-- That was never discussed in those terms. It may have been discussed independently.

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Mr Morgan, my question is: as a result of the discussion with Mr Ray and Mr Scott on the 3rd, and the discussion with the four of you on the 10th, did you understand that these candidates were being supported so that after the election hopefully they would be in a position of control on the Council. Now, did you understand that?-- The term "in control" was never used. The specific objective, as I understood it, was to ensure that a number of new councillors

were elected who would operate or function in a manner that facilitated the function of Council for a City the size of the Gold Coast to work as it should do. There was no attempt, from my knowledge, to put a group together that - to quote media - "wrest control of Council". It's probably not answering your question directly. Yes, obviously an attempt - or sorry, the purpose of the exercise was to get new people into Council and to have a Council that could function. Obviously to do that, you need a majority. Yes, I certainly understood that.

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Right. So by the way "group", that precisely what was being done. There was going to be funding for a group of candidates, wasn't there?-- There was to be funding - you can use the term "group" in a number of ways - for a group of individual candidates, most definitely. They were neither directed nor instructed to act in any particular fashion.

Right. A group of individual candidates?-- Mmm-hmm.

20

Okay. Who were seen as like-minded-----?-- Correct.

-----in relation to issues affecting the Council?-- Definitely.

And their election, it was hoped as you understood it, to overcome the dysfunctional operation of the existing Council?-- Correct.

Now, do you have - well, just before leaving that document, is there anything else that, looking at the document, assists your recollection so that you can tell us what was said at the meeting? Can you say by looking at that that there was anything else that you haven't already mentioned?-- Just back to - just to reiterate, on this point here I've got about midway down, "agreement on key issues, joint promotion and press". That was a perception that I still continued with through to the meeting on the 16th in that my understanding was that we were looking at a joint promotion, if you wish.

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Joint promotion for this group of candidates?-- Correct. That was the perception that I had. Obviously we wanted to make sure we had like-minded people in there. That was kind of fundamental to the exercise in the sense that no, they weren't all pro development. That was never an issue and it was never discussed with them, not in my hearing, but yes, I did actually continue to maintain that perception that somehow or other we were looking at a joint promotion. It makes for a much tidier campaign I must admit from our point of view. That subsequently was not the case, as I've referred to later.

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Yes. Now do you a document which is headed - this is a typed document with some handwriting on it in your folder there? Should be in the same folder behind the Ray Group and it's - it's - it has 10 December 2003 Agenda at the top of it. Do you have that document? You haven't yet referred to it as far as I know and I'd like you to look at it now?-- Oh, yes.

Now, this document, it's about 14 into the-----

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CHAIRMAN: The Ray Group?

MR MULHOLLAND: -----behind the Ray folder or divider.

CHAIRMAN: Thank you.

MR MULHOLLAND: Now, first of all, this document, who created it?-- I did. This is the one we're talking about here, is that correct, dated 10 December 200?

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Just give me a look. I can't-----?-- Is that the one we're referring to?

That's the one?-- Good.

Is that a good enough copy for you to follow everything that is on the document?-- It's the original copy.

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Right. So, you created this document?-- Yes, I did.

When did you do that?-- On or before the 10th of December. I'd say the 10th of December.

So, this document was created before your entry in your workbook?-- Yes it would've been.

And it was created on the 10th or before the 10th?-- It would've been - I'm not sure - 10th. I may have typed it up the day before but it's dated the 10th so I presume that's the date I typed it.

30

Well, what was the purpose of you creating this document? By the way, did you have a look - did you refer to this document in preparing your statement which-----?-- No. I haven't seen this for-----

-----you provided to Mr-----?-- -----quite some time-----

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-----Boe?-- -----actually. I haven't seen-----

Hold on. Hold on. Have you referred to this in preparing your statement given to Mr Boe?-- No.

What about when you gave your response to the Commission, did you refer to this document?-- Not specifically. No.

Right?-- Not to my recollection. No.

50

All right. Well you're quite sure that you - you created it?-- Most definitely.

Well let's have a look at it. It was a document which you had by the time of the meeting on the 10th?-- Correct.

Yes. And what was it supposed it - this was the agenda for the meeting was it?-- This was an agenda of things that we

were trying to establish. I'd written this up - it's much the same way as I prepared the other one for the 16th.

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Well this-----?-- We're trying to get a feel for - these are what we went to the meeting with - I went to the meeting with by way of what I wanted to establish as the various objectives which are detailed there.

All right. What appears up the top left hand side, those numbers, 26, 29, 31 and 20, what's that supposed to be?-- Right at this minute I can't recall. No idea.

10

What is that, 106, is it?-- 106 is the number, yes.

Right. That doesn't mean anything to you?-- Not at this point. No. I can't recall what that notation was for.

Right. Well, DP and SR obviously refer to Power and Robbins?-- Correct.

20

And read to us what you've written there?-- DP and SR recognise the frustration of rate payers in the business community.

Right. Now, did you write that on this document at the meeting?-- I would say so. Yes.

And is that something that someone has said, maybe those two people?-- Definitely.

30

Or perhaps Mr Ray? I don't know. You tell us?-- It relates to the first point of established objectives. What are the primary and secondary objectives of this exercise. David Power and Sue Robbins comments - what I drew from that was that they recognised the frustration of rate payers in the business community and that the other aspect relative to that point on objectives was pride in - pride and respect in agreement on key city issues, sensible, majority, professional.

40

Are they different groups in the community are they? Is that why they appeared there, rate payers and business community or is that the way it was put by Mr Power and Ms Robbins?-- I don't see any reference to rate payers and - oh, sorry, my apologies. "Recognise the frustration of rate payers and the business community," rate payers being the general electorate.

Right. Okay. So - so everyone, apparently-----?-- Correct.

50

-----the frustration of rate payers and-----?-- It was quite significant at the time.

All right. So that was mentioned by those people do you think? Yes?-- Yes. The next point is pride, respect in, agreement on key city issues, sensible, majority, professional.

Agreement on key city issues?-- Correct.

1

So that refers, presumably, to this group of candidates, does it?-- Yes, it would've done. Yes. That's right.

Pride, respect in, agreement on?-- Mmm-hmm.

Yes. Sensible, majority and what's the last one?-- Professional.

10

Professional?-- You know, we're looking for a majority of sensible people in council, people that were professional, people that could - you could take pride and respect in that had agreement on key city issues.

So it's now beyond any doubt that what you were looking for was a group of candidates who would constitute a sensible majority on the council to be elected in March of 2004. Is that right, Mr Morgan?-- Correct. With a view to achieving a council that functioned as opposed to one that wasn't.

20

Yes. Now, established financial structure and you've written above that, Brian, is that right?-- Correct.

Is that Brian Ray?-- Brian Ray, mmm-hmm.

Did Brian Ray undertake to do that? I don't want to put words into your mouth. You tell us what that means?-- One of the objectives that I wanted to achieve from that meeting was to establish the financial structure of the name, what the funding target list was, the legal considerations. Basically, with respect to financial structure, I asked Brian. He'd introduced us to this. How's this going to work, how's this going to be paid.

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Right. Well, now just concentrate and I see that the name - the name is ticked. Did you put a tick there?-- Yes, yes, that's my tick.

Well, does that suggest that at the meeting on the 10th that there was agreement in relation to the name?-- It may have, I can't recall.

40

Well, you told-----?-- It gives-----

Hold on. You told us that this commonsense candidate resource, which is in quotes in your workbook, was something that you thought of?-- Correct.

Put together what was said and you put together it after the meeting. Now this rather suggests that there was a tick given to the name at the meeting on the 10th, doesn't it?-- It suggests that I was satisfied that we had a name and that I was satisfied that - or that I had the basis of that, in other words, that's a point, yes I've addressed that, so might as well tick funding, et cetera. It doesn't - it doesn't imply, in my mind, that we had definitely, definitively agreed to call it a commonsense candidate resource at that point.

50

Look, two, establish name, tick?-- Correct.

Well, doesn't that mean that there's mean some agreement-----?-- There's been some discussion-----

-----reached?-- Not necessarily. I was comfortable-----

Well, what did you give it a tick for?-- 'Cause I was satisfied we'd dealt with that point, in my mind.

10

Well, you didn't put a tick above establish financial structure?-- No, that had still yet to be resolved with Tony Hickey, as we've discussed earlier.

You've put Brian above it?-- He was the primary point of contact.

The financial structure, what sort of structure did you have in mind there?-- How it was going to be built.

20

Do you mean what-----?-- What commercial arrangement would we come to with respect to invoicing our services.

Funding target list, also given a tick?-- Mmm-hmm.

Yes, well, what - what does that signify?-- Where was the funding to come from, at what particular point had that been developed to, did we have-----

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Is that a separate - is that a separate item there or is it funding target list?-- It's a funding target list.

Right?-- In other words, where are these donations coming from.

Yes. Well, by this time you had the - doesn't this suggest that you already had the list which I showed you just a moment ago?-- Possibly, possibly. As I've said, I'm not sure - I can't recall when I had that either. That meeting on the 10th or it was tabled on the 17th. This tends to imply that I probably didn't get it until the 17th, I can't-----

40

This doesn't suggest that you did put a tick that there was a target list provided, so, you put a tick-----?-- I was satisfied that we had discussed that point and that the - the creation of a budget for us to work with was underway.

And legal considerations, you put a ring around that?-- Mmm-hmm.

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Then alongside, DP, does that - is that-----?-- That's David Power.

David Power. And Stephen Fynes-Clinton?-- And King and Co were two companies that were suggested that David was going to contact, 'cause I had requested that - and I had done this independently as well in another document, requested some

advice on or can somebody please provide us with some legal resource within this resource overall-----

1

Yes?-- -----because we were getting questions from some of the candidates which were outside our scope of experience and expertise.

Like what?-- How was the fund going to work.

CHAIRMAN: Sorry, how's what going to work?-- How was the fund going to work. Matters relating to their requirements as candidates.

10

MR MULHOLLAND: You mean their legal obligations?-- Their legal obligations, how to start, when do you have to start making notations or keeping records with respect to expenditure. Basic fundamental things that a candidate would want to know.

So, that had already started?-- They were questions that I wanted to answer. These were things that I had anticipated. I don't know whether they'd started, couldn't have started with any of the candidates, we hadn't met any of them.

20

Well, legal considerations, you had in mind the legal obligations of candidates, this group of candidates?-- Very much and particularly also as it impacted on Quadrant. What were we required to do. This is an area that - we're - you know, we're experienced in advertising but with respect to a council election, a local body election, I had no prior experience in that area specifically to this level and-----

30

So you were going to have - or you were suggesting that someone else take care of that?-- Oh, yes.

By the way, did anyone ever, to your knowledge, get legal advice in relation to the obligations?-- I don't know of any specific instance, no. I presume they would've done but I don't know of any specifically.

40

Well, you at this point in time were apparently pushing it, what happened to your push for this legal side of things to be taken care of so that they would know, this group of candidates for whom you were going to give marketing and advertising support, would know their legal obligations?-- Legal obligations or legal considerations related to our responsibilities as a company and the ability to provide within this group some backup for people.

All right. So, this is - this is your obligations. I've missed - entirely-----?-- Sorry, no-----

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-----misunderstood?-- -----it relates to both. I had - I was curious but particularly-----

You were curious?-- Yes, definitely.

What do you mean by that, Mr Morgan?-- The legal aspects of what were being proposed were unknown to us. I was aware that there were obligations on the part of candidates that we were going to act for and I suggested to - specifically to David, that it would be in our interests to have somebody available to us and to candidates to which we could direct questions.

1

And so far as you know, that was never-----?-- It never eventuated.

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It never eventuated?-- No.

Did you pursue it?-- I did for a while.

Until when?-- Until - see this again, this is prior to our appointment to act on behalf of three individual candidates. At that particular time when that was established and that was in the New Year I was comfortable that we knew sufficient about the requirements on our part to candidates and I didn't pursue the matter any further. I certainly didn't pursue the obligations of trusts versus trust accounts and funds and so forth.

20

Well, at this point Mr Power, you understood, had referred to Mr Fynes-Clinton by name and King and Co?-- Correct.

But you never pursued with Mr Power whether he'd done anything about that?-- I did raise a point subsequently. I think - I don't know that anything - I don't know what happened with the Fynes-Clinton inquiry. King and Co were on leave. I raised the point again at some future date but nothing actually arose from that.

30

So you raised it several times with Mr Power?-- At least on two occasions.

Into 2004?-- This time here and either late in December, I'd say probably early January.

And you were never given an answer?-- David was still endeavouring to contact him but I don't believe anything came of that. Certainly we didn't have a legal reference to go back to at any point.

40

Yes. All right. Well now, just in relation to the others, "establish client base, et cetera"?-- Mmm-hmm.

"Briefing and approval procedures". What did that relate to?-- This is fundamental standard operating procedure in terms of establishing a new client. Who is the client base? Who are they?

50

Well, you already knew that by now?-- Not accurately, no.

I thought you'd been told it was Power and Robbins?-- Oh, for the purposes of establishing a ledger and an account. Initially that's correct, that was - I was told to - that was what was discussed on the 3rd but it was then - the point that

was made to us was that yes, we have this new client who I call Power and Robbins, but that evolved specifically into assistance with individual clients and that was our client base. If there are going to be one or more candidates who are they? What are their names? What are their addresses? What divisions do they relate to?

1

But so far as your instructions were concerned?-- Mmm-hmm.

Having Power and Robbins as clients as such I think is the way you put it earlier?-- Mmm-hmm.

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That meant that you'd take instructions from them, did it? Is that what you mean?-- Yes, they would - they would give us instructions, correct, yeah. The instructions came both from Brian in terms of this is how much money there is, and it also came from - from Sue and David, yes.

Now, in 5, The Development of the Resource, that's referring to a resource of Quadrant?-- Correct.

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From what you've said earlier?-- Mmm-hmm.

Next action, what have you got there?-- We've got "Meeting, BR and TH," that will be Brian Ray and Tony Hickey, "and meeting by four candidates."

Right. So is this a reference, does this really anticipate the meeting of the 17th?-- Yes, it does, that's the way I understand that, yes.

30

And the four candidates, that would be dealt with by the 16th, 16th of December meeting, would it?-- No, the - there is a meeting with Brian and Tony there projected, that would have been with respect to the financial side of things, and a meeting with four candidates was also actioned to take place. They were separate meetings.

Right, but is that meeting the meeting - I know you are just foreshadowing it?-- Mmm.

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But is that the meeting of the 16th?-- The meeting of the 16th, the reference there, "meeting by four candidates" was the meeting of the 16th.

Right. And the other one was the meeting of the 17th?-- The 17th, I've got two separate entities, yes.

Yes, and what have you written down the - at the bottom?-- These are research topics which I was pursuing at the time.

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And you put that research in the-----?-- Correct.

-----margin there?-- These are things that I wanted to really try and prioritise relative to the subject matter for the - any election campaigns that were produced.

All right, and so are you able now to recall what those numbers at the top of the page are or not?-- No.

1

Yes. Now, the next meeting-----?-- No, I have no idea.

Could that be a reference to budgets of the four candidates, 26, 29, 31 and 20?-- I don't believe so, no.

So you wouldn't be assessing, for example, 26,000?-- I don't believe so.

10

29,000?-- There was a separate list either before or after this meeting which detailed that far more clearly.

Yes. All right. Yes, all right, now I'll take you to the meeting of the 16th?-- Mmm-hmm.

Would you go to your note in regard to that please. Now this meeting on the 16th you've already indicated who was present?-- Mmm.

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And who wasn't. This - this note of yours, is that a note that was prepared at the meeting prior to or after?-- Which note is that, Mr Mulholland?

The note in the work book for Tuesday the 16th of December? By the way at one stage was this meeting going to be held on Wednesday the - Wednesday the 17th?-- There is an e-mail to that effect, yes, it was brought forward to 5 p.m. the day prior, 16th.

30

Right. Was that for any particular purpose?-- I don't think everybody was able to attend on that day.

Yes, now by the meeting of the 16th-----?-- I'm - you referred to a copy in my day book, a handwritten note, I presume, from the 16th.

Yes, have you got that?-- No, I don't. No, I don't have that, not here. Sorry, I've got two lots of documents.

40

All right?-- I'll just check.

Well, it's not attached to your statement-----?-- No.

-----so you may not have it. We'll see if we can get a copy for you?-- No, I don't have a copy of that.

It's 130 and 131, Mr Chairman, Exhibit 130 and 131 please. Yes, have you got that now?-- Yes, I've got that.

50

Did you refer to that in making your statement?-- No, not directly.

Not directly. Do you know whether you referred to it in providing your earlier response to the Commission?-- The points that are noted here are incorporated into all my

previous other statements. I didn't specifically draw any reference to that.

1

All right. Well, let's have a look at it. My question to you, first of all, is when did you make these notes?-- I would have made them after the meeting.

GCCC commonsense campaign?-- Correct.

Does that suggest that by this time the name was settled?-- In terms of general discussions, yes, everybody seemed to be reasonably happy with that.

10

This meeting, I think you said, went on for-----?-- For about two hours.

Two hours, 7 o'clock or approximately 7 o'clock?-- Thereabouts.

And this was a commonsense campaign to be conducted on behalf of the group of candidates who were chosen by Power and Robbins; is that right?-- Not specifically, no.

20

Well, who were they chosen by?-- I've no idea who chose them.

Well, you used the expression in your evidence when answering questions of Mr Boe of the chosen people, or something to that effect. Were those the candidates?-- There was a group of candidates selected by Councillors Power, Robbins and other people associated with Councillors Power and Robbins. Specifically, who invited each individual one to attend that meeting, I don't know. My point about, no, I don't agree didn't relate to that. It related to the commonsense campaign being an overall umbrella campaign that was related to a group of candidates. That's not correct. The commonsense campaign was a theme which-----

30

A theme, did you say?-- A theme, a positioning, if you wish, which we suggested to individual candidates that they may wish to adopt. It was - it wasn't a structured campaign by a group of people in the sense that you would run a Liberal or a National Party campaigner.

40

I'm not suggesting it was Liberal or National Party campaign-----?-- No, of course not. What I'm saying is-----

Hold on; hold on?-- Sorry.

But what I'm suggesting and I thought you'd agreed with this - by now, this was a campaign to get these selected candidates, whoever they might be, elected so that they would form a majority on the Council; wasn't that the whole idea?-- Okay, I'm playing semantics with the term campaign, individual or group. We - the agreement to the use of the term commonsense applied individually to the people that we were speaking to. It wasn't a group campaign as such.

50

Wasn't a group campaign?-- No, we didn't go out with a ticket and sort of say, right vote for one, two, three, four, five, six people, this is our policy.

1

Look, I know you want to keep saying this and you are wishing to stress - correct me if I'm wrong - the fact that these people were independent?-- Correct.

Okay. But you knew that the whole point of these people, these candidates being selected was so they would be funded towards their achieving a majority on the Council. That was the whole point of it?-- At the end of the day, that was obviously the objective, yes, that's correct, I don't dispute that.

10

All right. Okay. Right. Well now, let's have a look at what you've noted here. The next dot point is: is that overall agreement on objectives and issues?-- Correct.

So this was made afterwards. Can we assume from that note that agreement, overall agreement had been reached at that meeting?-- In terms of what the issues were, yes.

20

Right. What about on the objectives?-- Well, the objectives were to basically address the items that I'd - I had tabled at that meeting.

Yes. Do you have that document there?-- That's the incorrectly dated item 16 December 2004?

30

Yes?-- Yes.

All right?-- The consensus on those issues-----

Also, can I indicate for the record Exhibit 14.

Yes. So the overall agreement on the objectives would be a reference to the objectives stated in that document; is that correct?-- Not specifically the four points that I've detailed there, no, because this was a presumption on my part as I understood it and that changed; and that was not tabled for those that - I never actually tabled this item of the 16th of December with a view to getting consensus on - or agreement by those people attending that meeting on these four points that I'd raised by way of objectives.

40

Mr Morgan, what I am asking you to do is look at this note-----?-- Mmm.

-----and tell me whether or not that indicates that overall agreement was reached on objectives and issues, and if you go to the document-----?-- Mmm.

50

-----it also comprises Exhibit 14 - that's just for the purposes of the record. If you go to that document, it states what the objectives and the issues are?-- It stated what my - I prepared this in advance of this meeting. I think there was general agreement with respect to that without me putting that

there in front of them. The specifics were the major points of issue to re-establish prior respect for councillors and candidates.

1

Look, there's no need to read out the objectives. All I'm asking you is, when you wrote "overall agreement on objectives and issues" does that not indicate that at the meeting on the 16th agreement was reached; that is, overall agreement was reached on objectives and issues by the people who attended the meeting on the 16th?-- Yes, it does.

10

Now, isn't that what it indicates?-- Yes, it does. Yes, that's what it does.

Thank you. And does it not also indicate, that is, the note that you're looking at now-----?-- Mmm.

-----this is the second dot point, agreement also on name?-- Yep, adopt a common - joint commonsense approach to solutions. Correct.

20

No, no. This is an agreement on - also on the name. The name that was agreed was the name which you had given this campaign?-- Yes, a commonsense candidate was - it was, yes.

And you've already put at the top "Commonsense Campaign"?-- Mmm, that's correct.

Now, the next action was establish a trust fund?-- Mmm.

30

And what else do you say there?-- Define urgent action points; prepare database; set meetings for first week new year.

Yes. All right, establish a trust fund?-- Mmm.

And did you understand by this time that that would be handled by Mr Ray - or would you tell us; what did you understand?-- Well, or Mr Hickey or whomsoever, yes. That was - the priority was that had to be established. We couldn't operate without that - well, we couldn't operate without funding.

40

Yes?-- That's not a - that's not a notation that - something that I felt I had to do. It's just we needed to establish a trust fund - or it needs to be established, if you wish.

Yes. Now, was it raised - was there raised at the meeting on the 16th the question of clarifying points of legality?-- I can't recall any specifically but I can imagine there certainly would have been.

50

Yes? Well, you have told us that you were interested in this - points of legality and I understood you to say - this is in relation to the meeting of the 10th - that the candidates themselves raised the question of their obligations?-- There would have been questions raised, specifically and by whom I can't recall.

No, no, I'm not asking you to identify the individuals but is it the case that the candidates who were selected in this group did raise the question of what their legal obligations were. Is that correct or not?-- Yes, some would have done so, yes.

1

Some did. And they did it on the 16th?-- I believe so, yes.

Right. And what was decided about that?-- Depends on the nature of the question that was raised. Some questions were answered by the existing councillors who attended that meeting in their capacity as mentors to those individuals. They were able to sort of say, "Look, you need to do this" or "You need to do that." There was general discussion on the requirements of candidates, the nature of how to conduct campaigns, and yes, amongst those questions were - there would have been legal questions raised, I'm sure.

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Could I have Exhibits 9, 10 and 14, please, Mr Chairman. Could I see those, please. Now, Mr Hoare, would you have a look at this document, please.

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CHAIRMAN: It's number?

MR MULHOLLAND: Exhibit 9, Mr Chairman.

CHAIRMAN: Nine.

MR MULHOLLAND: Now, do you remember seeing that information for prospective candidates in relation to the - or that particular booklet, the Gold Coast City Council information for prospective candidates booklet?-- No, I don't.

30

You've never seen that?-- I don't recall seeing it. It's possible that I have but I don't - unless it was included with something that came from one of the candidates, but no, not off the top of my head, no.

Would you go to the last page, please?-- Mmm-hmm.

40

Do you see in clause 16, first of all, a reference to a handbook?-- Yes.

Have you ever read that in such a booklet?-- No.

That is, a reference to a handbook being available?-- no.

What about clause 17 referring to disclosure, ever seen that in a booklet like that?-- Not like this although we were aware that disclosure was required.

50

So are you telling us that during the course of your acting, that is Quadrant acting as advertising marketing consultants for this campaign that you were unaware of such a booklet?-- I was aware that a booklet existed. I didn't make myself - avail myself of a copy of it, no.

Right. Was it ever discussed at this meeting on the 16th or at any other time? Did any candidate ever raise a question in relation to the booklet and what a clause meant?-- Not specifically, although I would be surprised if the councillors at that meeting didn't refer candidates to that. To me, it would be a logical piece of advise for them to give.

1

Righto. Well, you have no recollection of ever doing anything in relation to that booklet or it being raised-----?-- We did nothing-----

10

-----and with there being some query about it?-- Not to my knowledge, no.

Right. Yes, can I have that back. Have a look at this.

CHAIRMAN: This is now Exhibit 10?

MR MULHOLLAND: Exhibit 10, thank you.

20

MR WEBB: Might I see that last exhibit the witness had please, sir?

MR MULHOLLAND: Would you have a look at Exhibit 10?-- Mmm-hmm.

Do you recognise that as a book or a handbook that you have seen?-- No, I've not seen this before.

This is the very first time you've ever seen it?-- Correct.

30

Did anyone ever mention that there was a handbook which would assist in relation to the legal obligations of candidates, to your knowledge?-- I would have - specifically I can't recall but I would be amazed if it was not referred to at that meeting. I know that Councillor Shepherd was quite adamant about disclosure and I can remember it from discussions independently of this particular exercise, and I'd be amazed if it had been raised that he would have raised at that meeting of the 16th, but I've not seen this before, no.

40

Well, you haven't seen that book-----?-- No.

-----that handbook before?-- Mmm-hmm.

But you say Councillor Shepherd raised at the meeting of the 16th-----?-- If it was going to be - yes.

-----something about the obligations. Just tell us what Mr Shepherd said?-- If it was going to be raised, it would have been raised, I'm sure, by him. I don't recall Councillor Shepherd specifically addressing this point; I'm saying that if anybody had asked that question, he would certainly have raised that point.

50

So you-----

MR WEBB: Well, that's double speculation.

MR MULHOLLAND: You've got no recollection of anyone raising anything concerning legal obligations at this meeting; is that what it comes down to?-- Not at that meeting, no. We were there to discuss marketing and advertising activity, basically. The legal aspect was just a - a small part of that exercise if, in fact - to the extent to which it was raised.

Mr Morgan, I just want to complete this; were you aware, at any stage, that there were disclosure obligations on candidates who were part of a group of candidates?-- No.

10

As distinct from the disclosure which would be on a candidate who was not part of a group of candidates?-- I didn't the distinction, no.

No one ever suggested to you that someone better consider that?-- No, it was not, not even raised.

Did you - were you ever made aware that there was - that there had been some formal statement in relation to what should happen where gifts, that is, gifts for the benefit of candidates had been placed in solicitors or accountants' trust account?-- Could you repeat that question again?

20

Were you made aware that there was a - that there had been set down formally, in a document, what were the requirements and obligations where gifts made for the benefit of candidates were placed in a solicitors or accountants' trust account?-- No, I was not made aware of any specifics in relation to that.

30

Yes. You may return that, please.

MR WEBB: Might I see that exhibit, please?

CHAIRMAN: Certainly.

MR MULHOLLAND: I return Exhibit 14, Mr Chairman. Now the next meeting that you attended was on the 17th?-- Correct.

40

Did you - before going to that, did you understand that there was going to be some trust which was registered with Hickey Lawyers at any stage?-- I was not aware of a registered trust, as you put it. I was aware that a trust account would be utilised within Hickey Lawyers. Whether that was there solicitor's trust account or a separate one, I had no knowledge of it at the time.

Well, you'd know that solicitors operate a trust account?-- Correct. That's what I understood was the case.

50

And if moneys are paid in by clients-----?-- Mmm-hmm.

-----those moneys go into the trust account-----?-- That's correct.

-----placed in a separate account?-- That's what I understood.

And did you understand that was happening in relation to the fund for these candidates?-- That was my understanding.

Right. All right. Well, now you had a meeting on the 17th?-- Mmm-hmm.

Do you have a note of that meeting?-- Only a diary note. I've got no notes as to the actual meeting itself, I don't think.  
No.

Yes?-- Actually most of the literature, I think, that related to that meeting was the list of - sorry, of prospective donors that was tabled.

Now how long did this meeting go on for?-- I'm not sure, it would have been an hour or so.

This was in Mr Ray's office?-- Correct, that's right.

What was the purpose of the meeting?-- Basically to get the funding sorted. This was a meeting that I had been referred to back on the 10th of December where Brian suggested I get together with Tony Hickey and sort out the trust fund. That basically was that meeting. What we were trying to establish was, who were we going to bill? What sort of framework or how do we set up our client arrangement within our office in terms of paperwork and ledgers?

Yes?-- And also to determine just how much money there was. What was the scope of the budget and what was the expectation of the amount of funds that we had to work with.

Yes. Do you remember a meeting - do you remember this meeting, there being a discussion between you and Brian Ray about the candidates?-- Oh, yes.

The fact that you had met with the candidates?-- That's correct.

And also discussion in relation to the quality of the candidates?-- Correct.

Yes. Now, do you remember a document being tabled at that meeting?-- The document that I understood that was tabled at that meeting was a list of potential donors.

Right?-- With additional handwritten notes which I presume were Brian's on the face of that. That's a document that's here somewhere.

Now, that - now, could - do you have it there?-- I'm just looking for it. Here we go.

So, this document which I referred you to earlier?-- This is in Brian Ray's notes - Brian Ray's correspondence file that I supplied.

CHAIRMAN: Exhibit 139.

1

MR MULHOLLAND: Thank you, Mr Chairman. And might I also say it forms part of Exhibit 100.

CHAIRMAN: The handwritten notes is 139.

MR MULHOLLAND: Yes.

Now, all right. Now, those handwritten notes-----

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CHAIRMAN: They're a different set of handwritten notes, 139. So, perhaps you should go to that.

MR MULHOLLAND: Yes, I am.

CHAIRMAN: Right.

MR MULHOLLAND: Sorry, I was just mentioning that for your purposes.

20

Well now, would you just have a look at that document, and is this the list of donors-----?-- This is the list of proposed donors, yes.

And whose handwriting is it?-- There's two lots of handwriting on the document. Where it runs down at the base, 31 through to 37, I don't know whose that handwriting is. I suspect it may be Brian Ray's, but that's only an assumption on my part. The other copy that's written there is in my handwriting

30

Well, does that mean that it is either Tony Hickey's or Brian Ray's?-- Correct. I suspect Brian's, but I'm not sure.

Yes. Yes, well - so, that's one of the matters being discussed, these prospective donors?-- Yes.

And just tell us, just read those out, would you, please?-- Okay, all 37 of them?

40

No, no, not all 37, 31 onwards?-- 31 is Thackrall.

Question mark?-- Yeah.

Councillor, is it?-- No, that's me, it's CM, that's me. It was proposed that I contact a gentleman from there, Durack, I think his name was. I didn't actually do so.

Right. So, are you satisfied that Mr Ray was making that suggestion?-- It was a discussion between - it was held between myself, Brian and Tony Hickey. It was the first time I'd met Tony. And whether Brian wrote this or not, as I said, I don't know, it was definitely additional; these were additional names that were suggested as being potential people to approach to request donations from.

50

Right. Well, that was written down. Did you indicate you wouldn't be approaching the person or-----?-- I didn't really

know. We stepped back from it in terms of actually directly approaching candidates. I made recommendations, as a number of the others have done so, as to who may be possible donors, but, no, I didn't pursue that. I saw that as outside our scope.

1

All right. Is that your handwriting alongside to the right?-- Yes, it is. I've got a note there, Grant Archibald.

Yes?-- Grant was a client of ours and-----

10

What business is he in?-- He's a developer.

Right. So what does that signify?-- It just signifies that Grant Archibald is a person that we could possibly approach.

Right. That was your suggestion?-- Correct.

Yes. Any decision made about that, by the way; was he approached at all?-- I have no idea.

20

You didn't?-- I certainly didn't, no.

Yes?-- Next one, I'm not quite sure what 32 says - brackets there says Jenny Tay, and the notation next to that is DP which denotes that David Power would possibly undertake to follow her up.

CHAIRMAN: Mr Morgan, you say Jenny Tay?-- Jenny Tay, T-A-Y.

30

Right.

MR MULHOLLAND: Vanwell?-- Sorry?

Is that Vanwell?-- Could be; yes, could be Vanwell.

Right?-- Because Grant Archibald is associated; that's Grant's company.

Right. So Grant Archibald might be associated with that?-- It's possible, yes. Well, definitely is, definitely associated with Vanwell, that's for sure, if that in fact is what that says. I - yes, you could read that as Vanwell, probably is.

40

Yes, next one?-- Next one is 33, that's Jupiters Convention Centre - DP. I've made a note there that David Power was going to chase it up.

Yes?-- 34 is Royal Pines, MID is the client there. There's a notation TS/Q in my writing. The implication there is that Tony Scott who was my partner or somebody from Quadrant would contact MID. We did not do so.

50

MID?-- MID being the development company that runs Royal Pines or did so at that time.

Right. So, you didn't take any action on that?-- No, we didn't.

1

Yes, 35?-- 35 is PRD, they're a real estate group, and there's a note there that says just simply B; I presume that's Brian to follow that up.

Is that your note, B?-- Correct.

Thirty-six?-- 36 is Mulfer Group Sanctuary Cove, again B, that's Brian.

10

So, was Brian going to chase them up?-- That's my understanding.

Yes, 37?-- 37 is Craig Gore and I've written Gordon Douglas there as well. I have no idea what the outcome of that was.

And what - what business are those - what's 36 in - what business?-- 36 Mulpha Group, they had recently bought Sanctuary Cove.

20

CHAIRMAN: Is Mulpha, M-U-L-P-H-A?-- Correct.

MR MULHOLLAND: And Craig Gore?-- Craig Gore, I have no idea what business he was in at the time. I presume related to development.

And then someone's written Gordon Douglas?-- Yes, I've written Gordon Douglas there. Gordon's a principal of PRD Realty.

30

Again, are these people who were going to be chased up?-- Correct.

Now, just go to the other notation on this page from the top tell us what that is. Is that your handwriting?-- That's my handwriting, Nifsan, Ted to call Ian McLean. The suggestion was to be made to Ted Shepherd to call Ian McLean.

That's N-I-F-S-A-N?-- Correct. Whether he subsequently did so or not, I've no idea.

40

Yes. So, who was going to get Ted to do that?-- I don't know. I would-----

And Ted-----?-- Sorry.

Ted's a reference to Mr Shepherd?-- Ted Shepherd, correct.

Well, that might have been you?-- It could have been, I don't - I don't remember discussing that with him.

50

Yes. And what's - what's the - what's the significance of the other entries that we see there? Is that B, does that refer to Brian again?-- That's Brian, Tony basically, yeah, Brian and Tony.

Brian and Tony, DP, David Power?-- Correct.

Q is Quadrant?-- Q is Quadrant, that relates to Villa World, that's a notation there for myself with respect to a UDIA function. Gerry was a client of ours. Gerry Lambert is senior executive with the Villa World group who are a major client of our company and I've made a note there, invite UDIA, which is nothing relates to this.

Yes. All right. Now, you say that that was tabled at this meeting?-- Mmm-hmm.

10

So, by - Mr Righton?-- I would imagine so, yes.

And what, did you each go away with the document?-- Well, I've certainly kept a copy of it. The whole purpose of this - the objective as I understood it from Brian was that he was approaching these people, a number of whom he knew, a number of which he didn't know and the request was for a \$10,000 donation to support a trust fund, as we've discussed and ideally best case scenario would have been a working budget of something in the vicinity of 37,000 - sorry, \$370,000, that was not the case of course.

20

Yes. Do you remember that at this meeting there was a discussion about supporting eight councillors who would give a majority vote on the incoming council?-- Not necessarily, no.

You don't - not necessarily, what's that mean?-- I don't recall that being specifically discussed as such, no. My primary - the whole purpose of this exercise, on the 17th, was to determine what sort of budget we were able to work with, hence the detail that was presented here, who was going to follow that exercise up and that was a discussion that would've taken place between Brian Ray, David Power I presume, Tony Hickey. My primary focus on this was, gentlemen, what's our budget, what are we working with and can somebody please establish an entity that we can deal with.

30

Mr Morgan, do you remember that at this meeting Mr Hickey had a document in which he made some notes?-- I don't recall Tony making any notes, he may have done so.

40

Do you recall there being a discussion that to be successful in bringing a commonsense group of people to the Gold Coast City Council, that is to this effect?-- Yes.

I'll read it again, the discussion was that to be successful in bringing a commonsense group of people to the Gold Coast City Council you obviously had to be in a position to know that you would cover a majority position so that hopefully when matters were debated and they went to a vote, the commonsense would prevail by a majority decision?-- Yeah, that's a general summation, yes, I agree.

50

And that these eight people who were to be supported would hopefully achieve that majority?-- We didn't support eight people, our focus ended up being on - sorry, it was on five,

which subsequently became three. We never ran a group campaign for eight candidates, no.

1

Well, Mr Molhoek, was he supported?-- Not directly. No. He was seeking funds from the - from the trust.

Yes. Right. Well, we know that Mr Power and Ms Robbins were part of the commonsense group don't we?-- No, not necessarily.

They weren't?-- Sorry, they - they were not councillors that we actively supported by way of advertising campaigns for their re-election.

10

No?-- They initiated the - I presume, either Brian or they initiated the whole concept behind the thing but that was the extent of the involvement.

Yes. But they were supporters and they indeed, were the ones who, to your knowledge, identified the group?-- In general terms, yes.

20

Right. All right. Well, leaving them to one side-----?-- Mmm-hmm.

-----Mr Pforr was one to your knowledge?-- Yes. That's correct.

Mr Molhoek, was one to the extent that he was at the meeting?-- That's right.

30

In fact, do you remember him being present at two meetings?-- First time that I say Rob in relation to this exercise was December 16.

Mmm-hmm?-- The only other meeting that I had with him subsequent to that was at the end - towards the end of January.

Right. So, you don't agree that he was - he attended two meetings of these candidates?-- He was invited to attend the meeting of January 8. He wrote back to me and I think you have his email on file, to the effect that he'd be away on leave and he did not attend that meeting.

40

All right. Well, he was the person who was, and we can see it from the material-----?-- Mmm.

-----I'm not going to take you to it at this point, but Mr Molhoek, to your knowledge, was the person who right up to - close to the end of the campaign, that is close to the 27th of March-----?-- Mmm-hmm.

50

-----2004 was looking for funding from this funding source wasn't he?-- Absolutely.

And he was pressing for it?-- He was, yes. And all his campaign people, both, yes, that's right.

Right. Mr Roe received a large sum of money didn't he?-- I have no knowledge of exactly what Brian received. The extent of - it was substantial but the exact amount I couldn't tell you. It didn't come through us. It didn't come through - I had no involvement with whatever he received.

1

Well, does it come as a surprise to - to you-----?-- It's listed on the sheets here.

Hold on. Hold on. Does it come as a surprise to you to hear that he received large sums of money from the fund within Hickey Lawyers?-- No, it doesn't.

10

Right. Because he was one of the group wasn't he?-- He was one of that group. Yes, that's correct.

Right. Now, Roxanne Scott, she was one of the group as well?-- Yes, that's right.

Yes. Mr Shepherd was at this meeting?-- He was at the meeting of the 16th. Yes.

20

Right. Was he seen as one of these people who would be a commonsense, et cetera, et cetera, sensible and so on?-- He wasn't a - sorry, he wasn't a candidate. He was an incoming councillor. He was part of that particular group. Yes.

Right. And Mr Betts?-- As a new candidate. Yes.

And there we have it. We've got eight people haven't we?-- There are - yes, there's eight in that context. Yes.

30

Now, after that meeting you - what further contact did you have with Mr Rae?-- I would have spoken to Brian - oh, I have to refer back to my notes actually which are here - 19th of December.

Yes?-- There's a mail here. I just want to make sure there was nothing prior to that. Probably not.

40

Well, we might go to the - the emails in relation to-----?-- Yeah, that would've been the next meeting - the next contact I would've had with Brian, the 19th and that was an email.

Now, you have in front of you or do you need me to get you, the - the emails which you have identified coming from the correspondence filed for the Rae Group?-- I have that here in front of me.

50

By the way, can I just ask you this question?-- Mmm-hmm.

These are behind that divider, Mr Chairman. Now, these emails and other - well, this correspondence, some of it seems to relate to Mr Betts?-- Exactly.

Have you got it there?-- Mmm. I'm not quite sure why it's in there.

You're not sure why it's in there?-- No.

Okay. So it's not intended to form part of this file?-- No. That's material that Greg would have tabled on - at least I suspect - on the meeting of the 16th.

Well, that's what I'm asking you. You have included it in providing materials to the Commission as part of the correspondence of the Ray Group. So obviously in some way it-----?-- It's an error.

10

-----relates to the Ray Group?-- Yeah, I - I have no idea why that's in there. Frankly, I - I can only suggest it's an error, it's been misfiled. It has no relevance to the Ray Group.

Right. So it wasn't tabled at any of these meetings that we've referred to?-- It's possible that - a lot of them - a lot of the candidates brought along some of the work that they had actually already produced. All of them were well-advanced in some way, shape or form, some much more so than others. They weren't starting from square one, so to speak.

20

Yes. Well, that would have been on the 16th. Do you think that maybe some of these were shown on the 17th?-- No, I don't think so.

Well, I'm just trying to understand. Presumably, when you - did you get this material together or give instructions to someone to get it together?-- Yes, I did. I think I put most of it together myself but I - I really can't account for why there's material of Greg Betts in there when it should have been in Greg Betts's file which I supplied separately as well.

30

Well, in that case, go past that, and then the document that we've already looked at, and go to the email of the 15th of December?-- 15th or 19th?

No, there's one of the 15th; do you have that one?-- 15th?

40

The one at the top of the page?-- Oh yes, I've got it, yep.

Now, just taking these in order, the first one is on the foot of the next page?-- That's correct.

And it's Thursday the 11th of September?-- December?

Sorry, December 2003; thank you. And this is to George Tetley-----?-- That's right.

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-----the matte that you spoke about?-- Yes.

So he was a person that you were seeking to have some input; is that right?-- I was - I was seeking to obtain a representative sample of opinion across individual Council divisions and George is a researcher and I sought his assistance in that respect.

And did you get something back from him?-- He came back to us with an assessment on costs. I think the figure was about four and a half thousand dollars worth of costs. I had proposed that we might do it on a 50/50 basis with the Gold Coast Bulletin and that was a general inquiry in regard to that particular proposal. We did not proceed with that.

You did not proceed?-- No.

Yes. So you sent this off. So what stopped it?-- Oh it became irrelevant, frankly. It was in line with my earlier perceptions about a major across the Gold Coast campaign which David Power made quite abundantly clear to me on the 16th that that was not the case. It was - it just didn't apply. To spend four and a half, five thousand dollars, whatever the sum of money was involved, on an activity such as that, was deemed to be inappropriate.

Well, we've seen what the literature that you did have for the 16th of - and 17th meetings?-- Mmm-hmm.

So that - and the decisions reached there superseded this, did it?-- No, this is the 11th. This was dated the 11th. I was-----

But did that - but the decisions reached meant that you didn't pursue this matter with Mr Tetley?-- We didn't pursue - pursue it because, fundamentally, it was not practical to do. The divisional areas within the Gold Coast were too small for any particular survey of this type to be conducted.

Right. Now just go to the next one and this is you sending this email to Sue and David?-- Mmm-hmm.

This refers to the meeting the previous day, "Thank you for your time yesterday. By way of follow-up I have forwarded the attached to the marketing services manager"?-- Mmm-hmm.

What does that refer to, the attached?-- That was the email that I sent to George Tetley.

Yes?-- I'm sorry, I'm just looking for - oh, sorry, about the delay, yes, here we go. The e-mail that specifically that you are referring is, what again?

Is at the - just above the email that you sent to Mr Tetley, immediately above it?-- And this is an email sent to-----

To Sue and David. You'll see it at the top of the page, at least, the topic-----?-- Oh, I think, sorry, about it, yep.

You got it?-- Yes, I have.

All right. Then the next one is David back to you?-- Mmm-hmm.

And you change the meeting from the Wednesday to the Tuesday-----?-- That's correct.

-----you've explained that earlier?-- Yes, that's right.

The next one is from you to David and asking him two things if you would-----?-- Mmm-hmm.

-----"Could you provide me with a list of people attending"-----?-- Yes.

-----and (2), "Is it possible to get", et cetera, that's the map that you were looking-----?-- Correct, that's right.

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All right. So you were dealing with him because he was the principal point of contact?-- In relation to supplying that information, yes.

Right. Well, he was the principal point of contact, wasn't he, apart from Mr Ray?-- Apart from Mr Ray, that's right.

Now the next one, DP-----?-- Mmm-hmm, .

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-----that's David Power to you?-- Correct.

And he tells you who they are?-- That's right.

And - all right. Yes. The next one, by the way, that document which is behind it?-- Mmm-hmm.

What does that relate to? It's a list of candidates and-----?-- It's basically a budget that was drawn up-----

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Well, it would have been drawn up at a later time, wouldn't it?-- Yeah, I'm not sure when that was tabled or who produced it.

That seems to be out of order here?-- It does, yeah, it does.

So how did that get on your file?-- Oh, it's the budget. This is what we're looking for. We wanted to know what we were working with.

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So this is your document?-- It's not - sorry, it's a document in my possession. I didn't produce the document.

Right. And - well, do you know who did? Whose handwriting is there-----?-- That's my handwriting on there. We had - basically there's a projection there that - that figure - that total there is my understanding of the estimated allocations that were going to be made to those individual candidates.

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So all of these items - all of these amounts, sorry, were projected figures apart from what are listed under draw down to date?-- Correct.

And the 40 - what's that, 40,000, is it, on hand?-- There's an - actually I don't know what the date of this was but at that particular point, there's a figure there of 40,000 on hand. Confirmed 185,000 to date less 40,000, T E Morris mailing-----

You don't know whose handwriting?-- That's my handwriting.

Your handwriting. Right. T E Morris mailing at-----

Low cost - below cost?-- Oh, N C, no charge. I don't know what that means.

All right?-- Oh, I know what that means, it means there was not to be no charge but I don't know what it relates to specifically.

10

If you go to the next document, please?-- Mmm-hmm.

Next email-----?-- Yes.

-----to Brian Ray from you, commonsense candidates and all that?-- Yes.

So what's that meant to be a-----?-- Oh, just-----

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-----an abbreviated description of what was going on?-- No, it was just fairly flippant address to the commonsense candidates and all of that related to.

And you're asking in the last paragraph, "Can you give me a call please when Tony confirms he has a trust fund in place so we can begin to follow-up on donors"?-- That's correct.

And is that a reference to the fact that you understood that the donated funds were going to go into his trust account?-- Correct.

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The next one, follow-up-----?-- Mmm-hmm.

-----from Brian Ray to you and he - this is Friday, the 19th of September 2003, he sets out the donors?-- That's right.

And in that email after listing the donors and the amounts that they intend to contribute, he says, "Tony and I will finalise the rest of the fundraising during January." Is that a reference to Tony Hickey, to your knowledge?-- It would be.

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"And we haven't received any negatives to date and therefore we're reasonably confident we can expect to raise \$300,000. I think it would be in order for you to send invoices to those people that I've outlined asking them to pay their funds directly now to Hickey Lawyers Trust Account and Tony Hickey has indicated that he will require to open that account in the name of David Power and Sue Robbins Campaign Account." Is that right?-- That's correct, that's what it says.

50

So you knew what the name of the account was into which these funds were going?-- Oh yes, most definitely.

And that remained throughout the period up to the election, did it, or did it change at some stage?-- It changed. We raised our invoices at the end of January, as we do normally

with all clients, and - or at the end of every month - and I raised the accounts as the - to the David Power and Sue Robbins Campaign Account or Trust Account, whatever it was called. I went to submit those accounts and I was advised that no, the name would change and this was on 30th of January, and we were requested to make them out in the name of the Lionel Barden Trust Fund.

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Yes?-- Now, as far as I was concerned, that account changed as of the end of January. I believe the reality is quite - somewhat different but that was my understanding at that time.

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Yes. You understood, however, or do you know that the account within Hickeys Trust Account, the account in that name remained there until the 4th of March 2004; did you know that?-- No, I did not know that. We ceased to do anything in relation to Power and Robbins. Everything became Lionel Barden Trust Fund as of 1 - 1 February.

Right. Well, you ended up receiving a backdated letter of authority?-- Correct.

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Now, do you have that there?-- Yes, I think - actually it was in my original statement.

Keep - don't leave - don't close those emails because I'm getting back to it in a second?-- No, no, no, I'm not doing that.

This is the 10th of December document?-- It's a letter of authority from Lionel Barden we're looking for or-----

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Yes. Exhibit - this is part of your statement. Do you have the statement there - attachment to your statement. That's your original statement?-- Mmm. No, I don't have - two documents here, Brian Ray's details and the more recent one that was tabled yesterday. I don't have a copy of the letter from - that I-----

Just have a look at this?-- Yep. I haven't a copy from Brian. Thank you. That's correct, yep.

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Now, that letter was, to your knowledge, backdated to the 10th of December 2003?-- Yeah, it was backdated specifically at my request.

Right. But when did you first hear Lionel Barden's name?-- 30th of January 2004 as noted in my diary - as is noted in my day-book. That's the first reference that I have to his name.

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Sorry?-- 30th of January 2004 I made a notation to that effect in my day-book.

But it would not appear to have been signed until around the 8th or 9th of February?-- That would be right.

Right. So you-----?-- Wouldn't be - wouldn't have been any earlier than that I wouldn't think.

1

You didn't receive it until after that?-- Correct.

In this letter that you received you say that you requested it?-- Yes, that's right.

You were told this, "I require Quadrant under your direction to provide professional marketing advice and make available, as required, the creative copyrighting design and graphic art, print, and electronic production services of your company"?-- Correct.

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You understood that there'd be no trust account within which there was an account of Power and Robbins, that is within Hickey's I'm talking about?-- That's right. Subsequently renamed Lionel Barden Trust Fund.

Yeah but not - not until after the 4th of March 2004?-- I was not aware at what time any changes were made within Hickey Lawyers organisation as to when they changed their documentation. I was-----

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Sorry?-- I was working purely on the basis that I had requested confirmation as to how we were to - to Power and to whom we were to present our accounts. Tony Hickey made it quite clear that he was not accepting anything from us by way of invoices until they had been signed off by an independent party.

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Yes?-- And that was basically Lionel Barden's role was to sign off on our accounts.

See - see, what I'm - what I'm suggesting to you is that up until the 4th of March 2004, the persons who were authorising transactions in relation to the - the fund within Hickey Lawyers were Power and Robbins. Did you know that?-- No. I was not aware of that.

40

In this backdated authority, this is stated, "Hall costs occurred - incurred are to be invoiced directly to the respective individual candidate's account-----?-- Correct.

-----once approved by myself?-- That's right.

All invoices once authorised are to be forwarded to the Candidate Resource Trust Account care of Hickey Lawyers for payment." Well, where did that name come from?-- I've no idea. I - I - at that point - I don't know, Candidate Resource Trust Account.

50

What - what name were you giving your account up until the time that you received this authority?-- We prepared our first set of accounts in January. There was nothing invoiced in December. They were originally produced as the Power and Robbins Trust Account or account. You should have copies of that.

Well we have-----?-- That's right.

-----and this is the problem, Mr Morgan. I'm suggesting to you that what the invoices show is invoices into February of 2004-----?-- Right.

-----still in the name of Power and Robbins?-- That would've been the case initially.

Well how could that be? You know, well past this date that you have given as the changeover-----?-- Mmm-hmm.

-----according to the backdated authority. There continued to be invoices in the same name?-- We subsequently changed at the request of - of David and Sue, the name of the account to reflect Lionel Barden Trust Fund in February which was when we received advice - well, from January 30. The specific date of that changeover I'm not sure. When - I can't imagine that - our February account should've reflected Lionel Barden Trust Fund. I-----

See - see, the name - the name being used in relation to the accounts within Hickeys-----?-- Mmm-hmm.

-----and yours seems to have the consistency and the - the certainty of chameleon. At one stage it's been called the Power and Robbins-----?-- Mmm-hmm.

-----Trust Account?-- That's where it started off. Yes.

It started off at that?-- Mmm-hmm.

That continued within your records and also the records of the solicitors?-- Mmm-hmm.

Yours changed, according to an instruction or should've changed-----?-- Mmm-hmm.

-----according to an instruction in February, round about the 8th of 9th of February?-- That's right.

But I suggest continued to, nevertheless, still have invoices issued in the name of Power and Robbins beyond that date and I'll take you to documents-----?-- Mmm-hmm.

-----which are evidence of that?-- sure.

Here you're told that the invoices once authorised are to be forwarded to the Candidate Resource Trust Account. Have you ever heard that before?-- No. I - no.

Well that's-----?-- It wasn't something that we actually created.

So we've got - we've got, Power and Robbins?-- Mmm-hmm.

We've got - we've got the Lionel Barden - so called Lionel Barden Trust Account or Trust Fund whatever it was. We've got the Candidate Resource Trust Account. What were these different names? Why were the changes being made?-- I can't account for that name.

1

Was it becoming too hot and it got out into the public that there was afoot a campaign to raise funds among developers to support a group of candidates and suddenly Power and Robins decided that they didn't want to have their name part of it? Is that the situation?-- I disagree with that.

10

You disagree with it?-- Mmm.

Well-----?-- In terms-----

-----why did it happen.

MR BOE: Could I just object. Mr Mulholland is entitled to put to the witness the changes in the accounts. Given that the changes to the account was not the construct of this witness's actions, he didn't change any accounts, it's unfair to suggest to him a purpose for the changes when he has no role in the changes.

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CHAIRMAN: He was asking was it because of this.

MR BOE: But he didn't do the changes.

CHAIRMAN: Well, he might - the fact that he didn't do it doesn't mean to say he mightn't know what the purpose was-----

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MR BOE: Well, he's not asked-----

CHAIRMAN: If he doesn't know, he'll answer that.

MR BOE: And - no, well, can I just go back to one point. There has to be a nexus between the change and the imputation relevant to this witness. This witness did not involve himself in any changes.

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CHAIRMAN: Well, I - I don't know that your basic premise is correct. There doesn't have to be a nexus between this - the change and this witness. It can have come from someone else but he might have been told by whoever it was who told him it was going to be changed, he might've been told the purpose.

MR BOE: Yes, if he's asked-----

CHAIRMAN: He can-----

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MR BOE: -----was he told the purpose-----

CHAIRMAN: If he doesn't know - if he doesn't know then he'll have to say so.

MR BOE: It maybe a matter of symantec but I understood Mr Mulholland to be imputing on this witness some role in that

action. Now, that imputation is being cast when it shouldn't be. If he's being asked is he aware of the reasons for the changes, then he can answer that question.

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CHAIRMAN: Well, he was being asked, is it the fact that the reason for the change was such and such. If he says, I don't know, well, so be it.

MR MULHOLLAND: Mr Morgan, isn't the situation that you had a hand, along with Power, in the drafting of this authority to change the name within your records?-- I didn't refer to this to David Power whatsoever-----

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CHAIRMAN: I thought he told us this morning that he drafted this-----?-- I drafted this myself in general terms.

Not Mr Power, just-----

MR MULHOLLAND: With Mr Power, did you communicate with Mr Power at all in relation to the matter?-- I submitted our January accounts as the Power and Robins trust account, I was told, no, that was going to change.

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CHAIRMAN: To whom did you submit those?-- I submitted those to Tony Hickey.

And who told you that was going to change?-- That information came back to me from I believe David Power.

MR MULHOLLAND: You see, I can take you to the relevant emails but what I suggest to you is that in early February, this is the 4th and 5th of February, there is an email from you to David, "Thanks for your time this afternoon. Attached is the draft letter we discussed. Once the primary client has been confirmed, I would appreciate its return. Talk to you Monday."?-- That's right. I specifically sent a draft copy of a proposed letter of appointment to David sort of saying can somebody please develop this.

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Yes?-- Or draft it, produce it. We need some authority to act and it's traditional that we would provide to a new client a draft letter of appointment, which is exactly what that was. It could be that I had at the bottom of that Candidate Resource trust account as a general term because we didn't know at that point just exactly what that was. We were working on the premise that it was Power and Robins. It subsequently - we were subsequently advised verbally that that was to change to the Lionel Barden one and then we sent this to Lionel which he sent this back.

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Look, that - that email was written on the 5th of February, I suggest there's another email from you to David, "Many thanks David. Revised draft letter attached. If Lionel could mail it to me it would greatly appreciated - greatly be appreciated."?-- Yep.

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"Alternatively if you and he would care to meet me here at Quadrant sometime next week to familiarise yourselves with

work in progress, I'd welcome the chance to update you." Do you remember that?-- Yes, I do.

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Yes?-- Well, I sent that, yes.

And on the - right, and I suggest to you that prior to that on the 4th of February an email had been sent to you by David Power, "Chris, Lionel Barden has agreed to act as primary client. If you change the name I will get it to him ASAP for completion."?-- Right.

10

Well, isn't there some input - some revision in relation to this letter following discussion between you and Mr Power?-- There would've been because that draft letter would not have referred specifically to Lionel Barden at that time.

Had you ever heard of Mr Barden?-- I was aware that he was a Gold Coast business person, that's all.

Had you heard of Mr Barden prior to this time in connection with this campaign to support the election of a group of like-minded candidates?-- No. Not in any way whatsoever.

20

Well where did the name come from? Why was he chosen?-- That's something you'd have to ask David Power. I could - I can give you a presumption on that.

Well was it plucked out of the air? Didn't - didn't - wasn't there some discussion between you and Mr Power about, well, where - where does he fit into it. I thought we had a - I thought we had some sort of a Trust going here?-- No, not all.

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Why are we changing it?-- It was deemed to be appropriate to have a well credentialed business person head the Trust or give their name to the Trust. I presume that would've encouraged donors to be more comfortable about making a donation to the Trust. Lionel had a good reputation in the seat. He did have. It's past tense now.

Well what was wrong with Power and Robbins? I thought he-----?-- I have no idea.

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I thought Mr Power was actually approaching people who were donating?-- Yes, he did.

So didn't he have a good name? Didn't the Power and Robbins name be - wasn't that sufficient for the purposes of raising funds? Why pick someone else and why pick Mr Barden?-- I have no idea.

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Well you didn't pick him?-- I didn't pick him. He was - he was known to Councillor Power I would imagine.

Well didn't - didn't you discuss this?-- Only to the extent of what Lionel could bring to the campaign and who was, what he was. It really didn't make any difference to me whatsoever. I just needed a name to have on something that we could bill.

We had incurred costs. Who's going to pick up the tab for this?

1

Was just another one of these names as such? You were just going to use Lionel Barden?-- No, not at all. We were trying to get some definition as to who we were going to bill for costs that we were - we were incurring.

Yes but you had names. You had Power and Robbins?-- Yes. And we were advised that that was to change if we wanted to get paid. It was to become the Lionel Barden Trust Fund. So I said, can you please give me a letter of appointment. How do we go about doing this? We needed to have somebody? We were instructed. We were had to have somebody, in this instance, Lionel Barden, sign off on all the material.

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You seem to have very little idea as to why Mr Barden was going to replace Power and Robbins is that correct?-- To give the Trust Fund more dignity, more substance if you wish in the community.

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More dignity and more substance. Why? What - was it regarded that Mr Power and Ms Robbins didn't fit that description?-- You're really asking me to speculate on what the motivations of Power and Robbins were. I can surmise. I didn't specifically ask why have you got this guy in there. No. It kind of made sense to me to be perfectly honest.

Mr - Mr Morgan, it's true is it not that you were aware that it was starting to get out within the voters as to what was happening and that this was happening in early February and indeed, there's some emails isn't there from Mr Shepherd which indicates that he was getting very edgy about it? Does that ring a bell in your memory?-- Not really. We were concerned with the Gold Coast Bulletin. It was regarded as being an extremely hostile meeting with considerable justification for that and still is. I'm not aware of any specifics.

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Why were you concerned about the Gold Coast Bulletin? What were you concerned about? What was going to get out? What were the - what was the-----?-- There's nothing-----

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-----Gold Coast Bulletin going to do?-- There's nothing in - as such in terms of getting out. What - the Gold Coast Bulletin in terms of the advice that we were giving candidates-----

MR BOE: Mr Chairman, could - I don't want to interrupt Mr Mulholland unduly, but could it be made clear whether the witness is being asked his view or - or whether he's being asked what his understanding of the view of the decision makers, because I think the witness is confused in-----

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CHAIRMAN: Which decision makers would you be referring to?

MR BOE: Well whoever Mr Mulholland wants to know about. The point is that this witness obviously is seeking to be

responsive to questions which aren't clear about whether or not it's his view, his assumption or what he's being told.

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CHAIRMAN: I must say, I understood that he was being asked about his view of why there was concerns about the Gold Coast Bulletin.

MR BOE: And - but they were tying back to questions about why names were changed.

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CHAIRMAN: Well, all right. Well, perhaps, Mr Mulholland, you can make it clear what you are asking.

MR MULHOLLAND: Yes. That is what I am asking you. I'm asking what you saw as the concerns of the Gold Coast Bulletin and what that had to do with the change of name. Now, do you understand the question, Mr Morgan?-- I understand the question.

What's the answer?-- There is absolutely no relationship between the change of name and anything within the Gold Coast Bulletin to my knowledge.

20

Well why did you mention the Gold Coast Bulletin a moment ago for?

CHAIRMAN: Because I think to be fair, you did say to him, "It was starting to get out."?-- I didn't raise the Bulletin at all until you raised the subject yourself sir.

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MR MULHOLLAND: Well, I said it was starting to get out. I didn't mention the Gold Coast Bulletin. I referred you to emails in which Mr Shepherd was obviously getting quite concerned about what was happening. Do you remember that?-- I remember that there was a general concern about the agenda that the editorial team of the Gold Coast Bulletin had undertaken that that particular editorial policy supported a group of candidates, it supported a mayoral candidate and it supported individual councillors who represented what the Gold Coast Bulletin referred to on the front page on December 27 of '03, The Virgin Army. That was something which had been discussed at length. It was quite apparent that Councillor Baildon and specifically three other councillors were receiving an inordinate amount of support and that was contrary to the interests of those clients which we were about to act for. Now-----

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Surely - yes - yes, I don't want to cut you off, keep going?-- Right. We regarded the Gold Coast Bulletin as being hostile to the interests of the candidates that we represented. I specifically cautioned our candidates, the three that specifically I was working with to avoid any contact with the Bulletin where possible. You could be expected to be worked over which is essentially what happened. That was not so much-----

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Worked over for what?-- Negative press basically popped up across the board. I asked the - I asked our candidates that I

was representing, our client candidates, to focus purely in the local areas that they were working on within their divisions, to focus all their advertising activity on local newspapers or local press and to steer clear of the Bulletin.

1

Do you think that voters might have become concerned, if not alarmed, if they knew that two sitting councillors, namely, Power and Barden were directing-----?-- Power and Robins.

CHAIRMAN: Power and Robins.

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MR MULHOLLAND: Sorry, Power and Robins were directing the withdrawals of the funds which had been largely gained from developers, funds which were to support fellow candidates at the March election? Do you think that they might've been concerned-----?-- They may have been.

-----if they had got that knowledge?-- They may have been.

Are you - are you saying, Mr Morgan, that that did not occur to you at the time?-- It wasn't a concern one way or another. All I was concerned about was who were we going to invoice to recover expenditure.

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And it was never mentioned so far as you know, never discussed so far as you know by Mr Power or Ms Robins at this time prior to the change of name to Lionel Barden?-- What? That there was a concern on their part that their motivations could be misconstrued?

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Well, up to - you were involved in the advertising campaign and your - your whole campaign was directed at getting these people elected. Now, just imagine, just think for a moment, what do you think would have happened if it had got out that these two councillors were directing the funds to be paid to prospective candidates at the same election they were going to contest and that the funds were largely raised from developers? How did - how do you think that would have gone down in the electorate?-- To link the entire fund to developers is being wise after the event and that has been a presumption that has basically followed this whole exercise all the way through. To answer your first part of your question, yes, there would have been concern.

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Well, you say that it's a presumption, I'm suggesting to you that's precisely the position, almost all of the funds came from developers?-- Wise after the event. The list of - list of donors that have been tabled here before are - listed a variety of individual companies and groups of companies who've had nothing to do with development.

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Any rate, to complete this so far as this change of name is concerned, it is a name that was changed by, so far as you know, Mr Power, is that right?-- I believe so, yes.

And-----?-- I'm not really sure who gave the instruction to Tony Hickey.

The name - the actual - the decision to change came about because Mr Power decided that it should be changed, that's as far as you know anyway?-- And Sue Robins or whoever, yes, I don't know.

1

And you didn't even know Mr Barden?-- At that time I had not met him, no.

And you got that name from Mr Power?-- Correct. It would have been advised to me I believe verbally, which is why I noted that on the 30th of January.

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And then you had a backdated authority prepared?-- I requested that because, again, standard operating procedure with an advertising agency is to have a letter of authority relevant to the period of your contract.

Would that be a convenient time, Mr Chairman?

CHAIRMAN: Yes, I understand we can resume on Friday of next week.

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MR WEBB: I'm sorry but Friday of next week causes great difficulty for me, sir.

CHAIRMAN: You have a very competent instructing solicitor beside you. Perhaps he can be here on Friday to hold the fort for you.

MR WEBB: Yes, if he doesn't fly away with the small hit from that comment that you've just made.

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CHAIRMAN: We'll adjourn till 9.45 next Friday.

THE HEARING ADJOURNED AT 4.43 P.M. TILL 9.45 A.M.  
FRIDAY 28TH OCTOBER 2005.

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# WITNESS LIST

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CHRISTOPHER LAWRENCE MORGAN, ON AFFIRM. EXAMINED:.. 813

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