

**CRIME AND
MISCONDUCT
COMMISSION**



QUEENSLAND

CRIME AND MISCONDUCT COMMISSION

TRANSCRIPT OF PUBLIC INVESTIGATIVE HEARING

10 **CONDUCTED AT LEVEL 2, NORTH TOWER, 515 ST PAULS TERRACE,
FORTITUDE VALLEY AT LEVEL 2, NORTH TOWER, 515 ST PAULS
TERRACE, FORTITUDE VALLEY WITH RESPECT TO**

File No: MI-09-1057

HEARING NO: 08/2009

**DAY 2 - TUESDAY 24 NOVEMBER 2009
(DURATION: 2HRS 20 MIN)**

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with any order made by the presiding officer concerning publication of
these proceedings.**

LEGEND

Presiding Officer – Robert NEEDHAM, Chairperson, CMC

Counsel Assisting – Russell PEARCE, Director, Misconduct Investigations

30 **Hearing Room Orderly – Alicia VIEIRA**

Witness – Ben KLAASSEN

Legal Representative – Peter SHIELDS (Shields Lawyers)

THE HEARING RESUMED AT 11.06 AM

MR PEARCE: Mr Chairman, I call Benjamin KLAASSEN.

BENJAMIN MICHAEL KLAASSEN ON OATH, EXAMINED:

MR PEARCE: Good morning, Mr KLAASSEN.

10 THE WITNESS: Good morning.

MR PEARCE: Your full name is Benjamin Michael KLAASSEN; is that correct?

THE WITNESS: Yes.

MR PEARCE: Perhaps you could tell me what your current title is, please.

20 THE WITNESS: The Director for Program Reform and Design in Sport and Recreation Services in the Department of Communities.

MR PEARCE: As at 2008, what title did you have?

THE WITNESS: I was the Director of Program and Industry Development in the Department of Local Government, Sport and Recreation.

THE PRESIDING OFFICER: Could the microphone be moved a little bit closer to Mr KLAASSEN. Thank you.

30 MR PEARCE: What classification are you?

THE WITNESS: SES2.

MR PEARCE: You are a certified practising accountant; is that correct?

THE WITNESS: Yes.

MR PEARCE: You have held that qualification since 1990?

40 THE WITNESS: Yes.

MR PEARCE: You have worked in the public service for 17 years; is that correct?

THE WITNESS: Yes.

MR PEARCE: And you've also operated within the public service in internal auditor roles?

THE WITNESS: Yes.

MR PEARCE: How long have you been with what has been the Department of Sport in its various guises?

THE WITNESS: Approximately five years.

MR PEARCE: What roles have you performed with sport?

10 THE WITNESS: I have performed various director-level positions in terms of overseeing the active recreation centres, overseeing the grant funding programs, in terms of the administration and development and delivery of those programs and my current role of program reform and design, which is program development essentially.

MR PEARCE: Do you know Mr TUTT?

THE WITNESS: I know him through my involvement in the department, yes.

20 MR PEARCE: When did you first come by Mr TUTT.

THE WITNESS: It would have been some time shortly after September 2007 when there was a machinery of government change.

MR PEARCE: He came with Ms SPENCE, did he?

THE WITNESS: Correct, yes.

30 MR PEARCE: You are aware that the CMC is looking at the circumstances surrounding the \$4.2 million grant to the Queensland Rugby Union?

THE WITNESS: Yes.

MR PEARCE: Can you tell me when you first became involved in that matter?

THE WITNESS: My first involvement was on 8 July 2008.

MR PEARCE: Can you tell me or tell us all a little bit about what occurred on 8 July 2008?

40 THE WITNESS: Yes. On the morning of 8 July Craig MATHESON, who is the Deputy Director-General of Sport and Recreation at the time, called myself and Tracy O'BRYAN, who is my direct superior, up to his office, to have a discussion about a meeting he had attended with Simon TUTT and Ken FREER from the Queensland Rugby Union in regard to a project at Ballymore that they had been discussing, and Mr MATHESON indicated that we were to prepare a briefing note to seek \$4.2 million approval for the project.

MR PEARCE: Just pausing there for a moment. Mr MATHESON at the time, you

said, was the Deputy Director-General. Is it the case that he was in fact just acting in that role at time?

THE WITNESS: Acting, correct.

MR PEARCE: What was his substantive position?

THE WITNESS: He was the Executive Director of Sport and Recreation.

10 MR PEARCE: That was the position then being filled on an acting basis by Ms Tracy O'BRYAN?

THE WITNESS: Yes.

MR PEARCE: Who job shared that role with Ms Di FARMER.

THE WITNESS: Yes.

20 MR PEARCE: In terms of the command structure, the hierarchy, where did everybody fit in? Obviously, the Deputy Director-General sat above the rest of you?

THE WITNESS: Yes.

MR PEARCE: But what about the Executive Director's role and your role; how did they fit in?

30 THE WITNESS: The Executive Director reported to the acting Deputy Director-General. The Executive Director was responsible for all of the sport and recreation area. I reported to the Executive Director as one of five directors that were responsible for specific program areas in sport and recreation.

MR PEARCE: The two ladies who job shared, what was their substantive role? Were they a director of something as well?

THE WITNESS: Substantively, yes; director of industry and sector development.

MR PEARCE: Did they, all things being equal, sit on a level plane with you?

40 THE WITNESS: In their substantive role structure, no, they were at a lower level than me in their substantive positions.

MR PEARCE: But they were actually acting up above you?

THE WITNESS: Yes.

MR PEARCE: Can you just as best you can tell us what Mr MATHESON said to you about the preparation of the document that you were tasked with preparing.

10 THE WITNESS: The ministerial submission, yes. Mr MATHESON indicated that there had been the discussion with Mr TUTT and Mr FREER about the support to be provided to the Queensland Rugby Union. I was advised that we were going to fund them \$4.2 million for some specific activities, an indoor pool, an additional field and there was some discussion about some corporate facilities, which -- subsequently, it was decided that we wouldn't be funding the corporate facility because it wasn't something we would normally support. I was instructed that I had an hour to prepare the briefing note, which was to recommend the minister approve the \$4.2 million for the pool and the field, and that was the, the general basis of the discussion.

MR PEARCE: Is this the way things like this are ordinarily tasked and performed?

THE WITNESS: No.

MR PEARCE: What's different about what you were tasked with doing as opposed to the normal routine?

20 THE WITNESS: Well, there was no funding round open at that particular point in time. So, it was, it was what we would term an "out of round application", which is not unusual in itself. But the normal process would be we would expect an organisation to submit material to demonstrate the value of the project, and an assessment process would be followed and then a recommendation developed for consideration.

MR PEARCE: Were you given any material that the organisation had provided?

30 THE WITNESS: Yes, I was.

MR PEARCE: What did that consist of?

THE WITNESS: That consisted of a two-page letter from Mr FREER, a one-page costing sheet and various sketch drawings.

MR PEARCE: Were you given, do you think, appropriate time to perform an assessment on that material?

40 THE WITNESS: No.

MR PEARCE: Did you have sufficient material to perform the assessment you would routinely perform?

THE WITNESS: No.

MR PEARCE: How long would it normally take to assess an application?

THE WITNESS: It could take anywhere between three hours to a day, depending

on the volume of material.

MR PEARCE: The grant figure, the figure of, say, \$4 million, does that influence the amount of time you spend on assessment?

THE WITNESS: It can. Normally for an amount of that size you would expect it to be a significantly larger project and more documentation and more analysis would normally be required.

10 MR PEARCE: I will just show you some documents now. Could the witness be shown Exhibit 1. Do you recognise what I've shown you there?

THE WITNESS: Yes, that's the letter that Mr MATHESON provided me a copy of.

MR PEARCE: And it consists of? Would you just talk us through it.

20 THE WITNESS: It consists of the two-page letter from Mr FREER seeking support for the three elements, the football field, the pool and the new corporate facilities, and the one-page costing sheet.

MR PEARCE: Were you given any other documents that day?

THE WITNESS: There were some drawings that were also attached to this document.

30 MR PEARCE: Could we just find that document, the drawings. While I'm searching for those drawings, might the witness be shown Exhibit 9. Tell me what I've just shown you there.

THE WITNESS: An email to Craig MATHESON from Naomi ENCHONG and it's background papers for Simon TUTT, Chief of Staff, Department of Police, Corrective Services and Sport. And it looks like it's an agenda for a meeting with Mr TUTT and Mr FREER, financial information, some drawings, something about sport and recreation funding and a Souths, Southern Districts Rugby Union Football Club.

MR PEARCE: Have you seen that bundle of documents before?

40 THE WITNESS: I may have. The cover sheet looks familiar but I couldn't be certain that I have definitely seen these before.

MR PEARCE: Do you have any recollection of being provided with those documents, with or without the email cover sheet, on 8 July 2008?

THE WITNESS: No, I wasn't provided with these, no.

MR PEARCE: You didn't have them when you performed your, if you like,

analysis?

THE WITNESS: No.

MR PEARCE: Thank you. Did you note the bundle of documents you just went through had a single page setting out some financial details, recent financial history of QRU?

THE WITNESS: I didn't, no.

10

MR PEARCE: You didn't notice that?

THE WITNESS: No.

MR PEARCE: Perhaps you could have a quick look at it. I would again like to know if you were privy to that sort of information when you were assessing the two-page letter to the minister?

20

THE WITNESS: No, no, I definitely didn't have this in my possession when I was examining the material from the minister.

MR PEARCE: Would that sort of information have been of assistance to you?

THE WITNESS: This particular document here?

MR PEARCE: Yes.

THE WITNESS: Only in that it shows the Queensland Rugby Union had some significant financial issues.

30

MR PEARCE: That sort of information would be relevant, I would assume, to any assessment the department would be performing prior to awarding a grant of government funding?

THE WITNESS: It's relevant in so much as the organisation's ability to actually manage and ensure the asset that is constructed is viable and will last for a long time. So, normally, if an organisation is not financially viable we wouldn't like to give them a lot of money to build an asset they may not be able to support.

40

MR PEARCE: When you were tasked by Mr MATHESON to produce the ministerial submission inside the one hour, did you have any knowledge at all of the then financial position of the Queensland Rugby Union?

THE WITNESS: Only through media reports. I believe there had been some media in the Courier-Mail about some significant losses the QRU was experiencing, and that's probably my only recollection of the financial position of the QRU.

MR PEARCE: Very well.

THE PRESIDING OFFICER: The other one you are looking for might be Exhibit 10. Document 6.

MR PEARCE: Yes, thank you. Exhibit 10, please. This purports to be an email from you to Mr MATHESON dated 12.55 pm on 3 July 2008. Do you recognise it?

THE WITNESS: No, no it's from Mr FREER, not from me.

10 MR PEARCE: Sorry, Mr FREER to Mr MATHESON?

THE WITNESS: Yes.

MR PEARCE: No, that's the wrong document. Hand that back, please.

THE PRESIDING OFFICER: That's the one that has the plans attached.

MR PEARCE: I'm sorry, all right. Just have a look. If you just have a look at that
20 bundle of documents, there are some sketch plans amongst the attachments.

THE WITNESS: Yes.

MR PEARCE: Are they the sketch plans you saw on 8 July?

THE WITNESS: Yes, I believe that is the sketch plans, yes.

MR PEARCE: The balance of the attachment is the one-page --

30 THE WITNESS: The one-page costing.

MR PEARCE: Set-out of costings, thank you. I will get you to have a look that the document which purports to be an email you sent to Mr MATHESON on 8 July at 1.11 pm.

THE PRESIDING OFFICER: Document number?

MR PEARCE: Document number 9, Mr Chairman. Will you just talk us through that email and the attachment, please.

40 THE WITNESS: Yes, this is an email that I sent to Mr MATHESON, copying in Ms O'BRYAN and Ms FARMER, which is the briefing submission that I was able to prepare in the timeframe that was allocated to me.

MR PEARCE: It took you less than an hour, did it, to prepare?

THE WITNESS: Slightly more than an hour.

MR PEARCE: What sort of timeframe are we looking at?

THE WITNESS: I think the meeting finished at 11.45 -- I guess I would have had this finished by about a quarter to 1 and I would have got it approved by the executive director. So, yes, I would probably have written it in just under an hour and then approval subsequently took a little bit longer.

MR PEARCE: The document -- I take you to page 3 -- contains some recommendations --

10 THE WITNESS: Yes.

MR PEARCE: -- that the minister approve the funding of \$4.2 million for the redevelopment at Ballymore; that minister take note that the department would prepare and execute a funding agreement; and that the minister note that the department would prepare the executive council minute for approval.

I suppose I'm concerned more with the first of the three recommendations. Did that recommendation reflect your view of the matter?

20 THE WITNESS: My personal view -- would be, no, that we didn't have sufficient information to make the recommendation at this point in time.

MR PEARCE: Why then did you prepare a document recommending that the minister approve funding of \$4.2 million?

THE WITNESS: That was the direction that I was given from the acting Deputy Director-General at the time.

30 MR PEARCE: Did you indicate to your Deputy Director-General at any time that in fact that recommendation was not one that you supported?

THE WITNESS: I, I believe I indicated that it was unusual for us to be approving or recommending such a substantial amount of money with the limited information that we had at hand. However, it was made very clear to me that we were to progress this recommendation. And due to -- the urgency surrounded an announcement the minister was planning to make on the Friday of that week and we did not have any further time to actually do any additional analysis, so I was instructed to prepare the brief, and include some of the risks involved in us actually recommending this project at that point in time.

40

MR PEARCE: Indicating to someone that the process you are about to embark on is unusual, is a little bit different to indicating to the person that you disagree or you do not support the ultimate outcome. Would Mr MATHESON to your mind have been aware that you did not agree with that ultimate recommendation?

THE WITNESS: I'm -- I don't know. You would have to ask Mr MATHESON that. I can't comment on that.

MR PEARCE: Did you say anything to him to give him that impression?

THE WITNESS: I can't recall that I did, no.

MR PEARCE: Did you say anything to anyone in the process of preparing the ministerial submission to indicate that you did not support the ultimate recommendation?

10 THE WITNESS: I believe I had discussions with Tracy O'BRYAN about the fact that this was not something that we would normally be doing, and -- but -- that was in terms of as we were walking back from the meeting. But we both were of the view that we, we were instructed to progress this so that's what we had to do.

MR PEARCE: Do you know whether the ministerial submission as drafted by you made its way to the minister?

THE WITNESS: The document that I prepared was not the final version that went to the minister, no.

20 MR PEARCE: Mr Chairman, can I tender the email of 1.11 pm of 8 July together with the attached draft ministerial submission of three pages.

THE PRESIDING OFFICER: Yes, that will be Exhibit 22.

ADMITTED AND MARKED EXHIBIT 22

30 MR PEARCE: Mr KLAASSEN's evidence we heard yesterday suggests it was not until 1.30 pm that Mr FREER of the QRU emailed to Mr MATHESON a copy of the letter to the minister. Do you recall when it was that you were given a copy of the letter to the minister?

THE WITNESS: I recall it was when, when I was at the meeting.

MR PEARCE: And you put the meeting at some time in the late morning; is that correct?

THE WITNESS: Around 11 or thereabouts, yes.

40 MR PEARCE: And certainly by 1.11 pm you had completed your ministerial submission.

THE WITNESS: Correct, yes.

MR PEARCE: Did you at any time see the final version of the ministerial submission that made its way to the minister?

THE WITNESS: Only after it came back signed.

MR PEARCE: Could the witness be shown Exhibit 2. What I'm showing to you now purports to be the final ministerial submission; is that correct?

THE WITNESS: Yes.

MR PEARCE: A copy of it at least?

THE WITNESS: Yes.

10 MR PEARCE: Together with what would have been the cover sheet of that document?

THE WITNESS: Yes.

MR PEARCE: Do you see that the ministerial submission is somewhat different to the document that you prepared?

THE WITNESS: Yes, it is.

20 MR PEARCE: Might the witness see the last Exhibit as well? The one we have just tendered.

THE PRESIDING OFFICER: That was Exhibit 22.

MR PEARCE: Are you able to, in short compass, explain the variations in the two documents?

30 THE WITNESS: The background is more extensive and going into the history surrounding the QRU's plans for the redevelopment of Ballymore and the federal government funding that they had which was subsequently withdrawn. The issues are also significantly expanded, with some additional risks added in. The first risk seems to be relatively the same as I wrote it. The second risk has been expanded. The third risk seems to be a new risk. And then there's some significant extension of the fourth and fifth risks. And the last risk is somewhat similar to how I wrote it. And then there's some additional material that's added that wasn't in my, my version around the cost estimates and risk of cost overruns and risks around QRU interpreting it as endorsement of the overall proposal, introducing the three-year payment, which I had but it was expanded out further. And the financial considerations are based on what I had, and then the recommendations are
40 different, with four recommendations as opposed to the three that I had drafted.

MR PEARCE: The additional recommendation is?

THE WITNESS: The additional recommendation is number 2, "approve that funding for the grant to the Queensland Rugby Union be redirected from the budget for the major facilities program".

MR PEARCE: Have you had an opportunity previously to consider this final

document?

THE WITNESS: I certainly had a revisit to it after my prior visit here, yes.

MR PEARCE: Perhaps then I can ask you this: Did you honestly consider the application one that ought to be approved by the minister?

THE WITNESS: The application as at hand?

10 MR PEARCE: Yes.

THE WITNESS: No.

MR PEARCE: Having read the material that appears in the ultimate document, is your mind changed?

THE WITNESS: No.

20 MR PEARCE: Thank you. The material you were given to assess the application contained the one-page table of costings.

THE WITNESS: Correct.

MR PEARCE: Do you recall that?

THE WITNESS: Yes.

30 MR PEARCE: Which -- that's reflected in the body of, I think, the document you produced and certainly the ultimate submission in terms of the three priority areas in respect of which funding was sought; do you understand that?

THE WITNESS: Yes.

40 MR PEARCE: They are the new rugby field at an estimated cost of \$1.5 million, a new indoor heated 25-metre swimming pool at an estimated cost of \$1.6 million, and new corporate facilities in the western grandstand at an estimates cost of \$0.9 million. The three items totalled \$4 million. Ultimately, you have already indicated that you could not support the funding for the corporate facilities in the western grandstand; is that the case?

THE WITNESS: Yes.

MR PEARCE: That was at an estimated cost of \$0.9 million. Can you explain to us, please, how it was that the figure of \$4.2 million was ultimately recommended to the minister?

THE WITNESS: My recollection is 4.2 was the amount that Mr MATHESON had originally stated when he returned from the meeting, that that was the amount that

was agreed, \$4.2 million. I was never provided with a breakdown to demonstrate how the 4.2, other than that costing sheet which obviously doesn't add up to 4.2. All I can recollect -- we did have discussions about the costings. The pool, costed at \$1.5 million or \$1.6 million, was in my view significantly understating what it would cost to develop an indoor heated pool. So that was very low. Whether there was some contingency added for that, I just can't recall. 4.2 was what was instructed to me as the amount that's got to be approved.

10 MR PEARCE: And you just did what you were told?

THE WITNESS: Correct.

MR PEARCE: The additional recommendation is that the minister approve the funding grant from a redirection of funds from the major facilities program. Would this application have met the guidelines for the major facilities program?

THE WITNESS: No.

20 MR PEARCE: Why not?

THE WITNESS: Well, normally for applications under the major facilities program there's a detailed application form that needs to be completed --

MR PEARCE: Leaving aside the process -- and we'll examine the process for the major facilities program in due course -- is it not the case that the major facilities program is limited to 50 per cent of funding?

30 THE WITNESS: 50 per cent is the maximum amount of funding under that program, yes.

THE PRESIDING OFFICER: That's 50 per cent of?

THE WITNESS: Of the eligible project cost.

THE PRESIDING OFFICER: So for a project that would cost \$5 million the maximum funding could be 2.5?

40 THE WITNESS: Correct, yeah. There was always some conjecture in regard to this that the overall costing of the Ballymore redevelopment was close to \$100 million and this was a component. It's how you look at it.

MR PEARCE: What you were being asked to do here, correct me if you disagree, was to approve funding for construction of a new rugby field estimated at \$1.5 million, a new indoor heated swimming pool, estimated \$1.6 million, and new corporate facilities in the western grandstand estimated at \$0.9 million; you are nodding, is that right?

THE WITNESS: Yes, that's right.

MR PEARCE: You were asked, therefore, to approve, were you not, 100 per cent of the \$4 million cost of those three items?

THE WITNESS: Of those three items, yes, 100 per cent.

MR PEARCE: And what you ultimately recommended for approval was funding for two of these three items at \$4.2 million?

10 THE WITNESS: Yes.

MR PEARCE: Thank you. You can hand those exhibits back now, please.

THE PRESIDING OFFICER: Do you still have Exhibit 4 there?

THE WITNESS: What is Exhibit 4?

THE PRESIDING OFFICER: I think it's -- no, it's Exhibit 9, the email from Ms ENCHONG to Mr MATHESON.

20

THE WITNESS: No.

MR PEARCE: The briefing paper, yes. Show the witness, please.

THE PRESIDING OFFICER: On that the attachment is "img-6251208-001.pdf"?

MR PEARCE: Just have a look at the email at the front.

THE WITNESS: Yes.

30

THE PRESIDING OFFICER: Is that sort of file title familiar to you at all? Is that the sort of title that's used within your department?

THE WITNESS: No.

THE PRESIDING OFFICER: Thank you.

MR PEARCE: Thank you.

40 THE PRESIDING OFFICER: You don't know where that title would have come from?

THE WITNESS: No.

THE PRESIDING OFFICER: Okay.

MR PEARCE: I take it that once this document in its final form was prepared and went off to the minister, the next you saw of it it had been signed off by the

minister; is that correct?

THE WITNESS: Yes, that's right.

MR PEARCE: What then happened in the scheme of events?

10 THE WITNESS: Subsequent to the signed document coming back, we had to wait for the Executive Council approval before it was formally approved, which didn't occur until 31 July. So, following advice that Executive Council had approved that on the afternoon of Thursday, 31 July, myself and Di FARMER had arranged a meeting with Mr FREER and he brought along Mr Simon TAYLOR of the QRU to discuss the process for how we would administer the funding and the terms of the funding agreement. That meeting was on 1 August in Ms FARMER's office.

MR PEARCE: You didn't waste any time?

THE WITNESS: No, we didn't, no.

20 MR PEARCE: Were you under some pressure?

THE WITNESS: I don't recall being under pressure.

MR PEARCE: Very well. Tell us what happened at the meeting.

30 THE WITNESS: At the meeting I explained the standard terms and conditions of funding to Mr FREER and Mr TAYLOR, around the execution of the funding agreement which outlined the specific elements of the project that we were funding, the pool and the field, and the basis on which payments were to be structured, which was on the basis of QRU expending the funds and claiming it back from the department, and the other standard conditions that are attached in terms of the need to secure development approval, provide a project plan, a project manager, and other details that are attached to the standard funding agreement.

MR PEARCE: What was the duration of the meeting?

THE WITNESS: My recollection is it was 45 minutes to an hour.

40 MR PEARCE: In what sort of detail do you descend when you are explaining these things?

THE WITNESS: Well, we certainly point out the key terms and conditions so that organisations are certainly aware of their obligations. But we also expect as a legal document that they will take it away and actually read it in detail before they sign it. So, we certainly point out the key ones and walk them through in case they've got any issues and let them ask questions.

MR PEARCE: Do you regard the method of payment as one of the key matters that you would discuss?

THE WITNESS: Yes.

MR PEARCE: Do you recall doing that in this case?

THE WITNESS: Yes.

MR PEARCE: Was there any response from either Mr FREER or Mr TAYLOR?

10 THE WITNESS: The response from Mr FREER was along the lines of, "That's not the arrangements that we've been discussing with Mr TUTT."

MR PEARCE: What did you say in response to that? Did you say anything?

THE WITNESS: Well, my recollection is we said, well, we're unaware of those discussions between you and Mr TUTT. This is our standard process and that's what's in the agreement at this point in time.

20 MR PEARCE: You mentioned that your normal practice would be to give the parties a copy of the agreement to go away and consider; did you do that on that occasion?

THE WITNESS: I didn't give him a copy on that occasion. I had to go out to Ballymore the following week to actually sight where they were building the pool and the field and then to give Mr FREER the actual document which would have then be customised to actually have the QRU's details in it.

MR PEARCE: Did that happen?

30 THE WITNESS: It happened on 6 August, yes.

MR PEARCE: Who went to Ballymore?

THE WITNESS: Just myself.

MR PEARCE: What did you take with you to Ballymore?

40 THE WITNESS: I took the draft funding agreement and Mr FREER showed me around, showed me where the pool was going to be built, showed me the new field, and then I produced the document and provided him with a copy of that document.

MR PEARCE: Was there any discussion on 6 August about the terms and conditions of the agreement vis-à-vis the funding arrangements?

THE WITNESS: Yes, yes.

MR PEARCE: What took place in that regard?

THE WITNESS: Well, again, it was -- the main point of discussion at that meeting was the development application process -- and being a significant development we needed to know where they were placed in terms of getting all their paperwork ready with a development application with council. Again, there were discussions around the payment terms and the other standard compliance conditions -- they had to engage a project manager. I remember Mr FREER indicated they already had a project manager in place. That's the sort of substance of it.

10 MR PEARCE: Do you have any recollection of what was said regarding the payment details?

THE WITNESS: Well, by that stage the payment arrangements had already been resolved. And Mr FREER was happy with them by that stage. There was some other discussions after the meeting of 1 August that related to the payment arrangements.

MR PEARCE: I will take you to those in a moment. Are you able to produce to us either the document or a copy of the document that you took to Ballymore?

20 THE WITNESS: Not the exact version that I took. No, I probably can produce the version I took to Ballymore, yes. I believe I have already supplied that. The version that went to Ballymore was the final version.

MR PEARCE: Did you produce an earlier version of that document which had a different payment schedule attached to it?

THE WITNESS: Yes, I did, yes.

30 MR PEARCE: Where is that document, when was it produced and what happened to it?

THE WITNESS: That document was produced for the 1 August meeting.

MR PEARCE: Yes.

THE WITNESS: And I didn't save that as a separate version, I saved over the top of that when I made changes to the actual document.

MR PEARCE: So you actually can't produce a physical copy of it?

40

THE WITNESS: No, I can't produce the original version, no.

MR PEARCE: Can you explain to the hearing what the differences are between that document and the one that you took to Ballymore?

THE WITNESS: Okay. The, if you like, the terms and conditions in the body of the funding agreement remained exactly the same. And there was really only one substantive change to the -- to schedule A, which is the project schedule. It was

varied from the original wording which was along the lines of “payments will be made on the basis of claims submitted by the organisation: to: a payment of \$1.4 million on execution of the funding agreement, a payment of \$1.4 million in July or August 2009, another payment of \$1.2 million in 2010 and \$200,000 was to be retained as a retention fee.

MR PEARCE: May the witness be shown Exhibit 17, please. I take it from what you’ve said that the first version of the document you haven’t retained; is that correct?

10

THE WITNESS: No, I didn’t retain it, no.

MR PEARCE: Is Exhibit 17 a copy of the funding agreement as ultimately executed?

THE WITNESS: Yes.

MR PEARCE: Your signature appears on behalf of the State of Queensland?

20

THE WITNESS: Yes.

MR PEARCE: You’ve indicated to us that between the date of the meeting in your offices and your visit to Ballymore, that the issue of the funding arrangements had been resolved. What can you tell us about that?

THE WITNESS: My recollection is that later in the afternoon of 1 August Ms FARMER received a call from Mr TUTT, and Mr TUTT indicated to Ms FARMER that the payment arrangements for this grant were to be \$1.4 million up front, with subsequent annual payments to the QRU.

30

MR PEARCE: What you know of that instruction is that because you heard something yourself or because you were told of the instruction by Ms FARMER?

THE WITNESS: I was present in the room when Ms FARMER received the call. So I did -- it wasn’t on speaker phone but I heard elements of it. And then Ms FARMER instructed me that’s what Mr TUTT requested be done.

MR PEARCE: When you say you heard elements of it, were those elements purely Ms FARMER’s voice or could you hear the voice on the other end of the line?

40

THE WITNESS: I could hear that it was definitely Mr TUTT on the other end of the phone, yes.

MR PEARCE: Were you able to hear what Mr TUTT was saying?

THE WITNESS: I couldn’t specifically say that I could recall exactly what he was saying, no.

MR PEARCE: Are you able to comment on the tone of his voice?

THE WITNESS: It was a somewhat animated discussion and I, I believe that he was very forceful in his instruction to Ms FARMER.

MR PEARCE: That's your belief. Is that based upon what you could hear of Mr TUTT?

THE WITNESS: Based on --

10

MR PEARCE: Did you hear both parties or?

THE WITNESS: Based on the tone of the conversation from Ms FARMER's perspective and also the volume of Mr TUTT's voice.

MR PEARCE: Well, is it the case that Ms FARMER was arguing the point?

THE WITNESS: I wouldn't say arguing the point, no, I wouldn't say that.

20

MR PEARCE: How would you describe it?

THE WITNESS: I would say that there were certainly discussions about how that was not normal practice and, and -- but that was, that was not something that Mr TUTT was wanting to listen to at that point in time.

MR PEARCE: In any event, what were you then told by Ms FARMER about what you had to do?

30

THE WITNESS: Well, Ms FARMER basically said, "We need to adjust the payment schedule to reflect that \$1.4 million gets paid up front with subsequent annual payments to be made."

MR PEARCE: When was that conversation?

THE WITNESS: The afternoon of 1 August.

MR PEARCE: I think when you last gave evidence to us you suggested that that was a conversation had on 7 August, the day following your visit to Ballymore.

40

THE WITNESS: No.

MR PEARCE: Do you recall giving that evidence?

THE WITNESS: I have subsequently provided an addendum adjusting that.

MR PEARCE: One step at a time. Do you recall previously saying --

THE WITNESS: No, my recollection previously was that I indicated -- I believe

the meeting had occurred on the 31st, and the call from Mr TUTT was the day after.

MR PEARCE: So it's not a case that you had to go away and refresh your memory as to dates, you are saying it's always been your recollection that the telephone conversation with Mr TUTT occurred following the first meeting in the office?

THE WITNESS: Correct, yes, yes.

10 MR PEARCE: Just bear with me for a moment. Thank you. I take it from your earlier evidence that you then went away and prepared the funding agreement in the amended form?

THE WITNESS: Yes.

MR PEARCE: The repayment schedule as it appears in the ultimate document, that is, the dates and the amounts and so forth, did you generate that information or was that something you were instructed to do? That is, the precise dates and the precise amounts, where did they come from?

20

THE WITNESS: The \$1.4 million was the instruction from Mr TUTT to Ms FARMER, is my understanding. The, the payment 2 and payment 3 were dates that I put in based on aligning the funding to our budget cash flows to make sure that we had sufficient funds to meet the payment. And the payment 4, the \$200,000 retention, was what I considered necessary to ensure that we didn't provide all the funding and then the QRU wouldn't submit the final project reports. It's standard practice for us to have a retention amount for our major facilities funding grants.

30 MR PEARCE: Turn now to the major facilities program. The funding for the Queensland Rugby Union came out of the major facilities program for 2009; is that correct?

THE WITNESS: Yes.

MR PEARCE: Can you talk us through, please, how that program was developed and implemented.

40 THE WITNESS: Yes. Well, I was responsible for developing the, the program guidelines. And there had been a gap between the last round. The last round was in 2007. It was to be released around August 2008 for the next round of applications. So as part of my team we developed up the guidelines and the process. It was altered to be a two-stage process, an expression of interest process and then a detailed application process for those that were invited to the next stage --

MR PEARCE: How did that process -- sorry to interrupt you. How did that process vary from the previous programs?

THE WITNESS: Previously, it was basically just an application so that anyone who

wanted to apply lodged an application. This new process was designed to, in effect, reduce the cost burden on applicants to prepare a full detailed application; they could do a simpler, smaller expression of interest and then we would assess and identify which ones were meritorious to be invited to the detailed application stage which costs more money.

MR PEARCE: I'm sorry, I did interrupt you. You were talking about various facets of the program. Do you want to continue that answer?

10 THE WITNESS: Yes. The guidelines were developed. The standard process there is that we submit the guidelines to the minister's office for endorsement. And my recollection is that that occurred. And with the program released late August 2008, 27 August is the date that I recall. They had until 31 October 2008 to submit their expression of interest. And following the expression of interest process, my team was responsible for assessing the expressions of interest that were received. 140 in total.

MR PEARCE: I will get you to have a look at this document, please.

20 THE PRESIDING OFFICER: Presumably this major facilities program guidelines was being developed at the time we have been talking about, July/August '08.

THE WITNESS: Yeah, we would have started developing them in July, yes. We had been thinking about it, but the detailed development work would have been July/August, yes.

MR PEARCE: Insofar as the QRU application is concerned, can we say that the approval process, if we can call it that, was not undertaken in accordance with the guidelines which were then in the process of being developed?

30 THE WITNESS: Yes.

MR PEARCE: Of the money paid to the QRU we can simply say the money came out of the \$30 million funding that was earmarked for the major facilities program?

THE WITNESS: Yes.

MR PEARCE: But in other respects the grant did not comply with the major facilities program?

40 THE WITNESS: No, not with the guidelines.

MR PEARCE: All right. Once -- can I tender the guidelines, please, Mr Chairman.

THE PRESIDING OFFICER: Yes. Those guidelines will be Exhibit 23.

ADMITTED AND MARKED EXHIBIT 23

MR PEARCE: I think you said 27 August or thereabouts was the date when the program opened. Can you step us through now what happened after that?

THE WITNESS: Yeah, 27 August. So basically the guidelines were available on the website. The staff of the department will meet with relevant organisations who have an interest in applying, assist them to develop their application, and by 31 October they have to submit the formal expression of interest to the department, which 140 organisations ended up doing. And then we have a process to assess each of those expressions of interest.

10

MR PEARCE: What happened in that regard? Were you party to that assessment process?

THE WITNESS: I was the -- my team was responsible for doing that, so, yes. That's essentially a four-step process. An individual officer will assess an expression of interest against the guidelines to determine whether they meet the guidelines or not. Another officer, who hasn't been involved, will do a peer review. Then there's a moderation process, which is the manager to ensure consistency across all the assessments. And then my role is the overall review, and leading to the preparation of the schedule and briefing note that goes up to the minister through senior management for ultimate approval.

20

MR PEARCE: You have mentioned a schedule. Is that a single document that's produced or is it produced in a series of stages? What's the situation?

THE WITNESS: It's produced in a series of stages. I think from memory the budget was \$30 million. We had applications to the value of over \$90 million. At least \$50 million of those in some way or another met the criteria. So there needed to be a process to get them down to a closer mark to the \$30 million. So there were various iterations that get produced to do that.

30

MR PEARCE: You would have had applications that did not meet the criteria?

THE WITNESS: Yes.

MR PEARCE: Were they nonetheless recorded in some fashion?

THE WITNESS: They were all recorded, yeah.

40

MR PEARCE: You then have a larger number of applications than the money available, so I take it there would have then been a series of recommendations made where you either recommended applications for approval or question marked applications? What was the situation?

THE WITNESS: Yeah, well, for each expression of interest we produce an assessment comment, which is -- ultimately it's either recommended, not recommended or ineligible. "Ineligibles" are basically organisations that don't comply or aren't eligible to apply for funding. So "recommended" are those that we

assess meet the criteria. And “not recommended” are those that don’t meet the criteria, and therefore can’t be invited to submit an application.

MR PEARCE: What I want to know is whether there is some rating applied to the application.

THE WITNESS: Yes.

MR PEARCE: Preference, prioritisation.

10

THE WITNESS: We have three criteria which are essentially the need for the project, the priority in terms of the program guidelines, and the organisation’s ability to deliver. They get each rated as high, medium or low. And there’s a scoring matrix that basically determines an overall assessment rating, be it high, medium or low based on the permutations of those. If it’s assessed as high, high, high that means there is basically nothing wrong with it and it’s a high rated application. If it’s low, low, low, everything is wrong with it and it’s a low application.

20 MR PEARCE: I have seen mention in the documents you’ve produced to us recently which categorises the applications category 1, 2 and 3. Could you just explain the categorisation process?

THE WITNESS: That was introduced at the request of Mr MATHESON. Category 1 -- we had to prioritise the applications to get them down from -- 45-odd million to closer to 30 million. Category 1 applications were those that met the criteria, essentially nothing wrong with them. Category 2 generally met the criteria; nothing much wrong with them. Category 3 were borderline applications with definitely some concerns but some merit as well.

30

MR PEARCE: The matters that were collectively either category 1, 2 or 3, did they total the \$45 million?

THE WITNESS: Correct, yes.

MR PEARCE: Someone then had to make the call as to what applications succeeded in funding and what ones were rejected even though they were eligible; is that the situation?

40 THE WITNESS: That’s it, yes.

MR PEARCE: Those applications that were assessed as being not recommended or ineligible’s, what happened to those?

THE WITNESS: They were on a separate schedule, which -- which, which was, just parked for the moment because the -- my team had deemed that they were not to be progressed any further, so we left them on a separate schedule.

MR PEARCE: Did any of them progress notwithstanding that they had been assessed as not recommended or ineligible?

THE WITNESS: Ultimately, yes.

MR PEARCE: And I will take you to those in a moment.

You've produced to the Commission a series of schedules; is that correct?

10 THE WITNESS: Yes.

MR PEARCE: I'll get to you have a look at those documents.

THE PRESIDING OFFICER: Exhibit 7.

MR PEARCE: No, there are more than that, now, Mr Chairman. We will step it through. I think these have all now been produced to parties.

20 MR CARMODY: While there is a lull in the proceedings -- I suspect that the highly efficient officers of this Commission have prepared a chronology of dates and events for the assistance of Mr PEARCE. I wonder if they could accommodate us as well by providing us with such a document.

THE PRESIDING OFFICER: We will look at that.

MR CARMODY: Thank you.

30 MR PEARCE: The document that has been produced contains some notes that would assist me. Ill just have to have a look at the document and see if it's in an appropriate form.

I will just show you this particular document, which has some handwriting on the front page. Can you tell me what this schedule is?

THE WITNESS: This was the initial schedule that I produced to discuss with Craig MATHESON and Tracy O'BRYAN, the summary of where we had got to with the assessments of the major facilities program.

40 MR PEARCE: What is listed within the schedule?

THE WITNESS: Well, basically, these are all the projects that generally met the criteria. This -- these were the ones that we essentially had to reduce further down to get closer to the \$30 million budget.

MR PEARCE: So these are all recommended for funding?

THE WITNESS: I think there was maybe, maybe one that was -- I was requested to include.

MR PEARCE: I'm coming to that. The ones that appear on the schedule, as part of the schedule, are all recommended for funding; is that correct?

THE WITNESS: That was the initial assessment.

MR PEARCE: So this is the list of matters that totalled some \$45 million. There you go. \$44.5 million in total?

10 THE WITNESS: Yep.

MR PEARCE: So this would not contain any of the matters that were not recommended or were ineligible?

THE WITNESS: That's right, yes.

MR PEARCE: You have just said there was a matter that you had to put on to this schedule. Can you tell us about the circumstances in which that occurred and what it is.

20

THE WITNESS: Yes. Well, on the last page there's a handwritten notation which is my writing which says, "Warrigal Road must be included". That's a reference to a project from the Warrigal Road State School where Mr MATHESON indicated to me we were to ensure that project went up as a recommended project as part of the schedule that was to be produced for the minister's office.

MR PEARCE: This schedule that we are talking about has handwriting evident upon it. Is that your handwriting?

30 THE WITNESS: Yes, it is.

MR PEARCE: You have said in an entry on the first page "Discussion with Craig MATHESON 21/1/09"; is that your handwriting?

THE WITNESS: That's mine, yes.

MR PEARCE: That indicates that you had a meeting on that date, does it?

40 THE WITNESS: Yes. We had a meeting, myself and Tracy O'BRYAN met with Mr MATHESON, yes.

MR PEARCE: And the other words are, "Adjustments required", I think.

THE WITNESS: "Adjustments required", yes.

MR PEARCE: Were those notes contemporaneous, you made them in the course of the meeting?

THE WITNESS: Yes.

MR PEARCE: And the note on the rear page, "Warrigal Road must be included", was that a contemporaneous note?

THE WITNESS: Yes.

MR PEARCE: What did you know at that point, that is 21 January '09, of the Warrigal Road matter?

10

THE WITNESS: Well, I knew in terms of the assessment that had been done by my officers that the project did not meet the criteria. And therefore, we were not satisfied that it should be recommended. So it was not included on our list.

MR PEARCE: Did Mr MATHESON explain to you why that application had to be included?

20

THE WITNESS: My recollection is that it related to where -- the location of that project. It was going to be in the new Sunnybank electorate which was the electorate of minister Judy SPENCE.

MR PEARCE: Is that the explanation given to you by Mr MATHESON?

THE WITNESS: My recollection is -- was that it was to be included due to its location, yes, being in the Sunnybank electorate.

MR PEARCE: Did he say to you that it would be a good idea to include it or did he instruct you to include it? What was the situation?

30

THE WITNESS: I took it as an instruction to include it.

MR PEARCE: Do you recall what he said?

THE WITNESS: I can't recall the specifics of what he said, no.

MR PEARCE: You say Ms FARMER was present for that meeting as well.

THE WITNESS: Ms O'BRYAN.

40

MR PEARCE: I'm sorry, Ms O'BRYAN.

Mr Chairman, can I tender this particular schedule.

THE PRESIDING OFFICER: Okay. That schedule with the handwritten notations by Mr KLAASSEN will be Exhibit 24.

MR PEARCE: It bears the handwritten date 21 January '09.

ADMITTED AND MARKED EXHIBIT 24

MR PEARCE: I will produce to you now a schedule which bears in handwriting on the front page the date 22/1/09.

THE PRESIDING OFFICER: So the next one has also handwritten notations but a different date.

MR PEARCE: Yes.

10

THE PRESIDING OFFICER: We will distinguish in that way.

MR PEARCE: The handwritten date, is that your handwriting?

THE WITNESS: Yes.

MR PEARCE: What does it signify? What does the date signify, I should say?

20

THE WITNESS: Well, this is the revised document that I produced the next day factoring in the adjustments from the meeting with Mr MATHESON.

MR PEARCE: Does Warrigal Road appear in there somewhere, does it?

THE WITNESS: Yes, Warrigal Road appears as a category 1 application.

MR PEARCE: On what page?

THE WITNESS: Page 6.

30

MR PEARCE: It appears now to be categorised.

THE WITNESS: Yes. So, the instruction from the 21 January meeting was to go away and categorise the initial schedule into category 1, 2 and 3, which is what I did, and produce this document. And on page 6 is where the Warrigal Road State School ...

MR PEARCE: Now sits. You now say in the moderated rationale column, extreme right-hand side, that the project is recommended as a shortlisted applicant as the project will assist the school, et cetera.

40

THE WITNESS: Correct.

MR PEARCE: Do I take it that you produced that moderated comment or did somebody else do it?

THE WITNESS: No, I would have generated the wording for that.

MR PEARCE: Based upon what you've told us previously, you didn't consider that

the project should be recommended?

THE WITNESS: No, that's right.

MR PEARCE: So that comment would be a misleading comment?

THE WITNESS: The word "recommended".

10 MR SHIELDS: Can I just ask that my client perhaps be warned at this stage having regard to that question that it's a misleading comment. He may not wish to avail himself of the protection, but in fairness to him, I would ask Mr Chairman to explain to him the protection.

THE PRESIDING OFFICER: Yes. All right.

20 I have been through this once before with you, Mr KLAASSEN. You are aware of your ability to claim the privilege against self-incrimination against answering any questions where you feel that the answer might tend to incriminate you of an offence. I personally have difficulty with this one but it's totally in your hands. If you want to claim that privilege at any time I will allow you to do so but, as you are aware, I would then instruct you to answer the questions asked by counsel, you would answer, but the answers then cannot be used against you. All right?

So, if you want to claim that privilege at any stage just say so.

MR PEARCE: Would you like to claim that privilege, Mr KLAASSEN?

THE WITNESS: Not at this time, no.

30 MR PEARCE: I think you have answered the question in any event. Can I just take you -- perhaps I should ask you this: Is it the case that all of the applications listed in category 1 of this schedule were recommended as a shortlisted applicant; is that what that category 1 schedule purports to represent?

THE WITNESS: They were the projects that were assessed as the highest rating, and would have been the first preference to be allocated funds.

40 MR PEARCE: I appreciate that. What I'm getting at, I think you said, I think your evidence is, with respect to the previous Exhibit, Exhibit 24, with the exception of Warrigal Road, everything listed in Exhibit 24 met the criteria and was recommended for funding; is that the case?

THE WITNESS: Met the criteria and could be considered for recommendation. Not recommended for funding, could be considered for recommendation.

MR PEARCE: We have now reached the document -- we now have a document in which, according to the moderated rationale column, on my quick examination of it, with one exception which I will take you to in a moment, all of the projects are

recommended; is that correct or incorrect?

THE WITNESS: The moderated rationale is written in such a way that the project is recommended, yes. And that was the standard wording that was used to ...

MR PEARCE: For all category 1 matters?

THE WITNESS: It was for category 1 -- if you look at category 2, I am pretty sure that it will also say that.

10

MR PEARCE: Well, I'm concentrating on category 1 for the moment.

THE PRESIDING OFFICER: But it does just say "Recommended as a shortlisted applicant".

MR PEARCE: Correct. I'm just looking at terminology at the moment, Mr Chairman. And that applies to all of the category 1 matters?

THE WITNESS: That's the wording, yes.

20

MR PEARCE: What's the distinction then between category 1 and category 2, at this point?

THE WITNESS: Well, at this point, category 1 are those projects that are the highest rated. So, if you look at the page 7, that totals \$27.3 million.

MR PEARCE: Which was the amount of money you had?

THE WITNESS: We had 30 million.

30

MR PEARCE: You are pretty close to the mark?

THE WITNESS: Yes.

MR PEARCE: If I can now take you back to page 6. We were talking about Warrigal Road. Have a look at the application immediately above it and the comment that appears in the moderated rationale column.

THE WITNESS: Yes.

40

MR PEARCE: The project is not recommended as a shortlisted applicant.

THE WITNESS: Yes.

MR PEARCE: What can you tell me about the application pertaining to Macgregor State High School?

THE WITNESS: My recollection is that that was another application which was

requested to be included, even though we had concerns about its ability to meet the assessment criteria.

MR PEARCE: Who requested that it be included?

THE WITNESS: Mr MATHESON instructed that it be included.

MR PEARCE: I was going to ask: Was it a request or an instruction.

10 THE WITNESS: Instruction.

MR PEARCE: When did he instruct?

THE WITNESS: That was at the meeting of 21 January.

MR PEARCE: But you have not included as a separate line item like you have with Warrigal Road a reference to Macgregor State High School; why is that?

20 THE WITNESS: I don't recall why there's no notation. I recall prior to that meeting there may have been a discussion about Macgregor State School, and I believe that my memory is it was already included on the schedule of the 21st as a project.

MR PEARCE: I see.

THE WITNESS: It was already there as a project of interest.

MR PEARCE: Go back to the previous Exhibit, if you have it.

30 THE WITNESS: No, I don't.

MR PEARCE: Can the witness be shown that? There are no page numbers on this one. If you go in from the back, fourth last page.

THE WITNESS: Yes.

MR PEARCE: The third line item down, do you see it there?

40 THE WITNESS: I see it, yes.

MR PEARCE: Moderated priority is shown as recommended and then there's a moderated rationale again that the project is not recommended. You then have a figure 1 in your handwriting beside it. What does that signify?

THE WITNESS: That was a request from Mr MATHESON that that project be included as a category 1.

MR PEARCE: If you go over to the next page, there are some more figure 1s.

THE WITNESS: Yes.

MR PEARCE: Again, they signify that these matters were to be regarded as category 1 matters, do they?

THE WITNESS: That's correct, yes.

10 MR PEARCE: And then on the final page there are two crosses. What do they signify?

THE WITNESS: They're also projects of interest. They are not -- they were to be looked at. One is an election commitment, which the department is required to fund. So that was to be considered separately. The other is the Cairns hockey, which was a project of interest due to its international -- ability to attract international teams or something, I recall.

20 MR PEARCE: Elsewhere within that Exhibit, Exhibit 24, there are some figures with a numeral 2 that appear. Does that indicate that those matters were to be listed as category 2 matters?

THE WITNESS: Yes.

MR PEARCE: Can I tender, Mr Chairman, the schedule that we have been discussing bearing the handwritten date 22/1/09.

THE PRESIDING OFFICER: That will be Exhibit 25.

30 ADMITTED AND MARKED EXHIBIT 25

MR PEARCE: May the witness then be shown what is from yesterday Exhibit 17.

THE PRESIDING OFFICER: Exhibit 7, I think it is.

MR PEARCE: Sorry, Exhibit 7, Mr Chairman.

Can you tell me what this document is?

40 THE WITNESS: This document is the schedule that was produced for Mr MATHESON to have a discussion with the minister's office on the project.

MR PEARCE: To be fair to you, I think the document you have has a portion of your handwriting that's been obscured. I might get you another copy. Just have a look at this bundle of papers. I suspect it's identical to the Exhibit but you will see on the bottom right-hand portion of the front page there's some more handwriting. Again, the handwriting appearing on this schedule belongs to you, does it?

THE WITNESS: Yes.

MR PEARCE: What does it signify?

THE WITNESS: It's advice from Craig MATHESON on 29 January 2009 as to the projects that he discussed with the minister's office.

MR PEARCE: Does this replicate the previous Exhibit in some way? How was this document produced?

10 THE WITNESS: The previous Exhibit -- the one of 22 January -- is exactly the same as this with the exception of the handwritten notations, ticks and crosses.

MR PEARCE: Very well. This is, if you like, the report back via Mr MATHESON of a meeting he had had with someone; is that the case?

THE WITNESS: Yes.

MR PEARCE: What did you understand of that meeting, can you tell me?

20 THE WITNESS: My understanding of the meeting was that he had been to the minister's office and had discussions as to which projects were to be considered to be progressed for funding to stage 2 and those that were not to be progressed to stage 2.

MR PEARCE: In other words, he was telling you what your ultimate recommendations ought to be?

THE WITNESS: Yes.

30 THE PRESIDING OFFICER: Just one thing. The witness has said that this is the same as the last Exhibit 25. It appears to be, except this one has got extra listings for "not recommended".

THE WITNESS: Sorry, yes, this will also have the "not recommended" and "ineligible" projects.

MR PEARCE: It's the same as the previous Exhibit except that it has more pages to it and more information; is that correct?

40 THE WITNESS: It's the same up to page 14.

MR PEARCE: Yes.

THE WITNESS: And then from page 14 on are added the "not recommended" projects and the "ineligible" projects.

MR PEARCE: I see. So now instead of categories 1, 2 and 3, we have categories 1, 2 and 3 and in addition a schedule headed "not recommended".

THE WITNESS: That's right, yes.

MR PEARCE: I will take you to those in a moment as well.

So what you are telling us now is that Mr MATHESON is, what, giving you guidance on what your ultimate recommendation to the minister ought to be?

THE WITNESS: Yes.

10

THE PRESIDING OFFICER: Do these go as your recommendations or the department's recommendations?

THE WITNESS: The department's.

THE PRESIDING OFFICER: So you don't sign these?

THE WITNESS: I don't sign this, no.

20

MR PEARCE: But it's your responsibility to put together the schedules that the department would supply to the minister?

THE WITNESS: Yes.

MR PEARCE: That was your responsibility?

THE WITNESS: Yes. Under the supervision of Mr MATHESON and Ms O'BRYAN.

30

MR PEARCE: Again, the ticks signify what?

THE WITNESS: The tick signifies a project that is to be recommended. And the cross are projects that are to be not recommended.

MR PEARCE: That includes in the final few pages, in fact the final 15 pages, the "not recommended" schedule, some instances in which matters that were not recommended were suddenly to become recommended; is that the case?

THE WITNESS: Yes.

40

MR PEARCE: What happened --

THE PRESIDING OFFICER: Is there then a further schedule made which then goes to the minister or is this in effect the conclusion of the process, that minister has made her decisions?

THE WITNESS: No. Subsequent to this I prepare the ministerial briefing note and the schedule, which goes up for formal sign-off.

MR PEARCE: The formal schedule that went up to the minister for ministerial submission would have reflected the changes that Mr MATHESON had requested of you?

THE WITNESS: Yes.

10 MR PEARCE: I'm not sure whether you're aware of this document, Mr KLAASSEN. I have been provided by the Director-General an audit report from the internal audit services of the department concerning a review of the administration of the major facilities program. Are you aware of that document?

THE WITNESS: I'm aware of the audit but I've not seen the report.

MR PEARCE: Did you participate in some way in the audit?

THE WITNESS: Yes, I assisted internal audit in doing their audit. They interviewed me, asked me questions.

20 MR PEARCE: You participated by way of an interviewee?

THE WITNESS: Yes.

MR PEARCE: You didn't have a hand in the production of the report?

THE WITNESS: No, I have never seen the report.

30 MR PEARCE: It's suggested by the internal audit report that in respect of the Warrigal Road State School application the Deputy Director-General had advised the inclusion of the school in this round was at the request by phone of Simon TUTT. Are you able to comment on that?

THE WITNESS: I, I was not aware of a phone call from Mr TUTT to Mr MATHESON. But it was my belief that Mr TUTT had requested that project to be included.

MR PEARCE: What's the basis of your belief?

40 THE WITNESS: Well, just the, the fact that Mr MATHESON had regular discussions with Mr TUTT and --

MR PEARCE: You are speculating, then?

THE WITNESS: Yeah. I don't have any basis to say that Mr TUTT did that, no.

THE PRESIDING OFFICER: These ones, the conclusion of this was that this was sorting out those that would be progressed to the next stage, which is the invitation to them to submit the formal application?

THE WITNESS: Yes, that's correct.

THE PRESIDING OFFICER: It isn't the decision to give the money?

THE WITNESS: No, no funding.

THE PRESIDING OFFICER: That is the next stage.

10 THE WITNESS: No funding is allocated at this stage.

MR PEARCE: What you are seeking, ultimately, is the minister's approval to issue invitations?

THE WITNESS: Yes, yes.

MR PEARCE: That's all I have for Mr KLAASSEN. Thank you.

20 THE PRESIDING OFFICER: Yes. Mr KLAASSEN, can I just ask a couple of matters. In the what I would have called the submission, but seems to be called a briefing note to the minister, that goes up with a cover sheet, that document you saw earlier.

THE WITNESS: Yes.

THE PRESIDING OFFICER: It says in it underneath the recommendation that the content is approved by you and your -- the title of your position. Is that a standard way that these briefing notes are always formulated?

30 THE WITNESS: At the time it was a requirement in the template that that be included and the director was considered to have endorsed the contents of that document.

THE PRESIDING OFFICER: So you did a draft which went to Mr MATHESON. Mr MATHESON has made changes to that draft. Did it come back to you again for you to approve the content of the final?

THE WITNESS: No, no.

40 THE PRESIDING OFFICER: So, when it's got that on the document it doesn't necessarily mean that in fact you did approve it?

THE WITNESS: No, it doesn't, no.

THE PRESIDING OFFICER: All right. The situation then of the advice that was given in the phone call on, I think, 2 August.

THE WITNESS: 1 August.

THE PRESIDING OFFICER: 1 August, by Mr TUTT to change the standard methodology -- the payment schedule, as to how the payments were to be made to include the up front payment of \$1.4 million, is that a normal direction that comes from a ministerial advisor?

THE WITNESS: I'm not aware of any other types of direction that would have been made around payments from a ministerial advisor, no.

10 THE PRESIDING OFFICER: How do you view that as a public servant? Do you feel that you are able to challenge that and refuse to accept that as a direction? Or what reaction do you have when you receive that? Or what reaction did you have when you received that direction.

THE WITNESS: Well, my reaction was to discuss with Ms FARMER that that was highly unusual and in the circumstances of this project, given the development approval was going to take an extended period of time, that I didn't think that was something we should be doing. However, it was ultimately Ms FARMER's -- she received the instruction. It was her role to clarify that with Mr TUTT. And she
20 didn't pursue it at the time and said that we should do it.

THE PRESIDING OFFICER: Did either of you have any discussion as to whether you should, say, elevate the matter to Mr MATHESON or even to your Director-General, Mr KINNANE?

THE WITNESS: Mr MATHESON was on leave at the time so he was not present to discuss the situation with. I'm unaware as to whether Ms FARMER raised it with Mr KINNANE or not.

30 THE PRESIDING OFFICER: You didn't have any discussion with her about doing that?

THE WITNESS: I didn't have any discussion with her about that, no.

THE PRESIDING OFFICER: Would you feel yourself, would you feel able to raise a concern that you had about a direction being given to you by the ministerial advisor with your Director-General?

THE WITNESS: With the Director-General at the time?
40

THE PRESIDING OFFICER: Yes.

THE WITNESS: I guess we were operating on the basis that the Director-General had indicated that directions from Mr TUTT were to be followed and that was the basis, and I guess I raised my concerns with Ms FARMER and left it to her as the report up through the channels.

THE PRESIDING OFFICER: When did that occur and in what form did that

direction from Mr KINNANE take?

THE WITNESS: That was a verbal discussion, from memory. It was hardly in writing.

THE PRESIDING OFFICER: Do you know when?

THE WITNESS: No, I don't know when.

10 THE PRESIDING OFFICER: Was this at a meeting that you were at or a meeting of all the senior executives? In what forum did that take place?

THE WITNESS: Um, my recollection, it was a meeting between a couple of the senior sport and recreation directors and the Director-General around how we were to interact with the minister's office.

THE PRESIDING OFFICER: Was there anything that precipitated that discussion?

20 THE WITNESS: Well, I guess what precipitated that discussion was the former Executive Director of Sport and Recreation had suddenly left the department and Mr KINNANE was putting in new arrangements in terms of Ms FARMER and Ms O'BRYAN to the Executive Director's role and he asked that we ensure that the minister's office was adequately serviced and their needs were met.

THE PRESIDING OFFICER: All right. Yes? Any questions? Yes, Mr CARMODY.

30 MR CARMODY: I appear on behalf of Mr FREER and the Queensland Rugby Union, Mr KLAASSEN. I'm going to be asking you questions directed mainly to what you have had to say affecting them. You said that Mr MATHESON, who was then the acting Deputy Director-General, had a meeting, you understood, with Mr TUTT and Mr FREER before you got your instruction to prepare the ministerial briefing note from him?

THE WITNESS: Yes.

MR CARMODY: When did you understand he'd met with Mr TUTT and Mr FREER?

40 THE WITNESS: My understanding was it was the morning of 8 July. But I, I don't know the date specifically.

MR CARMODY: Why do you think it's 8 July?

THE WITNESS: Based on the advice that Mr MATHESON said he had just come from a meeting with Mr FREER and Mr TUTT.

MR CARMODY: And you say you understood the sequence of events was

morning of 8 July meeting with MATHESON, TUTT and FREER and then later on that morning, about 11 o'clock, he comes up to you and says, "I've got a task for you"?

THE WITNESS: Yes.

MR CARMODY: "And you've got to do it in an hour."

THE WITNESS: Yes.

10

MR CARMODY: And that is to recommend \$4.2 million be made available in funding for the QRU?

THE WITNESS: Yes.

MR CARMODY: Is that what he said to you?

THE WITNESS: Words to that effect, yes.

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MR CARMODY: What did you say to him?

THE WITNESS: To Mr MATHESON?

MR CARMODY: Yes.

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THE WITNESS: Um, well, my recollection is I said that's somewhat unusual and that we would be progressing that recommendation. I was not familiar with the substance of the QRU proposal around the pool and the field. And we had a discussion as to the risks involved around putting forward a recommendation, and Mr MATHESON said, well, we need to put those in the brief and you've got an hour to do it, go off and do it.

MR CARMODY: So it's not just the case that he came to you and said this is what you are going to do, and you jumped to attention and did it. You challenged him?

THE WITNESS: We had discussions.

MR CARMODY: You challenged him?

40

THE WITNESS: We had discussions.

MR CARMODY: I'm not going to say it again. When he told you that that was going to happen you said, hey, that's a bit unusual, Craig, you better talk me through that, you better give me some information; didn't you?

THE WITNESS: Well, in order to prepare the briefing note I needed more information than just "\$4.2 million for the QRU", yes.

MR CARMODY: Did you ask why QRU was getting an inside run?

THE WITNESS: I didn't ask in those particular words. I think -- I was aware the QRU had been requesting funding from the government for the Ballymore redevelopment, the larger Ballymore redevelopment for quite some time. It was not, it was not unusual that organisations would approach the government for funding, and that was the basis of the discussion.

10 MR CARMODY: So it didn't just come out of the blue, you knew that they were after money and now you were just being told however money they were going to get and what for?

THE WITNESS: The pool and the field were not known to me. The broader Ballymore redevelopment was known to me.

MR CARMODY: That's the \$45 million one?

20 THE WITNESS: Yes, the larger one. The accommodation proposal, and the medical centre, all that sort of stuff.

MR CARMODY: The department knew that redevelopment was just in the planning stages, didn't it?

THE WITNESS: Yes.

MR CARMODY: They hadn't even applied for a development approval, had they?

THE WITNESS: Not as at July, no.

30 MR CARMODY: So any expenditure for the development approval, anything that had already been spent on that, was pre-approval effectively, wasn't it?

THE WITNESS: Pre-approval of our grant, yes.

MR CARMODY: Yes.

THE WITNESS: If that's what you mean by pre-approval, yes.

40 MR CARMODY: Both pre-approval of your grant and pre-approval of the City Council development application.

THE WITNESS: That's correct, yes.

MR CARMODY: But you know that there are costs involved in preparing for making development applications with the council, don't you?

THE WITNESS: Yes.

MR CARMODY: Did you raise it with Mr MATHESON that, you know, again it was out of round, the application was coming out of round and that was the problem?

THE WITNESS: Um, I raised that it was out of round, yes. But there had been out of round applications previously. Organisations are always approaching the government for funding. And that's not unusual.

10 MR CARMODY: So we can -- there's nothing unusual about that. You didn't have a formal application from QRU relating to this \$4.2 million proposed grant by that stage, did you? That's the 11 am on the morning of the 8th.

THE WITNESS: I didn't have what I would deem an application, no.

MR CARMODY: Did you have Mr FREER's letter to the minister?

THE WITNESS: My recollection is that, yes, we did.

20 MR CARMODY: When did you get that? Do you remember?

THE WITNESS: My recollection is Mr MATHESON either handed it over at the meeting or he -- he delivered it to my office shortly after the meeting finished.

MR CARMODY: But you hadn't seen it before then?

THE WITNESS: No.

30 MR CARMODY: You were aware from what you'd read in the newspaper, I thought you said, that the Queensland Rugby Union was having a difficult time financially in the lead-up to this 8 July event?

THE WITNESS: Yes.

MR CARMODY: Well, presumably the way it worked was in the hour you were given by Mr MATHESON, you read the letter to the minister dated 8 July from Mr FREER?

THE WITNESS: Yes.

40 MR CARMODY: That's where you became aware of the key elements, the three key elements of their plan?

THE WITNESS: Yes.

MR CARMODY: But you knew there was a much broader overall development being proposed?

THE WITNESS: Yes, that's right.

MR CARMODY: And you would know that, apart from general knowledge, because of the annexure to that letter that sets out the \$45.2 million in estimated costs for the overall plan?

THE WITNESS: Yes, that's right.

10 MR CARMODY: You would have known from reading under the current status of Exhibit 1, for your information, that the development was to be progressed in stages, the overall development?

THE WITNESS: Yes, yes.

MR CARMODY: The first stage at that stage was to include a new field, a new pool, a sports medicine building, new corporate facilities in the western stand and village accommodation; can you remember that?

THE WITNESS: Um, generally.

20 MR CARMODY: Well, do you or not? Is that your recollection of what stage 1 was as at 8 July?

THE WITNESS: That's what the material from the QRU indicated, yes.

MR CARMODY: And that was nearly half of the overall cost?

THE WITNESS: Yes.

30 MR CARMODY: But then by the time you do your urgent ministerial submission, stage 1 had become focused on three of those elements, the pool, the field and the western stand, hadn't it?

THE WITNESS: Yes.

MR CARMODY: According to your submission.

THE WITNESS: They were the three elements that we were being requested by Mr FREER to consider for funding.

40 MR CARMODY: Now, how did that information get conveyed to you?

THE WITNESS: That was in the letter that Mr FREER wrote.

MR CARMODY: On 8 July, Exhibit 1?

THE WITNESS: That's my recollection.

MR CARMODY: Let's have a look.

THE WITNESS: He specifically requests funding be considered for three elements.

MR CARMODY: Do you have Exhibit 1?

THE WITNESS: So he says, "Your assistance would allow us to proceed pending development approval of an application on three key elements of the total plan, namely ..." and then he sets them out.

10 MR CARMODY: He sets them out there?

THE WITNESS: Yeah.

MR CARMODY: You can tell when you have a look at the costings that those three key elements are about \$4 million in total?

THE WITNESS: Yes.

20 MR CARMODY: So you know at that stage that for the three elements he's asking for in Exhibit 1 he needs \$4 million?

THE WITNESS: Correct.

MR CARMODY: But you're told by Mr MATHESON that the deal is that QRU will get \$4.2 million; is that right?

THE WITNESS: Yes.

30 MR RANKIN: Definitely? That's exactly how it went, is it?

THE WITNESS: 4.2, yes.

MR CARMODY: After you familiarised yourself with Exhibit 1, you would have realised there is a discrepancy of \$200,000 between the \$4 million Mr FREER is asking for and the \$4.2 million Mr MATHESON is telling you to recommend, wouldn't you?

40 THE WITNESS: Well, I never had sufficient time to do a detailed analysis of the costings.

MR CARMODY: It's not hard to subtract 4 million from 4.2, it doesn't take long?

THE WITNESS: No, that's right.

MR CARMODY: Did you notice it or not?

THE WITNESS: I can't recall that I did.

MR CARMODY: You see, in your Exhibit 22, which is your document which you prepared before 1 pm on the 8th, paragraph 6 -- could the witness have access, please. The first substantive page, the second page of the Exhibit, number 6?

THE WITNESS: Yes.

MR CARMODY: The estimated cost is \$4.2 million?

THE WITNESS: Yes.

10

MR CARMODY: GST exclusive over three years.

THE WITNESS: Yes, that's right.

MR CARMODY: Where did you get that information from?

THE WITNESS: That's the figure that Mr MATHESON specified.

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MR CARMODY: It's not the figure that Mr FREER was specifying in his letter, was it?

THE WITNESS: No.

MR CARMODY: You either didn't notice the discrepancy then or you didn't clarify it?

THE WITNESS: That's right, yes.

30

MR CARMODY: Paragraph 9. You said, "The department believes that the above opportunities", which you have set out in paragraph 8, "warrant the allocation of funding."

THE WITNESS: That's what it says, yes.

MR CARMODY: That's a statement by you on behalf of the department?

THE WITNESS: Yes.

40

MR CARMODY: You didn't say "I believe", you said "The department believes".

THE WITNESS: No, it was written as a departmental briefing note, yes.

MR CARMODY: So it's the department.

THE WITNESS: Yes.

MR CARMODY: No-one cares what you believe, do they?

THE WITNESS: No, it's the department. It's a departmental document.

MR CARMODY: You say what you believe the department believes.

THE WITNESS: Yes.

MR CARMODY: And Mr MATHESON was your superior?

THE WITNESS: He was superior to me, yes.

10

MR CARMODY: What he believed would matter more than what you believed?

THE WITNESS: Correct.

MR CARMODY: Your recommendation, 12 (ii), was subject to the development and execution of a funding agreement, wasn't it?

THE WITNESS: Yes.

20

MR CARMODY: You have the standard -- you have a funding agreement which has standard terms, don't you?

THE WITNESS: Yes.

MR CARMODY: But you still have to fashion them to suit the particular grant, don't you?

THE WITNESS: Yes.

30

MR CARMODY: So, the funding agreement you are talking about there is one appropriate to the circumstances of the QRU grant?

THE WITNESS: Yes.

MR CARMODY: At some point in time you would have to sit down and nut out the terms.

THE WITNESS: Yes.

40

MR CARMODY: With someone.

THE WITNESS: Yes.

MR CARMODY: So, when you went to -- sorry, I will ask you now to have a look at Exhibit 2, please, Mr Chairman. If you can return the other exhibits; we have finished with them. Actually, that's not true but maybe we can get around it. Do you see paragraph 1 under the "Purpose" of Exhibit 2?

THE WITNESS: Yes.

MR CARMODY: It says, unlike yours, in line 2, that the approval for the 4.2 was to commence the redevelopment of Ballymore, wasn't it?

THE WITNESS: That's what it says, yes.

10 MR CARMODY: And that's in line with what Mr FREER was asking for in his letter, that you referred me to before on 8 July, that the minister's assistance would allow us to proceed pending approval of our development application.

THE WITNESS: Yes.

MR CARMODY: All right. Mr MATHESON, because he's your superior, you have to put your draft submissions in through him, don't you?

THE WITNESS: Yes.

20 MR CARMODY: And why is that? Does that give him the opportunity to change things, if he sees fit?

THE WITNESS: Well, there's a hierarchy in terms of approval process. So any submission has to go through the Executive Director, Deputy Director-General, Director-General before it gets to the minister.

MR CARMODY: On this occasion Mr MATHESON is occupying all three positions at once, isn't he?

30 THE WITNESS: No, Ms O'BRYAN was in the Executive Director's position. Mr MATHESON signed off on behalf of himself as acting Deputy Director-General and acting Director-General.

MR CARMODY: Okay. Two out of three.

THE WITNESS: Two out of three, yes.

MR CARMODY: But the point, obviously, of giving it to your superior is to make changes as he sees fit. Otherwise, there's no point in giving it to him, is there?

40 THE WITNESS: He has to approve the content and as part of that approval process he is entitled to make changes as he sees fit based on his knowledge and understanding of the matter.

MR CARMODY: His agreement or disagreement with its content, presumably?

THE WITNESS: That's correct, yes.

MR CARMODY: He doesn't ask your permission to do that, does he?

THE WITNESS: No, no. Definitely not.

MR CARMODY: He adds a bit more detail than you. And he, in paragraph 11, unlike you, points out that the estimate for the priority facilities is \$4 million. That's more accurate than your \$4.2 million, isn't it?

10 THE WITNESS: Yes, well, if you -- my explanation for that would be if you look at Mr MATHESON has signed this document off on 9 July. He has had substantively more time to review and prepare the material than the hour I was afforded to produce my version.

MR CARMODY: So you would expect his to be better than yours?

THE WITNESS: Well, based on time and information definitely, yes.

MR CARMODY: And maybe even seniority.

20 THE WITNESS: Maybe, yes.

MR CARMODY: And he notes, unlike you, that the cost estimate didn't include a contingency budget.

THE WITNESS: Well, that's what the brief ultimately says, yes.

MR CARMODY: But you noticed that it didn't include a contingency budget, didn't you?

30 THE WITNESS: At the time?

MR CARMODY: Yes.

THE WITNESS: Oh, yes.

MR CARMODY: On the 8th, when you did your hurried brief?

THE WITNESS: Yes.

40 MR CARMODY: In fact, you weren't so hurried that you didn't fail to notice that the pool costings seemed to be under the mark, you thought 1.6 was under what it would likely cost, didn't you?

THE WITNESS: Yes, I did, yes.

MR CARMODY: And that point is actually made in Mr MATHESON's submission, isn't it? Not in yours, even though you noticed it, but in his, isn't it? Paragraph 14, page 3.

THE WITNESS: Yes. He makes that, yes.

MR CARMODY: He makes that point.

THE WITNESS: Yes.

MR CARMODY: That's a point you noticed but didn't make.

THE WITNESS: I made it verbally to Mr MATHESON.

10

MR CARMODY: Probably why he put it in then.

THE WITNESS: Because my knowledge of what swimming pools cost is more extensive than his.

MR CARMODY: You are the swimming pool expert. So having spoken to him he's picked it up, took the glory for the and put it in there.

20

THE WITNESS: Well, that was in the initial discussion. I never spoke to him about this brief after that discussion.

MR CARMODY: Well, anyway, he has remembered it.

THE WITNESS: He must have remembered it, yes.

MR CARMODY: That's why, unlike you, he gives an explanation for the difference between the 4 million and 4.2 million.

30

THE WITNESS: He does, yes.

MR CARMODY: He says the difference is, well, you can get two out of three, you can't get the western stand because 4 million is only going to cover at best the first two priorities, the field and the pool, and in any event you are going to need \$4.2 to do that, not 4?

THE WITNESS: That's what it says, yes.

40

MR CARMODY: And that again is consistent with your view that you should exclude the western stand facility?

THE WITNESS: Yes, exclude the western stand, yes.

MR CARMODY: Because it's normally not something you would approve?

THE WITNESS: Yes, corporate facilities, not sport and recreation.

MR CARMODY: So his doesn't recommend it, either?

THE WITNESS: No, his doesn't, no.

MR CARMODY: Whose is the signature of the acting Executive Director; is that Ms FARMER?

THE WITNESS: Ms O'BRYAN.

MR CARMODY: Ms O'BRYAN.

10 THE WITNESS: Yeah.

MR CARMODY: So she signed off on Mr MATHESON's right?

THE WITNESS: Yes.

MR CARMODY: Before you send yours to Mr MATHESON, do you get anyone else to co-sign your draft submissions?

20 THE WITNESS: Well, it's reviewed by Ms O'BRYAN.

MR CARMODY: Before it goes to Mr MATHESON?

THE WITNESS: Yes.

MR CARMODY: Did she make any changes to your draft?

THE WITNESS: Not that I can recall.

30 MR CARMODY: Well, is that because you didn't look or she didn't say anything to you, or what?

THE WITNESS: I didn't keep a copy of the document that she may have reviewed. But my memory is that there were no substantive changes to the version that I sent to Mr MATHESON.

MR CARMODY: So the process is that you send your draft to Ms O'BRYAN, she sends it on to Mr MATHESON?

40 THE WITNESS: No, she approves it. And then it will either be -- she can say to me, can you email that up to Craig because it was on my system. Or it will go through the ministerial tracking process.

MR CARMODY: And you emailed this up to Craig from your system?

THE WITNESS: I did, yes.

MR CARMODY: You then go and see, on 12 August, after Executive Council approval, you go and see Mr FREER and Mr TAYLOR on 12 August with the

funding agreement?

THE WITNESS: No. 1 August.

MR CARMODY: That was with the standard funding agreement?

THE WITNESS: 12 August is when I believe I executed the agreement.

10 MR CARMODY: That's right. Which became the funding agreement?

THE WITNESS: Yes.

MR CARMODY: Anything before that was just a draft?

THE WITNESS: Yes, you can look at it that way. Mr FREER returned that copy to me that he had signed and I signed it.

20 MR CARMODY: But before he returned it, it had all what's currently in Exhibit 17, all the clauses in there?

THE WITNESS: That was the final version that he was given to sign, yes.

MR CARMODY: And before that you had discussed with him in general terms what the standard run-of-the-mill clauses were and one of them was the funding schedule, which he had balked at?

THE WITNESS: Correct.

30 MR CARMODY: And that occurred on the 1st; is that right?

THE WITNESS: Yes, that's right.

MR CARMODY: By the time that meeting with him on the 1st had finished, Di FARMER had confirmed that in fact Mr FREER's understanding of the payment schedule was to be incorporated in the final draft for execution, right?

THE WITNESS: Yes.

40 MR CARMODY: A bit different. Normally, you do it on a reimbursement acquittal basis, don't you?

THE WITNESS: Yes, we do.

MR CARMODY: You told him that and he said that's not the basis on which this is being made available to us. We're different.

THE WITNESS: That's generally correct, yes.

MR CARMODY: But the agreement between the state and the QRU reflected that difference?

THE WITNESS: It did, yes.

MR CARMODY: Because it provided for \$1.4 million on execution of that document.

THE WITNESS: That's right.

10

MR CARMODY: So the only thing the QRU had to do to get \$1.4 million was to sign it?

THE WITNESS: Yes.

MR CARMODY: And they did.

THE WITNESS: They did, yes.

20

MR CARMODY: And \$1.4 million went straight into their bank account electronically.

THE WITNESS: Yes.

MR CARMODY: Who arranges that?

THE WITNESS: Well, there's a -- once the agreement is signed there's a payment authority form that I sign off and that goes to our accounts processing area and they generate the payment transfer.

30

MR CARMODY: Some of the clauses that normally go in when you've got a reimbursement and acquittal type schedule of payments weren't changed in the body of the agreement, were they?

THE WITNESS: No, there weren't any changes to the body of the agreement.

MR CARMODY: So some of them are inconsistent with the idea of an immediate transfer of \$1.4 million.

40

THE WITNESS: Yes.

MR CARMODY: Because they still are based on the usual arrangement of reimbursement and acquittal, aren't they?

THE WITNESS: Yes.

MR CARMODY: Now, you don't know the state of the QRU's account that received that electronic payment, do you?

THE WITNESS: No.

MR CARMODY: So if, say, for example it was a line of credit that was fully drawn, as soon as the \$1.4 million hit it, it had already been spent?

THE WITNESS: I can't answer that.

10 MR CARMODY: So you don't do it this way. You don't say open up a separate grants account, we'll put the money in there and you'll acquit against that. That's not how it works, is it?

THE WITNESS: No, it doesn't work like that, no.

MR CARMODY: You've got a provision in your standard form 16 that actually envisages the possibility that funds are -- funds are used for another purpose, other than an approved purpose, don't you?

20 THE WITNESS: I would need to look at that to verify that.

MR CARMODY: Well, be my guest.

THE PRESIDING OFFICER: That's Exhibit 17.

MR CARMODY: Paragraph 16 on page 12.

THE WITNESS: Yes.

30 MR CARMODY: What that says is that if you use it for something other than what you're supposed to, the state can in its absolute discretion require repayment; true?

THE WITNESS: Correct.

MR CARMODY: Under this agreement would you agree with me that because of the funding schedule the QRU has got until August 2010 to spend \$4 million on a pool and a field?

40 THE WITNESS: There is an end date, yes and they have got until 30 June 2011 to complete the project.

MR CARMODY: So you would be happy if come 30 June 2011 you go to Ballymore and see a new pool and a field?

THE WITNESS: That was the intention, yes.

MR CARMODY: Excellent. Let's wait and see, hey.

You didn't mention it in your evidence so I'm assuming that's because you never

knew that \$200,000 was destined for the University of Queensland?

THE WITNESS: Yeah, I had no knowledge of any dealings with the University of Queensland.

MR CARMODY: Can I ask you this. Do you see the payment schedule here, it's two at 1.4, one at 1.2 and then one at \$200,000.

THE WITNESS: Yes.

10

MR CARMODY: Do you know why it's done like that?

THE WITNESS: Well, payment 4, it is my understanding that the \$200,000 is the 5 per cent retention that we retain under the agreement. So if you look at schedule A, approved funding withheld until project compliance complete, conditions are satisfied, 5 per cent, \$200,000.

MR CARMODY: Because what the QRU wanted was three of 1.4.

20 THE WITNESS: Three of 1.4, yes.

MR CARMODY: So it's slightly different.

THE WITNESS: Yes.

MR CARMODY: All right.

Now, when Ms FARMER got this phone call on 1 August in the afternoon from Mr TUTT, you overheard it, or part of it?

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THE WITNESS: I was present in the room, yes.

MR CARMODY: Do I take it, therefore, so were Mr FREER and Mr TAYLOR?

THE WITNESS: No, they had left.

MR CARMODY: They had left.

THE WITNESS: Yes.

40

MR CARMODY: How long after they had left did you receive the phone call from TUTT?

THE WITNESS: Um, it was an hour or so. Ms FARMER received the phone call.

MR CARMODY: Yes. I know. Do you know where Mr TUTT was when he made the phone call?

THE WITNESS: No, I have no idea.

MR CARMODY: That's all I have. Thank you, Mr KLAASSEN.

THE PRESIDING OFFICER: Just before you start, Mr Devlin, it was put to you that you noticed that the \$4 million in the attachment to Mr FREER's letter to the minister didn't include any contingency budget. Do you know whether it did or it didn't? It says in it that it's based upon detailed quantity surveyor costings. And that's all it says.

10

THE WITNESS: It says that. I would expect to see the detailed quantity surveyor estimates to actually determine what components make up the amounts. So I couldn't be certain the quantity surveyor hadn't included a contingency budget.

THE PRESIDING OFFICER: In my prior life, before here, I have seen many quantity surveyor reports and very often they do include a contingency figure in the quantity surveyor costings.

THE WITNESS: The standard practice, is that they do, yes.

20

THE PRESIDING OFFICER: Would you normally look to see at the quantity surveyor report, rather than just taking a one-line sum as being the cost of a particular item?

THE WITNESS: Normally we would ask for the detailed quantity surveyor breakdown which shows each cost element, which would be the design, the construction, the contingency, professional fees, those types of elements, and we would review those and see, in terms of the contingency, the amount of contingency that was allocated and as to whether it was unreasonably high or unreasonably low.

30

THE PRESIDING OFFICER: Okay. The process that seemed to be suggested that was adopted here, that you take off the .9 million for the western stand but you say that, well, the pool is a low figure and there's no contingency, therefore we'll round it all up to \$4.2 million; is that the way the department would normally assess the amount of a grant that's being made to an applicant for a grant.

THE WITNESS: No, that's not the normal assessment process.

40

THE PRESIDING OFFICER: Yes. All right.

MR CARMODY: Could I ask something, Mr Chairman, arising out of that?

THE PRESIDING OFFICER: Yes, certainly.

MR CARMODY: When you say "normal", how many grant applications for the QRU, for a field and a pool, have you been asked to consider and approve?

THE WITNESS: For the QRU only one.

MR CARMODY: This one?

THE WITNESS: This one, yes.

MR CARMODY: That's all, thank you.

10 THE PRESIDING OFFICER: Was there anything abnormal about an application by the QRU as compared to an application by the AFL or rugby league?

THE WITNESS: No. The normal application for a construction based project regardless of whether it's a field, a pool or a cycling track, we would expect to see a detailed quantity surveyor's estimate with costing breakdowns.

MR CARMODY: Question arising, please?

20 THE PRESIDING OFFICER: Certainly, Mr CARMODY. Remembering I always have the last go.

MR CARMODY: Yes, I gather you were trying to.

Mr KLAASSEN, did you see Mr MATHESON's amended version of your draft ministerial briefing note before it went to the minister?

THE WITNESS: No.

MR CARMODY: Thank you.

30 THE PRESIDING OFFICER: We might adjourn at this stage, Mr Devlin, rather than start, until 2 o'clock.

MR PEARCE: Mr Chairman, I am just wondering if I can give an indication to Ms FARMER? She arrived earlier and I made the executive decision to send her away. I just want to be ...

THE PRESIDING OFFICER: Is anyone else apart from Mr Devlin seeking to ask any questions?

40 MR SHIELDS: Yes.

THE PRESIDING OFFICER: How long do you think you will be, Mr SHIELDS?

MR SHIELDS: It depends on how long Mr Devlin is, I guess, but hopefully no more than 5 or 10 minutes.

MR DEVLIN: About 10 minutes.

MR FARR: Mr Chairman, my name is FARR, I should have announced my appearance.

THE PRESIDING OFFICER: Yes, Mr FARR.

MR FARR: I'm instructed by Guest Lawyers and I appear for Ms FARMER and MR KINNANE. I would seek leave to ask some questions, probably only a couple of minutes' worth.

10 MR PEARCE: Could I indicate to her representatives to be here at 2.30?

THE PRESIDING OFFICER: Okay. We will resume at 2 pm.

THE HEARING ADJOURNED AT 1.00 PM

THE HEARING RESUMED AT 2.01 PM

THE PRESIDING OFFICER: Mr Devlin.

20 MR DEVLIN: Yes. Mr KLAASSEN, when the Director-General said to the senior sport and rec staff that officers were to ensure that the ministerial office was adequately serviced and its needs were met, it seems that you took that to mean that the staff were to obey the directions of the ministerial office; is that what we take from what you said?

THE WITNESS: Yes.

MR DEVLIN: That was in a meeting of the Director-General with senior staff only?

30

THE WITNESS: Yes.

MR DEVLIN: Can you help us with the way in which you fixed the conversation, if you do fix the conversation, that you were present for between Mr TUTT and Ms FARMER as 1 August? Can you assist us with that?

THE WITNESS: Yes.

MR DEVLIN: How do you fix it? How do you fix the date, is all I'm asking?

40

THE WITNESS: How do I know that was the date?

MR DEVLIN: Yes.

THE WITNESS: My diary has the meeting with Mr FREER and Ms FARMER as 1 August. That was a Friday. And my recollection is that the call was made on that Friday afternoon and I was instructed at that time to do the adjustments.

MR DEVLIN: Did you otherwise diarise the actual event of the telephone call in any way?

THE WITNESS: No, I did not.

MR DEVLIN: Just tell us about Ms FARMER. Would you agree that she is a forthright person in her own right?

THE WITNESS: Yes.

10

MR DEVLIN: Thank you.

THE PRESIDING OFFICER: Yes, Mr Farr.

MR FARR: Thank you, Mr Chairman.

Just on that same topic, Mr KLAASSEN. Did you clarify with Mr KINNANE what he meant by the term "accept" -- you told Mr DEVLIN that's the way you took it. But did you actually say, "Look, what do you mean by that?"

20

THE WITNESS: No, I didn't, no.

MR FARR: That conversation occurred in the context of there having been a sudden departure of someone who held the position of Executive Director; is that right?

THE WITNESS: That's correct.

MR FARR: And this was the time when the persons who were going to replace that fellow were to be Ms FARMER and Ms O'BRYAN, is it?

30

THE WITNESS: Yes.

MR FARR: In this job sharing arrangement?

THE WITNESS: Yes.

MR FARR: I take it that would have required therefore a bit of juggling, a bit of arranging, changing things around in the office, so they get up to speed and somehow can do this position competently between the two of them?

40

THE WITNESS: Yes, that's right.

MR FARR: I take it from the conversation that you've given us the details of, the Director-General might have been concerned that this change might have in some way affected the service delivery, if you like, between the minister's office and the department?

THE WITNESS: Yes.

MR FARR: And he was expressing some sort of concern that we still need to maintain our standards; is that the effect of what he was telling you?

THE WITNESS: Generally, yes.

MR FARR: Thank you. That's all I have.

10 THE PRESIDING OFFICER: Yes, Mr SHIELDS.

MR SHIELDS: Exhibit No. 2 that you were taken to by Mr CARMODY, the gentleman to my right, has the ministerial submission that is some five pages. Are you familiar with that document?

THE WITNESS: Yes.

MR SHIELDS: That's a document that was signed by Tracy O'BRYAN?

20 THE WITNESS: Yes.

MR SHIELDS: On the front of that document you actually have a covering note, if you will, headed "Minister for Sport"; are you familiar with that?

THE WITNESS: Yes.

MR SHIELDS: On the right-hand side it has approved/not approved; is that correct?

30 THE WITNESS: Yes.

MR SHIELDS: In relation to this application concerning the Queensland Rugby Union, you are familiar that it was approved by Minister SPENCE?

THE WITNESS: Yes.

MR SHIELDS: And she circled or someone circled "approved", correct?

THE WITNESS: Correct.

40

MR SHIELDS: On the right-hand side you have a number of signatures starting from the bottom. Do you recognise in the bottom left-hand corner, do you recognise that signature?

THE WITNESS: Yes.

MR SHIELDS: Whose signature is that?

THE WITNESS: Tracy O'BRYAN.

MR SHIELDS: At the time was she the acting Executive Director DSR?

THE WITNESS: Yes.

MR SHIELDS: Above that signature do you recognise another signature?

THE WITNESS: Yes.

10

MR SHIELDS: Whose signature is that?

THE WITNESS: Craig MATHESON.

MR SHIELDS: At the time was he an acting Director-General?

THE WITNESS: He must have been signing on behalf of the Director-General. I don't know if he was formally acting or not.

20 MR SHIELDS: That's what you take that notation to the left of Director-General to mean?

THE WITNESS: Yes.

MR SHIELDS: Above that we have what appears to be another signature of Mr MATHESON; would that be correct?

THE WITNESS: Yes.

30 MR SHIELDS: At that stage was he the acting Deputy Director-General?

THE WITNESS: Yes.

MR SHIELDS: Is that document, as you look at it and as at the time of 9 July 2008, an appropriate example of the chain of command above you?

THE WITNESS: Yes.

40 MR SHIELDS: You have been involved in, what, hundreds of these sorts of project applications?

THE WITNESS: Yes.

MR SHIELDS: Is that what normally ends up occurring, that is, there is a submission that's forwarded to the minister's office with signatures from the department?

THE WITNESS: Yes.

MR SHIELDS: Would you accept these words, that the minister has the final discretion on these applications and she can approve or disapprove of any of these that she wants?

THE WITNESS: Yes.

10 MR SHIELDS: At the time that you were attending to your paperwork that you've been asked questions about today, the various documents -- do you understand what I'm referring to?

THE WITNESS: Yes.

MR SHIELDS: You had no reason to believe when you were given instructions by Mr MATHESON that what was being asked of you was not a legitimate request from the minister's office?

THE WITNESS: No, I had no basis to not believe that was the case.

20 MR SHIELDS: You have given evidence of a meeting on 1 August 2008?

THE WITNESS: Yes.

MR SHIELDS: In particular a meeting in the presence of Ken FREER, Simon TAYLOR from Queensland Rugby; is that correct?

THE WITNESS: Yes.

30 MR SHIELDS: And Di FARMER.

THE WITNESS: Yes.

MR SHIELDS: And you have given evidence of going through a standard agreement?

THE WITNESS: Yes.

40 MR SHIELDS: Similarly, you would have done this exercise hundreds of times, wouldn't you?

THE WITNESS: Yes.

MR SHIELDS: Are you able to, as you sit there giving evidence, are you able to say what sort of clauses in the agreement you would pay particular attention to explain?

THE WITNESS: Well, the main clauses we would particularly explain would be the funding payment arrangements, the specific project description, emphasising

that the funds are only for that particular purpose for which the agreement is provided. There is a schedule attached, called schedule C, which has the compliance conditions an organisation must meet. So that's development approval, project manager, project costing -- elements like that. So, we specifically say to the organisation, "You must supply this information by these dates and if you cannot you need to seek extensions of time" -- and we sort of walk through the general terms of the agreement.

10 MR SHIELDS: You stated at the commencement of your evidence that you are an accountant.

THE WITNESS: Yes.

MR SHIELDS: You are a chartered practising accountant.

THE WITNESS: Certified practising accountant.

20 MR SHIELDS: Certified practising accountant, sorry. And you execute these agreements on behalf of the State of Queensland, don't you?

THE WITNESS: I have the delegation to do that, yes.

MR SHIELDS: In relation to the agreement with Mr FREER and Queensland Rugby you executed that document on behalf of the State of Queensland?

THE WITNESS: Yes.

30 MR SHIELDS: Did you explain to Mr FREER that there are certain provisions in the agreement that allow for the repayment of funds if the terms of the agreement are not met?

THE WITNESS: I couldn't recall that I specifically explained that one.

MR SHIELDS: Do you recall whether you had a conversation or gave an explanation as to whether the funds could be used for any other purpose?

THE WITNESS: My recollection is I was very specific that the funds were to be used for the purpose which was in the schedule: the pool and the additional field.

40 MR SHIELDS: You've given evidence of the standard -- the expression was "reimbursement on an acquittal basis".

THE WITNESS: Yes.

MR SHIELDS: In other words, normally with these funding agreements you almost undertake to meet the reasonable costs associated with the funding -- the development, would that be correct?

THE WITNESS: Yes.

MR SHIELDS: So, for example, if someone wants to build something they then send you the remittance or the account and the government pays for it?

THE WITNESS: They submit a claim form which is verified, and the amount verified is then paid on a reimbursement basis.

10 MR SHIELDS: Clause 4.2 of the standard agreement refers to a monthly project report form detailing the nature and amount of each payment made for eligible items certified by the organisation's Chief Executive Officer or approved delegation; are you familiar with that clause?

THE WITNESS: Yes.

MR SHIELDS: What does that mean in layman's terms?

20 THE WITNESS: Basically they have to submit a monthly project report on what's happened with the project.

MR SHIELDS: And what they've expended the monies on?

THE WITNESS: There is an element for a financial component of that, yes.

MR SHIELDS: Did you ever have a conversation with Mr FREER specifically in relation to that clause 4.2 in which you advised him that his organisation only had to comply with that clause once the project had started?

30 THE WITNESS: My recollection is that I indicated to Mr FREER that he, he needed to submit the reports when some works had been progressed on the project.

MR SHIELDS: And the first that you were aware of any monies going to the University of Queensland Rugby Club was when?

THE WITNESS: Following the meeting Mr FREER had with Mr MATHESON on 30 April 2009.

40 MR SHIELDS: The major projects funding applications, you have given evidence that there is only a certain amount of money, I think it's about \$30 million, is that right?

THE WITNESS: Yes.

MR SHIELDS: And there are 140-odd applications at the time.

THE WITNESS: Yes.

MR SHIELDS: Way in excess of the amount of money you have to provide by way

of funding.

THE WITNESS: Yes.

MR SHIELDS: If an applicant feels aggrieved by the decision, do they have an opportunity to appeal?

THE WITNESS: They can ask for a review, yes.

10 MR SHIELDS: You recall, don't you, on 29 January 2009, having that meeting with Mr MATHESON where you went through the category 1, 2 and 3 projects?

THE WITNESS: Yes.

MR SHIELDS: And you recall that some of those projects that had been deemed "recommended" were now deemed by Mr MATHESON to be "not recommended".

THE WITNESS: Yes.

20 MR SHIELDS: And the reverse, some that had been "not recommended" were now deemed to be "recommended".

THE WITNESS: Yes.

MR SHIELDS: He advised you that he had come from a meeting in the minister's office; is that right?

THE WITNESS: Yes, that's right.

30 MR SHIELDS: Do you recall saying anything to Mr MATHESON about some of these applicants and the aggrieved process?

THE WITNESS: Yes, I recall in terms of some of the ones which went from "recommended" to "not recommended", indicating that that may be difficult to explain to the organisation, if they were to ask for a review. In the case of some of the "not recommended" to "recommended" the justification for those would be difficult to support as well.

40 MR SHIELDS: The final question is: Having regard to all the paperwork that you prepared in relation to all of these applications, would it be correct to say that any input you have as far as the progress of an application, any of that input rests under the absolute authority of the minister's office --

THE WITNESS: Yes.

MR SHIELDS: -- to approve or not approve an application?

THE WITNESS: Yes, that's right.

MR SHIELDS: I have nothing further, thank you.

THE PRESIDING OFFICER: Thank you Mr SHIELDS. Yes, Mr PEARCE.

MR PEARCE: The minister is nonetheless entitled to base her decision upon full, frank and free advice given to her by her public servants, is she not?

THE WITNESS: That's correct.

10

MR PEARCE: That's the whole tenet behind the separation of powers?

THE WITNESS: Yes.

MR PEARCE: You were asked some questions about the, for want of a better word, guidance that Mr KINNANE gave you and your senior staff. You didn't take what he said to you as being, in effect, carte blanche, to do whatever the minister's office requested, did you?

20

THE WITNESS: Not carte blanche, no.

MR PEARCE: Well, what restrictions do you believe would have applied? When would you not have done what you were told?

THE WITNESS: Well, obviously, if a matter was illegal I wouldn't have progressed any involvement in that and I'm not aware of any illegal acts that there were to my knowledge.

MR PEARCE: Short of being illegal?

30

THE WITNESS: Well, other directions were to be considered by the acting Executive Directors and they would make a determination on whether the department would undertake the direction or they would query it with Mr TUTT.

MR PEARCE: Just so I'm clear about this, you are not defending the department's role in putting the ministerial submission in this matter to the minister, are you?

THE WITNESS: What do you mean by that?

40

MR PEARCE: Do you believe that what happened with respect to the ministerial submission in respect of the QRU grant was legitimate?

THE WITNESS: I believe that there could have been more detailed assessment, but ultimately it is a matter for the minister to make a decision on the advice provided.

MR PEARCE: Do you believe that the advice that progressed to the minister in this matter was advice honestly given?

THE WITNESS: Yes.

MR PEARCE: Do you believe the opinions expressed in the ministerial submission were full and frank opinions?

THE WITNESS: I wouldn't say full and frank, no.

10 MR SHIELDS: With respect, there are two ministerial submissions. There was the one that was prepared by my client, who is giving evidence, and then there was the one prepared by Mr MATHESON.

THE PRESIDING OFFICER: That's a good point. This witness was never given the opportunity of agreeing or disagreeing with the changes made by Mr MATHESON.

MR PEARCE: I won't take the matter any further. That's all I have with Mr KLAASSEN.

20 MR CARMODY: Mr Chairman, I have thought of another question if it is all right.

THE PRESIDING OFFICER: Certainly.

MR CARMODY: Mr KLAASSEN, if Mr MATHESON wanted to bypass you, make his own recommendation, based on some discussion he had with Mr TUTT and Mr FREER he could quite easily do that by simply putting in his submission, couldn't he?

THE WITNESS: He could, yes.

30 MR CARMODY: So, there was no real need for him to say you've got an hour to do a submission. He could always have had the option of putting in his own submission as he ultimately did, without even consulting you?

THE WITNESS: He could have done that, yes, if he wanted to, yes.

MR CARMODY: Thank you.

40 THE PRESIDING OFFICER: Mr KLAASSEN, the difficulty with that is that it seems to have been the standard process that the submission was required to have on it that the submission was -- what's the term -- supported, I think it was?

MR PEARCE: Yes, supported.

THE PRESIDING OFFICER: By you, by the officer in your position?

THE WITNESS: That was the template at the time, yes.

THE PRESIDING OFFICER: Contents of submission approved by Ben

KLAASSEN Director, Program and Industry Development.

THE WITNESS: Yes, that was on the template.

THE PRESIDING OFFICER: But it seems to me to be a most unsatisfactory situation where your superior officer can change your submission and not refer it back to you and still keep on it the wording that you have approved of the content of the submission, the changes to which you have of never seen.

10 THE WITNESS: Yeah, it's not good, no.

THE PRESIDING OFFICER: Was that ever a matter discussed within your department as to whether if that's going on the document, then you as the officer in that position should be able to see any changes that are made or whether you would want that removed?

20 THE WITNESS: I do recall there were, there were discussions about that wording, and briefing notes having been amended. But the ultimate advice was that was the template that was required at the time and there were timing difficulties in sending them back all the time for us to re-verify matters, so it didn't happen.

THE PRESIDING OFFICER: All right. Thank you. You are excused. Thank you for your evidence.

MR CARMODY: Mr Chairman, I'm a nuisance, I know, but if you have a look at the final page of that Exhibit 2, you have noted that the recommendations suggest the contents being approved by Mr KLAASSEN. Over the page there is provision for his specific support as Executive Director, which is blank.

30 THE PRESIDING OFFICER: That's on the cover sheet.

MR CARMODY: Yes.

THE PRESIDING OFFICER: Yes, the cover sheet --

40 MR CARMODY: My point is this. It appears that it didn't go back to him for comments but in the process itself there seems to be provision for it going back and ultimately the thing going up, is supported on the bottom of that page but in this case it's not.

THE PRESIDING OFFICER: Thank you for that --

THE WITNESS: No, that's not correct, that's not correct. There is no place on that for me to sign.

THE PRESIDING OFFICER: No, I think Mr CARMODY was referring to the cover sheet.

THE WITNESS: That's, that's -- that part on the top if you look at it, I believe, says "Executive Director if other than DSR".

THE PRESIDING OFFICER: If other than DSR.

THE WITNESS: Which is a person external to sport and recreation, so if that was someone in our policy division or in another portfolio, not myself or a director in sport and recreation itself.

10 THE PRESIDING OFFICER: So that wasn't intended for your signature.

THE WITNESS: No, there was no spot on the brief for a director to sign.

MR CARMODY: I will withdraw that.

THE PRESIDING OFFICER: That's good. That's clarified that. Do you see it as part of your role to give advice to the minister that you understand the minister wants to receive? Or do you see it as part of your role to give the advice that you believe is the appropriate advice that should be given?

20

THE WITNESS: Well, I believe you should give the appropriate advice that suits the particular circumstance.

THE PRESIDING OFFICER: What does that mean?

THE WITNESS: That means that if you believe there to be an issue that it should be incorporated and included in the briefing note. However, in some circumstances the channels of government don't allow that to occur.

30 THE PRESIDING OFFICER: But there could have been included in this submission an advice to the minister that we don't have sufficient material in this matter to properly assess it, according to the criteria that we would normally use. For example, we don't have sufficient detail to enable us to form an opinion as to the ability of the QRU to deliver on this project for which they are seeking funding.

THE WITNESS: Yes, that could have been included.

THE PRESIDING OFFICER: And it wasn't included.

40 THE WITNESS: No, it wasn't, no.

THE PRESIDING OFFICER: And you say you didn't include it because you were told by Mr MATHESON to just do a recommendation approving it?

THE WITNESS: Yes.

MR SHIELDS: Can I ask one question arising out of that?

THE PRESIDING OFFICER: Certainly. He is your witness.

MR SHIELDS: Just in relation to this Queensland Rugby Union funding that the Chairman has asked you questions about, for an amount of \$4.2 or \$4 million, are you aware whether or not the minister has the final say in relation to that or does it have to go to Executive Council?

THE WITNESS: It had to go to Executive Council.

10 MR SHIELDS: What's the time line normally to get the response back from Executive Council?

THE WITNESS: Normally, you have to lodge 10 days before the Executive Council meeting and then you receive advice on the afternoon of the meeting itself.

MR SHIELDS: When were you first aware that the minister wished to make the announcement of this funding at the Queensland Reds ball?

20 THE WITNESS: In the meeting of 8 July.

MR SHIELDS: When was the ball?

THE WITNESS: Friday 11 July.

MR SHIELDS: As far as having that information, that is, the conversation with MATHESON on 8 July that it was going to be announced on 11 July, because that's what you are saying, isn't it?

30 THE WITNESS: Yes, that's correct, yes.

MR SHIELDS: Did that form a view in your mind as to whether or not what Mr MATHESON had said, that this request generates from the minister's office, did that affirm that view?

THE WITNESS: Yes, it did, yes.

MR SHIELDS: Strongly?

40 THE WITNESS: Yes.

MR SHIELDS: Thank you.

THE PRESIDING OFFICER: You are excused, Mr KLAASSEN. Thank you for your attendance.

EXHIBITS

	EXHIBIT 22	153
	EXHIBIT 23	164
	EXHIBIT 24	169
10	EXHIBIT 25	174