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INDEPENDENT BROAD-BASED ANTI-CORRUPTION COMMISSION

MELBOURNE

MONDAY, 7 DECEMBER 2020

(41st day of examinations)

BEFORE THE HONOURABLE ROBERT REDLICH AM, QC

Counsel Assisting: Mr Michael Tovey QC  
Ms Amber Harris  
Mr Tam McLaughlin

OPERATION SANDON INVESTIGATION

PUBLIC EXAMINATIONS PURSUANT TO PART 6 OF THE INDEPENDENT BROAD-BASED ANTI-CORRUPTION COMMISSION ACT 2011

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*Every effort is made to ensure the accuracy of transcripts. Any inaccuracies will be corrected as soon as possible.*

1 UPON RESUMING AT 2.01 PM: 02:01:33PM

2 COMMISSIONER: Good afternoon, Ms Morales. I'm the IBAC 02:02:21PM

3 Commissioner. I conduct this examination pursuant to Part 02:02:25PM

4 6 of the Independent Broad-Based Anti-Corruption 02:02:28PM

5 Commission Act of 2011. Ms Amber Harris is Counsel 02:02:33PM

6 Assisting and I authorise her to examine Ms Morales. 02:02:37PM

7 This is an inquisitorial process, which means 02:02:41PM

8 that the Commission is not bound by the rules of evidence, 02:02:44PM

9 but by and large I have conducted them and will do so in 02:02:48PM

10 accordance with the normal rules of evidence as they 02:02:51PM

11 operate in a court of law. 02:02:54PM

12 The examination is being recorded, video 02:02:57PM

13 recorded, and is open to the public. Ms Harris will ask 02:03:02PM

14 you questions. I may also ask you questions. Following 02:03:05PM

15 those questions you'll have an opportunity to add anything 02:03:10PM

16 further. Counsel assisting you will also have an 02:03:13PM

17 opportunity to ask you questions. Please let me know, 02:03:18PM

18 Ms Morales, if at any time you want to have a break or if 02:03:23PM

19 for any reason you want to seek advice from your legal 02:03:28PM

20 representative. 02:03:30PM

21 The examination is being conducted by audiovisual 02:03:31PM

22 link pursuant to Division 3 of Part 3 of the COVID-19 02:03:34PM

23 Omnibus Regulations of 2020. If at any stage you have 02:03:40PM

24 difficulty hearing the questions or if you have difficulty 02:03:45PM

25 understanding the question, please indicate so immediately 02:03:48PM

26 and we'll either have the question repeated or if there's 02:03:52PM

27 an audio problem we'll adjourn until the audio is 02:03:55PM

28 rectified. 02:03:59PM

29 I note that Mr Imrie is in attendance as your 02:04:01PM

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legal representative. Ms Morales, where an examination is being conducted virtually using an audiovisual link, no unauthorised person should be present in any room where the live stream of the virtual examination is taking place or be able to hear those proceedings.

To formal matters. I should now identify for you the nature and scope of the matters about which you'll be questioned: Your knowledge of the political donation practices of John Woodman and his business associates, agents or consultants, and how planning matters of interest to John Woodman and his business associates were advanced with elected officials at local and State Government level; your knowledge of the use of lobbyists, political donations and fundraising to assist John Woodman and his business associates, agents or consultants to gain access to public officers involved in planning and property development decision making at local and State Government level; your knowledge of the use of donations to party-political fundraising entities such as Progressive Business to circumvent donation declaration laws and how the existing controls are to be manipulated or are open to abuse; your knowledge of matters the subject of the scope and purpose described in the attached further information and information and directions for public examinations in Operation Sandon, in particular as they apply to planning or property development activities within Victoria that involved John Woodman, his family, his associated entities, business associates, agents or consultants; and finally the transparency and integrity of

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1 dealings between public officers involved in planning and 02:06:04PM  
2 property development decision making, including any person 02:06:07PM  
3 elected or seeking election to a municipal council or the 02:06:12PM  
4 Parliament of Victoria or any person who may directly or 02:06:15PM  
5 indirectly benefit from that decision making, including 02:06:20PM  
6 but not limited to landowners, property developers or 02:06:22PM  
7 their consultants and any representative of those persons, 02:06:26PM  
8 including persons engaged in lobbying activities. 02:06:30PM

9 <FLEUR MORALES, affirmed: 02:06:42PM

10 COMMISSIONER: Ms Morales, at the time that you were served 02:07:19PM  
11 with a summons, did you also receive a document entitled 02:07:22PM  
12 'Statement of rights and obligations'?---Yes, I did. 02:07:25PM

13 And has Mr Imrie or another lawyer explained that document to 02:07:28PM  
14 you?---Yes, they have. 02:07:33PM

15 Do you understand the contents of the document or do you wish 02:07:34PM  
16 to be informed with respect to any of those rights and 02:07:38PM  
17 obligations or have anything explained to 02:07:41PM  
18 you?---I understand them, thank you. 02:07:45PM

19 Very good. So let me just summarise the position. Your 02:07:46PM  
20 obligation is to answer questions that you're asked, 02:07:52PM  
21 unless you have a reasonable excuse for not doing so. You 02:07:55PM  
22 must answer the questions even if they may incriminate you 02:07:59PM  
23 or make you liable to a penalty. You must answer the 02:08:03PM  
24 questions truthfully, otherwise you may expose yourself to 02:08:06PM  
25 a risk of perjury which carries a penalty of 15 years 02:08:10PM  
26 imprisonment. Importantly, if you answer questions 02:08:14PM  
27 truthfully, then that answer is not admissible and cannot 02:08:18PM  
28 be used against you in any court, the exception or the 02:08:21PM  
29 primary exception being if you gave a false answer then 02:08:26PM

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that could be used against you on a perjury charge.

Ms Morales, this is something I say to all witnesses in both private and public examinations. Counsel will ask you and I may ask you an open-ended question. You shouldn't assume because the question doesn't involve an assertion of fact that the person asking you the question either doesn't know the answer or doesn't have material available to them that's strongly suggestive of the answer. So it really is important for you to ensure that you're truthful and accurate in your answers; do you follow?--Understood.

So I just repeat, if at any stage you wish to have a break or seek advice, please just indicate and we'll adjourn?---Thank you. I will.

Yes, Ms Harris.

<EXAMINED BY MS HARRIS:

Are you Fleur Morales?---I am.  
And do you attend here today in response to a summons served on you?---I do.

Commissioner, I tender the summons and the accompanying documentation.

COMMISSIONER: That will be exhibit 346.

#EXHIBIT 346 - Summons served on Ms Morales and accompanying documentation.

MS HARRIS: Ms Morales, you were previously the executive director of Progressive Business; is that right?---That is correct.

For what period of time did you hold that role?---Yes, so I started in early 2015 and then left in September 2019.

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1 Was that the only role or only position you held at 02:09:59PM  
2 Progressive Business?---Yes. 02:10:04PM  
3 Sorry, did you say you left in September 2020?---2019. 02:10:05PM  
4 Thank you. What did your role involve while you were at 02:10:13PM  
5 Progressive Business?---So, my primary function was to 02:10:19PM  
6 maintain an existing membership base, grow the membership 02:10:23PM  
7 base, sell tickets to events, program an event, manage 02:10:28PM  
8 staff, manage events and sell packages. 02:10:35PM  
9 Can you explain what function Progressive Business 02:10:40PM  
10 performs?---I can talk to my tenure. So, certainly 02:10:48PM  
11 through my tenure our primary function was to be a conduit 02:10:51PM  
12 between a membership base and the cabinet, so the 02:10:58PM  
13 Australian Labor Party and the elected Victorian party, 02:11:03PM  
14 and raise philanthropic funds for operational expenses of 02:11:06PM  
15 the State Victorian branch and the campaign. 02:11:12PM  
16 So the activities were limited to the State; is that 02:11:18PM  
17 correct?---That is correct. 02:11:21PM  
18 Is there a Federal component to Progressive Business at 02:11:22PM  
19 all?---There is no Federal component to 02:11:29PM  
20 Progressive Business. 02:11:31PM  
21 Are you aware of whether there's a Federal counterpart, if you 02:11:33PM  
22 like, or equivalent?---Yes, I am aware of that. 02:11:37PM  
23 Who's that?---That is called the Federal Labor Business Forum. 02:11:41PM  
24 In terms of membership, were there different levels of 02:11:46PM  
25 membership?---So three different levels of membership: an 02:11:54PM  
26 individual, small business and corporate. 02:12:00PM  
27 And I assume that the membership fees varied for each of those 02:12:03PM  
28 levels; is that right?---That is correct. 02:12:08PM  
29 Do you recall roughly what those fees were?---I recall roughly. 02:12:10PM

1           They may have changed. So, individual membership           02:12:16PM  
2           I believe was \$375, small business I believe was 1200, and   02:12:20PM  
3           corporate membership was 3,500.                               02:12:27PM  
4   And the membership fees, were they considered to be a donation   02:12:34PM  
5       to the Victorian Labor Party?---Certainly that's not how   02:12:40PM  
6       it was sold to me when I applied for the role. That was   02:12:47PM  
7       not my understanding. Listening to this and as time went   02:12:54PM  
8       on, the perception of PB's function, it's very clear to me   02:12:59PM  
9       now that we were raising funds - PB was raising funds to   02:13:05PM  
10       be able to donate from Progressive Business to the           02:13:10PM  
11       Victorian ALP branch.   02:13:13PM  
12   Do I take it then it wasn't your understanding as somebody that   02:13:17PM  
13       was coordinating the membership that those funds at that   02:13:21PM  
14       time amounted to a donation; is that correct?---I know   02:13:25PM  
15       that Progressive Business donated to the Australian Labor   02:13:32PM  
16       Party. I didn't explicitly see my members' engagement   02:13:36PM  
17       with me as donating to the party directly. As I said,   02:13:42PM  
18       it's clear to me now that that's the perception that it   02:13:47PM  
19       was, you know, it was a donation.                               02:13:50PM  
20   So where would the membership funds or fees be placed into?   02:13:53PM  
21       What type of - - -?---Into the Progressive Business owned   02:13:58PM  
22       and managed bank account.                                       02:14:01PM  
23   Did Progressive Business have a State campaign fund?---It did   02:14:04PM  
24       not.   02:14:12PM  
25   So was there only the one account, Progressive Business           02:14:13PM  
26       (indistinct)?---I think there were two. One was an           02:14:19PM  
27       operational account and one was a savings, and we at times   02:14:22PM  
28       had an investment with the ME Bank.                               02:14:25PM  
29   And into which of those accounts did membership fees get           02:14:27PM



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prices.

COMMISSIONER: The membership fees didn't as of right entitle you to attendance at functions? You had to further purchase tickets for each function?---Yes, you did. Yes.

MS HARRIS: And what type of functions or events were held by Progressive Business?---So we had the boardroom lunches and we had cocktails events, we had larger scale Premier and Cabinet dinners, the media facing State budget breakfast, the business forums, and I think that covers most of the types of events I ran.

And how regularly would those events be run?---Anywhere from weekly to monthly. The larger scale events were once a quarter.

And what would you consider to be larger scale events? Were they dinners or cocktail parties?---The larger scale events could be anywhere from 400 to 600 packs in the room. So that was the Premier and Cabinet dinner and the State budget breakfast.

COMMISSIONER: I take it that means that the member could then purchase tickets for additional people that the member wanted to bring to the function?---Yes, it did.

And were there limits on that?---No.

MS HARRIS: Did the cost of attending vary depending on what type of function it was?---Yes.

And can you give us an idea of roughly what the cost for each function was?---Yes. So the State budget breakfast would be under \$400 for a ticket for a member, and then there was also a surplus. If you were a non-member you could attend and purchase a ticket, but you would pay a higher

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1 price. I can't remember exactly how much more, but it was 02:18:45PM  
2 more. The Premier and Cabinet dinner I believe was about 02:18:48PM  
3 \$1,000 per head for a member. A boardroom lunch would 02:18:54PM  
4 vary depending on the minister, anywhere from \$1,200 to at 02:19:01PM  
5 times 500,000 per ticket. 02:19:06PM  
6 So if it was a more senior member of government, the cost of 02:19:10PM  
7 the ticket would increase?---That is correct. 02:19:14PM  
8 In terms of boardroom lunches, how many people would be able to 02:19:20PM  
9 be there?---Anywhere from a minimum of 12 to 25 people in 02:19:25PM  
10 a room, including the minister. 02:19:31PM  
11 And forums?---Forums, I think about 25 members at a forum. 02:19:35PM  
12 And then you indicated there were bigger events where there 02:19:48PM  
13 might be several hundred people?---That's correct, yes. 02:19:51PM  
14 In terms of people purchasing tickets that weren't members - - 02:19:53PM  
15 -?---Yes. 02:19:57PM  
16 Where did the funds from those ticket sales go?---Any income 02:19:58PM  
17 into Progressive Business only ever went into the 02:20:06PM  
18 Progressive Business account. 02:20:08PM  
19 COMMISSIONER: We might just pause there and ask you: so where 02:20:13PM  
20 did the funds that went into that account, where did they 02:20:17PM  
21 go?---So they went to paying for my salary, any of my 02:20:21PM  
22 staff's salary, any operational costs for the 02:20:26PM  
23 organisation, and then if there was a surplus or if it had 02:20:30PM  
24 been negotiated as such, would then go to the ALP State 02:20:34PM  
25 Victorian branch bank account. 02:20:41PM  
26 And who would make the determination as to when funds were 02:20:43PM  
27 withdrawn from your account to go there and, if so, how 02:20:48PM  
28 much?---Yes, so that was decided by the management 02:20:53PM  
29 committee of Progressive Business in conjunction with me 02:20:57PM

1 in forecasting and budgeting to see what was realistic, 02:21:02PM  
2 because the primary focus was to pay staff salaries and 02:21:05PM  
3 our bills first. So then that was determined and then 02:21:08PM  
4 planned into budgeting, usually checked on every quarter 02:21:11PM  
5 but planned for a year in advance in around September of 02:21:15PM  
6 the year prior. And so, if it wasn't an election year, 02:21:19PM  
7 I was donating anywhere from 150 to \$200,000 per quarter. 02:21:23PM  
8 But up before the election there was - could have 02:21:30PM  
9 been - the last five weeks of when I was able to, I was 02:21:34PM  
10 donating \$100,000 a week for five weeks. 02:21:37PM  
11 Yes. And where did those moneys go? Into what - - -?---Into 02:21:42PM  
12 what I understood to be either an operational account for 02:21:51PM  
13 the operational costs of the State Vic branch or a 02:21:54PM  
14 campaign account. 02:21:59PM  
15 Right. And was there someone at State level that was the 02:22:01PM  
16 primary liaison between your organisation for the purpose 02:22:10PM  
17 of paying funds into that State account?---Yes, so the 02:22:15PM  
18 State secretary of the ALP Vic branch is an ex officio on 02:22:20PM  
19 the board or the management committee of 02:22:25PM  
20 Progressive Business, so that would be my main liaison, 02:22:27PM  
21 and then I would communicate to the financial controller 02:22:31PM  
22 about donation matters as in PB donating its lump sums to 02:22:34PM  
23 the party. 02:22:41PM  
24 Yes. And did you play any part in how those funds were 02:22:41PM  
25 allocated to particular campaigns or was that a matter 02:22:49PM  
26 beyond your control?---A matter beyond my control. 02:22:54PM  
27 MS HARRIS: And when those funds were then provided to the 02:23:01PM  
28 Labor Party, did that amount to a donation?---Yes, it's my 02:23:03PM  
29 understanding that Progressive Business donated to the 02:23:10PM

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party.

And that there would then be disclosure obligations relating to Progressive Business; is that right?---That is correct, yes.

And whose responsibility was it then to ensure that those disclosure obligations were complied with?---Sorry, can you just repeat that question for me, please?

Who within Progressive Business was responsible for ensuring that the disclosure obligations were complied with?---Ultimately that was my responsibility as executive director, yes, and then I would need to communicate with the management committee as well. They were the governance of the organisation.

COMMISSIONER: If I just take you back then to something you said earlier?---Yes.

You indicated you didn't appreciate until more recently that there was a perception that the fees paid for membership were viewed as a form of donation. I take it then you were drawing a distinction between the fees paid for membership and what was paid by a member for a function; were they viewed then as a donation?---So, yes, it was never my understanding and nor would I have ever communicated that you being a member of my association meant that you were donating directly to the party. It was always communicated that you are a member of Progressive Business, you will purchase tickets to attend an event, and Progressive Business, if and when it had a surplus, would donate to the ALP.

Yes?---Does that answer - - -

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1 Yes. You didn't see the contributions made by a member to a 02:25:12PM  
2 particular event as a donation either?---No, I did not. 02:25:15PM  
3 You only saw the end step, did you, as part of a contribution 02:25:19PM  
4 to a campaign; is that the way you're putting it?---Yes, 02:25:27PM  
5 it is. 02:25:30PM  
6 Yes, all right. Yes, Ms Harris. 02:25:31PM  
7 MS HARRIS: At those functions or events, were there other 02:25:34PM  
8 opportunities for attendees to donate to the 02:25:37PM  
9 party?---Certainly not during my tenure, no. 02:25:42PM  
10 In terms of the networking or the functions, if I could put it 02:25:47PM  
11 that way, and the events, were there any rules or 02:25:51PM  
12 protocols governing how attendees interacted with members 02:25:53PM  
13 of parliament at those events?---So there weren't any 02:25:58PM  
14 written protocols. There were certainly ways of managing 02:26:04PM  
15 events. There was definitely a spoken rule, not 02:26:08PM  
16 documented, around you would never talk about anything 02:26:15PM  
17 that was a live tender or what you might consider a 02:26:18PM  
18 probity issue. So if it was something that wasn't 02:26:24PM  
19 publicly being spoken about, then there was an unwritten 02:26:27PM  
20 expectation that it wouldn't be spoken about at an event. 02:26:31PM  
21 We've heard evidence that the Minister for Planning required a 02:26:36PM  
22 probity auditor and had some rules around what could and 02:26:41PM  
23 couldn't be discussed, and by that I mean topics broadly, 02:26:44PM  
24 but nothing relating to, as you've indicated to us, a 02:26:48PM  
25 specific matter. Were there any other ministers that 02:26:51PM  
26 required either probity auditors or anybody else to be 02:26:54PM  
27 present with them at functions?---Not a probity officer 02:26:59PM  
28 from Progressive Business, no. 02:27:03PM  
29 And in terms of the Minister for Planning, who would provide 02:27:07PM

1 the probity auditor?---I organised the probity auditor for 02:27:11PM  
2 that. 02:27:15PM  
3 Where did that person come from?---An independent organisation. 02:27:15PM  
4 What was that called?---MIA Consulting. 02:27:19PM  
5 And was it always the same person that would attend or would it 02:27:23PM  
6 vary?---It could vary. 02:27:28PM  
7 COMMISSIONER: Was it only for planning matters that you would 02:27:33PM  
8 engage a probity auditor or were there other heads of 02:27:37PM  
9 legislation that attracted probity auditing?---Primarily 02:27:44PM  
10 the Minister of Planning. I don't recall other instances 02:27:50PM  
11 of using a probity officer for other ministers. That's 02:27:56PM  
12 not to say that it didn't happen, but I don't recall. 02:28:02PM  
13 So if there was no documentation, nothing in writing, as to 02:28:06PM  
14 expectations of how people attending these functions would 02:28:15PM  
15 be obliged to perform in terms of their dealing with 02:28:20PM  
16 ministers, how did you ensure that when a member who might 02:28:24PM  
17 because of the regularity of their attendance become aware 02:28:33PM  
18 of this word of mouth expectation, how did you ensure that 02:28:36PM  
19 all of the other people that they were bringing would also 02:28:43PM  
20 know that they were not to confront the minister about any 02:28:46PM  
21 existing issue that was not in the public domain?---So, at 02:28:50PM  
22 the beginning of each boardroom, which was always managed 02:28:55PM  
23 by a management committee member, it was spoken quite 02:28:58PM  
24 clearly around what we expected, an expectation of how the 02:29:02PM  
25 event would run and that there would be an opportunity to 02:29:08PM  
26 ask questions, and that would be moderated by that 02:29:12PM  
27 committee member, and also the minister at any time they 02:29:16PM  
28 felt that they weren't able to answer that, they weren't 02:29:22PM  
29 obliged to answer any inappropriate question and they 02:29:27PM

1 always had either their chief of staff or an adviser with 02:29:32PM  
2 them at every function as well. 02:29:35PM  
3 I'm sorry, you mentioned a boardroom. Is that something which 02:29:36PM  
4 preceded the function or are you talking about a boardroom 02:29:40PM  
5 function?---I'm talking about a boardroom function. 02:29:46PM  
6 I see. Yes, Ms Harris. 02:29:48PM  
7 MS HARRIS: And for guests wanting to attend a function where 02:29:50PM  
8 there was an opportunity to speak with a minister, did 02:29:55PM  
9 they have to provide in advance the topic or topics they 02:29:58PM  
10 wished to canvass?---Not for a boardroom. 02:30:03PM  
11 What type of function - - -?---Yes, certainly for the business 02:30:09PM  
12 forum. 02:30:13PM  
13 Right. And what format does the forum take, the business forum 02:30:13PM  
14 take? Can you explain what that involved?---Yes, so its 02:30:22PM  
15 colloquial term is ministerial speed dating and it's a 02:30:26PM  
16 whole matrix of scheduled one-on-one, 15-minute meetings 02:30:29PM  
17 between a member or members and a minister with their 02:30:34PM  
18 chief of staff or adviser. 02:30:40PM  
19 All right. Were there opportunities for one-on-one meetings 02:30:41PM  
20 with the minister at those events?---So they would always 02:30:49PM  
21 have an adviser. So they could - it could be two members, 02:30:54PM  
22 a minister and their adviser in that room. I would class 02:30:59PM  
23 that as a one-on-one, if that's what you mean. Then, yes, 02:31:02PM  
24 that's correct. 02:31:06PM  
25 And did they have to provide any material in advance or just 02:31:07PM  
26 the topics?---The topics, so a paragraph on each topic. 02:31:10PM  
27 Could we just pull up court book page 5837, please. 02:31:18PM  
28 Ms Morales, a document will come up on the screen?---Sure. 02:31:25PM  
29 If we could just scroll down. This is from Phil Staindl to Ali 02:31:39PM

1 Condon, copying you in and sharing with you both an email 02:31:45PM  
2 from Megan Schutz?---Yes. 02:31:49PM  
3 COMMISSIONER: Is this an exhibit, Ms Harris? 02:31:53PM  
4 MS HARRIS: Sorry? 02:31:55PM  
5 COMMISSIONER: Is this an exhibit? 02:31:56PM  
6 MS HARRIS: No, Commissioner. It indicates points for 02:31:58PM  
7 discussion for PB forum, and you can see there Jacinta 02:32:00PM  
8 Allan, Pallas, Donnellan and Foley. Is that generally 02:32:06PM  
9 what you would be provided with?---Yes, that is correct. 02:32:11PM  
10 And then would you provide that to the relevant ministers or 02:32:13PM  
11 their staff?---Yes, I would. 02:32:17PM  
12 And did the ministers or their staff have a right of veto, in 02:32:20PM  
13 effect, to say that they didn't want to meet with a 02:32:25PM  
14 particular person or didn't want to deal with a particular 02:32:27PM  
15 topic?---Absolutely, and it was actioned quite frequently. 02:32:30PM  
16 There would be times where I would have to ring members 02:32:35PM  
17 and gently communicate that they weren't able to attend a 02:32:38PM  
18 particular event. 02:32:43PM  
19 That they personally weren't able to attend?---Correct, yes. 02:32:45PM  
20 What were usually the circumstances around that? Can you give 02:32:51PM  
21 us an example?---Any time that there was - sometimes 02:32:55PM  
22 actually I wasn't given an answer, but if it was it would 02:32:59PM  
23 be generally because there was a probity issue because 02:33:05PM  
24 something was part of a live tender. 02:33:08PM  
25 I see. Was it ever a case that the minister or their staff 02:33:11PM  
26 indicated that they didn't want to deal with a particular 02:33:15PM  
27 topic, that it was fine for that person to come along but 02:33:18PM  
28 they weren't to talk about that particular topic?---I do 02:33:21PM  
29 believe there were instances when that would happen, yes. 02:33:26PM

1 It wasn't as frequent, though. It would be more that that 02:33:29PM  
2 individual wasn't able to attend at all. 02:33:32PM  
3 Right. I tender that document, Commissioner. 02:33:34PM  
4 COMMISSIONER: These subjects, they're not particularly 02:33:41PM  
5 informative, are they, beyond giving the minister a 02:33:43PM  
6 forewarning that the subject would be touched 02:33:46PM  
7 on?---I agree with that observation. 02:33:50PM  
8 Was that generally enough from a minister's perspective?---If 02:33:52PM  
9 it wasn't enough, they were pretty good at coming back and 02:33:59PM  
10 asking for more. If they had indicated that it was 02:34:03PM  
11 enough, then, yes, we would be satisfied that they had 02:34:07PM  
12 looked at it and understood it. 02:34:11PM  
13 Would they do that via you, would they?---They would indeed. 02:34:14PM  
14 They would push back. 02:34:19PM  
15 You would then go back to the member, would you, asking for 02:34:20PM  
16 more detail?---Absolutely. 02:34:23PM  
17 Yes, all right. That will be exhibit 347. 02:34:27PM  
18 #EXHIBIT 347 - Email from Phil Staindl to Ali Condon copied to 02:34:31PM  
19 Ms Morales, court book page 5837. 02:31:20PM  
20 MS HARRIS: Thank you. That document indicated that there were 02:34:35PM  
21 a number of people that in that circumstance Ms Schutz 02:34:37PM  
22 wished to speak with. Would you formalise some kind of 02:34:42PM  
23 agenda for each attendee?---Yes. 02:34:46PM  
24 Is that how it worked?---Yes, it would. 02:34:48PM  
25 So it would be almost personalised for whoever was attending; 02:34:51PM  
26 is that right?---Yes, it would have their name and say who 02:34:55PM  
27 they were - you know, who their appointments were with 02:35:00PM  
28 their time slot. 02:35:04PM  
29 Once the formal aspect of an event was over, whether it be a 02:35:05PM

1 boardroom lunch or a forum, would there be an opportunity 02:35:13PM  
2 then to speak in a less formal way with any of the 02:35:16PM  
3 ministers?---I think there were opportunities. I'd say 02:35:20PM  
4 they'd be quite limited, and not all ministers would hang 02:35:25PM  
5 around either. So they would be quite selective of what 02:35:28PM  
6 extra time that they would partake and any sort of 02:35:31PM  
7 non-formal part of it, they would often leave quite soon 02:35:35PM  
8 afterwards. I couldn't say that they couldn't do that; 02:35:39PM  
9 they could. 02:35:42PM  
10 In terms of more formal functions where there might be tables, 02:35:42PM  
11 did members get to nominate who they wanted on their 02:35:54PM  
12 table, and by 'who' I mean if they wanted a minister and 02:35:58PM  
13 who that might be?---Yes. 02:36:02PM  
14 Did that depend on their level of membership?---So, it depended 02:36:05PM  
15 on their level of package. There was a distinction 02:36:11PM  
16 between membership and packages. 02:36:13PM  
17 And can you explain to us what that is, what that distinction 02:36:17PM  
18 is?---Yes. So the membership is the individual, the small 02:36:21PM  
19 business and the corporate. That's membership. Then you 02:36:25PM  
20 purchase tickets to events at membership rates. A package 02:36:28PM  
21 holder is someone who buys tickets in advance, a bulk 02:36:32PM  
22 amount of tickets over a 12-month period, and gets a 02:36:36PM  
23 further discount on that. 02:36:40PM  
24 I see. So if you held a package of significant value, that 02:36:42PM  
25 would entitle you to greater access to the ministers; is 02:36:47PM  
26 that right?---Yes, and it would give you more tickets to 02:36:51PM  
27 events, yes. 02:36:56PM  
28 And a greater say in who you were seated with?---So there was 02:36:57PM  
29 documented benefits to each of those packages and, yes, we 02:37:04PM

1 would encourage them to say who they wanted to sit next 02:37:08PM  
2 to, sit with. It didn't mean that you were guaranteed 02:37:13PM  
3 that you got that and often you didn't, but we would 02:37:16PM  
4 definitely get that information from a package holder. 02:37:19PM  
5 If there were numerous requests for a minister to be seated at 02:37:29PM  
6 a package holder's table, how would you determine who got 02:37:36PM  
7 the right to sit with that minister?---Yes, so there would 02:37:41PM  
8 be a fairness element on that. It would be around - we 02:37:46PM  
9 did have a policy on increasing female engagement in our 02:37:52PM  
10 programming, so often our female members would get a 02:37:56PM  
11 preferential seating arrangement due to that policy. But, 02:38:01PM  
12 yes, the packages that were of higher value were given 02:38:09PM  
13 more attention. 02:38:14PM  
14 So the more you paid, the greater your ability to have access 02:38:16PM  
15 to those more senior ministers; is that right?---Well, the 02:38:21PM  
16 more that we would garner your feedback on where you 02:38:25PM  
17 wanted to sit and more energy would go into trying to give 02:38:28PM  
18 them what they had asked for. They didn't always get it, 02:38:34PM  
19 but it would go into servicing them because they were at a 02:38:37PM  
20 higher level of package. 02:38:40PM  
21 So you would give their request more weight; is that a fair way 02:38:41PM  
22 to put it?---That sounds fair. 02:38:45PM  
23 In your experience did those members who had higher value 02:38:47PM  
24 packages expect greater access to ministers?---I think 02:38:55PM  
25 they expected the benefits of their package that they'd 02:39:03PM  
26 purchased to be delivered. 02:39:08PM  
27 What did that - - -?---Well, inherently in a package when you 02:39:09PM  
28 buy more tickets you're going to get more access. Some of 02:39:13PM  
29 them didn't always choose to use all of their benefits. 02:39:16PM

1 So, some members would use every single ticket available 02:39:19PM  
2 to them. Others might be personally identifying that 02:39:22PM  
3 package as meaning something else to them, like a 02:39:28PM  
4 donation. So they all tended to behave a little bit 02:39:35PM  
5 differently. 02:39:38PM  
6 You drew the distinction between membership and 02:39:39PM  
7 packages?---Yes. 02:39:44PM  
8 What happened to the funding or the funds from the packages? 02:39:44PM  
9 What account did that end up in?---Every single dollar 02:39:49PM  
10 that came into the Progressive Business organisation went 02:39:53PM  
11 into the Progressive Business bank account. 02:39:57PM  
12 And the funds from those packages formed part of the pool that 02:39:59PM  
13 you were considering when you were deciding whether or not 02:40:04PM  
14 to donate to the State fund; is that right?---That is 02:40:07PM  
15 correct. 02:40:10PM  
16 COMMISSIONER: Ms Morales, did you happen to watch Mr Staindl's 02:40:14PM  
17 public evidence?---Yes, I did. 02:40:17PM  
18 And was there anything that he said in relation to his role at 02:40:18PM  
19 Progressive Business or the way it operated that you 02:40:25PM  
20 thought incorrect or that you disagree with? I won't hold 02:40:30PM  
21 you to it, but is there anything that leaps out at you 02:40:40PM  
22 that he said that you didn't agree with?---Not in 02:40:43PM  
23 particular, unless there's something you want to explore. 02:40:49PM  
24 I know he referred to - and maybe he was talking about 02:40:52PM  
25 before my tenure - around workshops. I never delivered 02:40:57PM  
26 anything called a workshop. That stood out at me. 02:41:01PM  
27 Nothing of note that comes to mind at the moment?---Nothing of 02:41:12PM  
28 note that comes at the moment, yes. 02:41:17PM  
29 MS HARRIS: Ms Morales, if there were functions such as dinners 02:41:21PM

1 or functions that had table seating, did you attend those 02:41:24PM  
2 also?---Yes, I would have attended primarily 99 per cent 02:41:29PM  
3 of all PB events. 02:41:36PM  
4 And how was it determined whose table you would be seated 02:41:38PM  
5 on?---That's a good question. I certainly wouldn't have 02:41:42PM  
6 taken a primary seat that could have gone to what we would 02:41:49PM  
7 have thought better to be a member. But I was in a 02:41:51PM  
8 prominent position somewhere, hosting a table of members 02:41:55PM  
9 generally. 02:41:59PM  
10 So you'd describe yourself in that situation as the 02:42:00PM  
11 host?---I would. 02:42:03PM  
12 Could we look at the document at page 5836. Ms Morales, this 02:42:06PM  
13 is from Mr Staindl to you, it's an email, on 7 February 02:42:21PM  
14 2018. I'll just give you a moment to read that?---Okay. 02:42:26PM  
15 I've read that, thank you. 02:43:11PM  
16 So the first dot point there indicates - this is for the 02:43:12PM  
17 Premier and Cabinet dinner - 'Watsons will utilise a table 02:43:16PM  
18 but probably won't require a minister at this stage.' So 02:43:20PM  
19 that is in reference to what we were speaking about 02:43:25PM  
20 before, is it, that somebody, for example Watsons, could 02:43:27PM  
21 nominate whether or not they wanted a minister on their 02:43:30PM  
22 table?---That is correct. 02:43:33PM  
23 And this is Mr Staindl indicating that Watsons didn't require a 02:43:35PM  
24 minister?---That's right. 02:43:40PM  
25 'But Megan Schutz to be included on one of the head tables.' 02:43:41PM  
26 What would be a head table? What does that mean?---Yes, 02:43:47PM  
27 so a head table was the Treasurer or the Premier 02:43:50PM  
28 and - yes. 02:43:54PM  
29 And the level of membership that Ms Schutz, or package I should 02:43:58PM

1 say that Ms Schutz had access to, did that grant her 02:44:03PM  
2 access to a table with the Premier or the Treasurer?---We 02:44:07PM  
3 would place one representative from the highest package on 02:44:11PM  
4 those tables as part of their benefit, yes. 02:44:15PM  
5 And then it indicates, 'Fleur to advise PS on suitability or 02:44:20PM  
6 otherwise of the other mystery guest being seated at the 02:44:25PM  
7 head table (the cost of which will be billed through 02:44:29PM  
8 Watsons).' What did that mean or what does that 02:44:34PM  
9 mean?---I don't know what that means at all, sorry. 02:44:37PM  
10 Do you know who the mystery guest being referred to is or 02:44:40PM  
11 was?---I don't recall that. 02:44:44PM  
12 Do you recall this function in 2018?---Yes, I do. 02:44:53PM  
13 Do you remember who that might have been then who was seated on 02:44:59PM  
14 the head table, and you've indicated that would either be 02:45:03PM  
15 the Treasurer or the Premier's table?---I don't have any 02:45:07PM  
16 recollection of why he would be talking about a mystery 02:45:11PM  
17 guest. That doesn't mean anything to me. 02:45:15PM  
18 All right. The ticket being billed through Watsons, that 02:45:20PM  
19 doesn't assist you?---No, it does not. 02:45:25PM  
20 Are you aware did - are you familiar with a person called Tom 02:45:34PM  
21 Kenessey?---Tom Kenessey. I've heard his name through 02:45:39PM  
22 this IBAC investigation, but I don't have any recollection 02:45:44PM  
23 of knowing who he is or interaction with him. 02:45:47PM  
24 Or encountering him at any Progressive Business 02:45:50PM  
25 function?---I don't recall that, no. 02:45:54PM  
26 The way that this is worded suggests that - doesn't really 02:45:57PM  
27 suggest that it's a request; that is, 'Could Ms Schutz 02:46:06PM  
28 please be seated here,' or otherwise. It suggests it's 02:46:11PM  
29 almost a direction that Watson's won't be utilising or 02:46:18PM

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won't be requiring a minister, Ms Schutz will be included on one of the head tables. It seems slightly at odds with what you told us earlier about it being a request based system. Is this the kind of relationship Phil Staindl had with Progressive Business, that he could direct where his clients were to be seated?---I think this is consistent with his communication with me. I don't know that he would always get his way, but it seems consistent with his communication, yes.

COMMISSIONER: This was the expectation, even if it wasn't a direction?---Yes, and I think having Megan Schutz and her being expected on the head table, I can take ownership in driving that because we had a progressive woman strategy around increasing 50 per cent women on those head tables so that it would be female, male, female, male. And so I may have even already indicated that Megan would be on the head table.

Ms Morales, on your website it's noted that Progressive Business exists to provide opportunities for business to connect with government, and I take it that this particular function is merely one such opportunity. Is that the prime object of this sort of function?---I think there's a celebratory element to it, too, when it was a larger event like this and a major update. But, yes, absolutely I agree with your observation.

But the oral understanding you've referred to already, you say that applied here too, that unless there had been warning, people were not entitled to raise matters directly at such a function?---I'd agree with that. It was a blanket rule.

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02:48:38PM

1           These larger events were quite ceremonious. So it was a 02:48:42PM  
2           dinner. You sit down. You're really only talking to the 02:48:46PM  
3           person on the left or the right. 02:48:49PM  
4 MS HARRIS: I tender that, Commissioner. 02:48:56PM  
5 COMMISSIONER: Yes, that will be exhibit 348. 02:48:58PM  
6 #EXHIBIT 348 - Email from Mr Staindl to Ms Morales dated 02:48:58PM  
7           07/02/18, court book page 5836. 02:49:08PM  
8 MS HARRIS: Were records kept by Progressive Business for an 02:49:08PM  
9           event like the one we just saw, for example, of who was 02:49:11PM  
10          seated on each table? Did that occur?---Yes, that is 02:49:15PM  
11          correct. 02:49:19PM  
12 And in relation to forums or boardroom lunches, were records 02:49:19PM  
13          kept as to which members or who met with each 02:49:25PM  
14          minister?---Yes. 02:49:30PM  
15 And the discussion topics that we saw earlier being forwarded 02:49:38PM  
16          on, were they kept by Progressive Business also as a 02:49:41PM  
17          reference to the topics that were discussed with each 02:49:44PM  
18          minister?---Yes. 02:49:48PM  
19 Out of interest, is there any external oversight of 02:49:49PM  
20          Progressive Business?---Can you explain what you mean by 02:49:53PM  
21          that, please? 02:49:59PM  
22 Is there any oversight at all from any other organisation or 02:50:00PM  
23          from within the Labor Party of the workings of 02:50:04PM  
24          Progressive Business?---Only the statutory bodies that we 02:50:07PM  
25          have to adhere to. So, it was an incorporated 02:50:12PM  
26          association, so it was governed by the Incorporations Act. 02:50:15PM  
27          Then there's the AEC and also the VEC and it had its own 02:50:21PM  
28          independent management committee. 02:50:29PM  
29 COMMISSIONER: Those campaign donations that ultimately went 02:50:34PM

1 out of your account to the State ALP account, to your 02:50:36PM  
2 knowledge was that the prime source of funding for the ALP 02:50:40PM  
3 at State elections?---The primary? Not that I'm aware of, 02:50:44PM  
4 no. I'd say there were other ways that they raised funds 02:50:55PM  
5 for campaigning. 02:50:57PM  
6 What other known sources were there, Ms Morales?---To me that 02:50:58PM  
7 would be direct donations. 02:51:03PM  
8 I see. But in terms of an established methodology of raising 02:51:06PM  
9 funds through an entity, this was the primary 02:51:11PM  
10 source?---Yes, sir, that's correct. 02:51:15PM  
11 MS HARRIS: In your role did you have interactions with 02:51:21PM  
12 lobbyists?---Yes. 02:51:24PM  
13 And is it fair to say that they would use Progressive Business 02:51:27PM  
14 functions to assist their clients to gain access to 02:51:31PM  
15 ministers?---Yes, I think that's fair. 02:51:36PM  
16 Would lobbyists sometimes attend on behalf of their clients to 02:51:39PM  
17 speak with ministers?---Yes. 02:51:43PM  
18 We've seen some interactions between you and Mr Staindl. What 02:51:47PM  
19 was Mr Staindl's role with Progressive Business?---So he 02:51:54PM  
20 was a member in his own right and I know he was acting on 02:51:59PM  
21 behalf of his clients. 02:52:04PM  
22 How often would you interact with Mr Staindl about 02:52:10PM  
23 Progressive Business matters?---That's a good question. 02:52:14PM  
24 It could have been weekly. Sometimes a big gap. But 02:52:24PM  
25 I would say it was regular contact. 02:52:29PM  
26 And are you aware of him encouraging clients to become members 02:52:31PM  
27 of Progressive Business?---I think it happened, yes. 02:52:35PM  
28 And assisting in that process?---Assisting in what way? 02:52:41PM  
29 Either with discussing appropriate packages with you and the 02:52:48PM

1 client or facilitating that?---Yes, I agree. 02:52:53PM

2 You were aware obviously that Mr Woodman, that is John Woodman, 02:52:56PM

3 was a client of Mr Staindl; is that right?---I am, yes. 02:53:03PM

4 What level of membership did Mr Woodman hold with 02:53:07PM

5 Progressive Business?---So we would have classed him as a 02:53:13PM

6 platinum package holder. 02:53:20PM

7 And what did that give him entitlements to?---So, a 12-month 02:53:22PM

8 package of a series of different tickets to the entire 02:53:27PM

9 program that we would have built. 02:53:32PM

10 Did you deal with Mr Woodman in relation to his packages or 02:53:35PM

11 membership?---I don't recall directly dealing with him, 02:53:43PM

12 but I couldn't say that I hadn't spoken to him about that. 02:53:49PM

13 Was it the case that Progressive Business would put together 02:53:52PM

14 independent packages to meet the client's needs?---Not as 02:53:57PM

15 a regular thing, but it could happen, yes. 02:54:06PM

16 Could we have page 5832, please. Sorry, could we just go up to 02:54:23PM

17 the page before, 5831, and if we scroll down. This is an 02:54:41PM

18 email from you dated 25 January 2016 to Mr Staindl, 02:54:49PM

19 'Proposals as discussed'. You indicate - you thank him 02:54:56PM

20 for lunch and that you've put together 'proposals for 02:55:03PM

21 Metro and Watsons/Schutz' for him to look at and let you 02:55:05PM

22 know if it meets the requirements?---M-hmm. 02:55:10PM

23 And if we scroll down we can see the attached document. First 02:55:13PM

24 of all, can I indicate does that email then suggest that 02:55:23PM

25 perhaps you have put together a package for 02:55:26PM

26 Watsons?---Yes. 02:55:30PM

27 And did you understand the affiliation between Watsons and 02:55:32PM

28 Mr Woodman?---That Mr Woodman was Watsons, yes. 02:55:36PM

29 In your email you indicate the proposal you've put together for 02:55:43PM

1 Metro, which we assume is a different client, and 02:55:49PM  
2 Watsons/Schutz - - -?---Yes. 02:55:54PM  
3 They were combined, were they? They were both on the 02:55:55PM  
4 entitlement; is that right?---Yes. Yes. 02:56:01PM  
5 Was it a case - - - 02:56:07PM  
6 COMMISSIONER: Sorry, Ms Harris. Just building on what we 02:56:08PM  
7 touched on earlier about the website opportunities for 02:56:13PM  
8 business to connect, if you look under the heading 'Our 02:56:17PM  
9 work - what we do', perhaps it's even more explicit, 02:56:22PM  
10 'Opportunities to contribute to government's policy 02:56:27PM  
11 agenda.' That's the sort of interaction that you expect 02:56:30PM  
12 might take place between a member or guests brought by the 02:56:34PM  
13 member to one of these functions; they have the 02:56:37PM  
14 opportunity to comment on such things?---Yes. I'm not 02:56:40PM  
15 sure I ever saw it in any sort of robust way, but, yes, 02:56:46PM  
16 one of the purposes were to discuss that, yes. 02:56:51PM  
17 So in that sense these are all quite privileged opportunities 02:56:56PM  
18 by people, aren't they, that these sorts of meetings 02:57:01PM  
19 present?---Yes. 02:57:09PM  
20 They're not the sort of thing that the average person on the 02:57:09PM  
21 street will ever have the opportunity, unless they're 02:57:13PM  
22 prepared to pay substantial amounts of money, the 02:57:16PM  
23 opportunities that are available to them?---I think there 02:57:22PM  
24 are some opportunities available, but were they explicitly 02:57:27PM  
25 like this? I know Mr Keogh referred to sort of other 02:57:31PM  
26 industry bodies and I was aware of those happening. But 02:57:35PM  
27 I think that's a fair observation, Commissioner. 02:57:39PM  
28 Yes. Yes, Ms Harris. 02:57:42PM  
29 MS HARRIS: If we scroll down, it breaks down the forum series, 02:57:44PM

1 panel series and the boardroom events?---Yes. 02:57:49PM

2 And how frequently they're held, et cetera. And then further 02:57:52PM

3 down the contribution that Watsons and Schutz Consulting 02:58:01PM

4 had already made, and then in the tables below, if we can 02:58:05PM

5 just keep scrolling down, please, I take it that's a 02:58:11PM

6 breakdown, is it, of the events or functions that were 02:58:15PM

7 attended first of all by Watsons and then second of all by 02:58:20PM

8 Schutz Consulting?---That is correct. 02:58:24PM

9 It indicates on the second table referring to Schutz Consulting 02:58:28PM

10 on 8 September 2015 that there was no charge, that they 02:58:38PM

11 attended as a guest of yours. Is that something that's at 02:58:44PM

12 your discretion, is it, that you can ask people to attend 02:58:47PM

13 as guests?---Yes, I can. 02:58:50PM

14 And then if we keep scrolling down, it indicates under that 02:58:54PM

15 table that for a package for the remainder of the year 02:59:00PM

16 Watsons could invest a further \$10,500 to give them an 02:59:07PM

17 entitlement worth \$23,200. It also includes Schutz 02:59:12PM

18 Consulting attending to take advantage of that package and 02:59:19PM

19 it goes down to say what that involved. Was that 02:59:23PM

20 something you put together then for Mr Woodman or for 02:59:27PM

21 Watsons?---Yes. 02:59:30PM

22 Would that have been something that you put together in 02:59:34PM

23 discussion with Mr Staindl?---Yes. He certainly would 02:59:36PM

24 have been involved, yes. 02:59:45PM

25 I tender that, Commissioner. 02:59:46PM

26 COMMISSIONER: What's the date of that? Is that 25 January? 02:59:49PM

27 MS HARRIS: The email is, yes, 25 January 2016. 02:59:56PM

28 COMMISSIONER: That will be exhibit 349. 03:00:02PM

29 #EXHIBIT 349 - Email from Ms Morales to Mr Staindl dated 03:00:05PM

1 25/01/16, court book pages 5831-5832. 03:00:05PM

2 COMMISSIONER: Ms Morales, just looking at that document in its 03:00:07PM

3 totality, when an invitation like that is extended to a 03:00:11PM

4 commercial interest or a consultant acting on behalf of a 03:00:18PM

5 commercial interest, would it be unfair to say that it's 03:00:21PM

6 like inviting that entity or the consultant to consider an 03:00:31PM

7 investment for a certain amount of money; they can make 03:00:36PM

8 their own judgment about what sort of return is likely to 03:00:42PM

9 be forthcoming from such an investment?---I think that's 03:00:46PM

10 fair. I would have used those words 'investment', 03:00:50PM

11 absolutely. 03:00:53PM

12 Yes. 03:00:54PM

13 MS HARRIS: Ms Morales, some material that we have suggests 03:01:02PM

14 that there were some sensitivities around October 2017 03:01:05PM

15 around Mr Woodman attending Progressive Business functions 03:01:12PM

16 that arose out of an Age article. Is that something that 03:01:15PM

17 you became aware of?---Yes. 03:01:19PM

18 What was the impact of that in terms of Mr Woodman's ability to 03:01:23PM

19 attend Progressive Business functions?---He wasn't able to 03:01:30PM

20 attend. 03:01:33PM

21 And was that something that Progressive Business determined or 03:01:35PM

22 was that something that Mr Woodman actioned of his own 03:01:39PM

23 accord?---I can't recall. I think there was a bit of 03:01:43PM

24 both. So, Mr Woodman would have decided not to attend. 03:01:52PM

25 That's the sense - that's sort of the memory sense I get. 03:01:56PM

26 But more explicitly it would have been a directive from 03:02:00PM

27 either the event with the minister or the Premier's 03:02:05PM

28 office. 03:02:08PM

29 When you say 'the event with the minister', what do you mean by 03:02:12PM

1 that?---Whatever event was planned that he'd indicated he 03:02:15PM  
2 might want to attend. 03:02:20PM  
3 I see?---Yes. 03:02:21PM  
4 And who within Progressive Business would have determined that 03:02:22PM  
5 it's not appropriate that Mr Woodman attend?---I could 03:02:26PM  
6 make that call. 03:02:30PM  
7 And did you as a result of The Age article?---Yes, he did not 03:02:31PM  
8 attend PB events. 03:02:36PM  
9 Is that something you communicated directly to 03:02:38PM  
10 Mr Woodman?---Not directly, no. 03:02:43PM  
11 Did you communicate it through Mr Staindl?---Yes. 03:02:45PM  
12 And what did you say to him?---I don't recall my direct words. 03:02:50PM  
13 COMMISSIONER: What was the gist of it?---It was always very 03:03:00PM  
14 delicate in the sense of - yeah, I'm not sure I would have 03:03:03PM  
15 been explicit about the article, but that there were 03:03:11PM  
16 definite sensitivities and that it was - it would always 03:03:14PM  
17 be in and around it's within the member's best interest 03:03:17PM  
18 not to attend and 'No one wants to offend you, but it's in 03:03:21PM  
19 your best interest not to attend this Progressive Business 03:03:26PM  
20 event.' 03:03:29PM  
21 It's interesting, though, Ms Morales, that if someone either 03:03:32PM  
22 deservedly or otherwise suddenly has a public reputation 03:03:37PM  
23 that's less than desirable, that then we don't want to see 03:03:43PM  
24 them meeting face-to-face with a minister. If they don't 03:03:48PM  
25 have that reputation, then it's okay?---I can see that's a 03:03:54PM  
26 bit of an oxymoron, isn't it? 03:03:59PM  
27 MS HARRIS: Ms Morales, there's an email from Mr Staindl to 03:04:05PM  
28 Ms Schutz setting out that issue and he indicates that 03:04:10PM  
29 Mr Woodman's allowed to attend, but in certain 03:04:16PM

1 circumstances there are sensitivities. He indicates that, 03:04:21PM  
2 'Intimate events such as the one that they had at the 03:04:25PM  
3 Flower Drum with you know who are off the schedule 03:04:28PM  
4 probably for the rest of the year, but boardroom lunches 03:04:32PM  
5 are fine if there's at least 12 or so people around the 03:04:35PM  
6 table.' Was that your position from 03:04:38PM  
7 Progressive Business's point of view, that Mr Woodman 03:04:42PM  
8 could attend functions where there were a small group of 03:04:44PM  
9 people?---I think there was a sense that the more people 03:04:47PM  
10 in a room, the safer people felt, yes. 03:04:52PM  
11 What was it in particular that created the concern for you? 03:05:00PM  
12 Was it The Age article?---Yes. 03:05:05PM  
13 And where Mr Staindl indicated in that email, 'Intimate events 03:05:11PM  
14 such as the one they had at the Flower Drum with you know 03:05:16PM  
15 who', are you aware of Mr Woodman attending an intimate 03:05:20PM  
16 event at the Flower Drum?---Only through the information 03:05:24PM  
17 that's come through from listening to IBAC. 03:05:27PM  
18 That's not something that you were part of organising?---I know 03:05:30PM  
19 that - yes, I'm not sure that that was a 03:05:36PM  
20 Progressive Business event. 03:05:38PM  
21 COMMISSIONER: Ms Harris, did Mr Staindl give evidence about 03:05:41PM  
22 who - I'm just wondering whether perhaps you need to show 03:05:47PM  
23 Ms Morales the relevant document. 03:05:50PM  
24 MS HARRIS: I can. 03:05:56PM  
25 COMMISSIONER: But did Mr Staindl give evidence as to who it 03:05:57PM  
26 was that conveyed to him that he needed to give this 03:06:00PM  
27 message to Ms Morales about Woodman attending? There's a 03:06:02PM  
28 reference there to 'nervous Nellies' in the Premier's 03:06:09PM  
29 office, but did Mr Staindl give evidence as to the source 03:06:13PM

1 of his information that gave rise to this communication? 03:06:16PM

2 MS HARRIS: I can't recall off the top of my head, 03:06:23PM

3 Commissioner. I'm instructed the answer is no. 03:06:25PM

4 COMMISSIONER: No, I don't think he did. Perhaps you might 03:06:28PM

5 bring that up. 03:06:30PM

6 MS HARRIS: Yes, it's page 5006, please. I'll just give you a 03:06:31PM

7 moment to read that?---Thank you. I've read that, thank 03:06:46PM

8 you. 03:07:08PM

9 Was that a message that had come to you via anyone in the 03:07:09PM

10 Premier's office that they didn't want Mr Woodman 03:07:19PM

11 attending certain types of Progressive Business 03:07:22PM

12 functions?---They wouldn't engage with me ad hoc like 03:07:24PM

13 that. The feedback would come when we would organise an 03:07:27PM

14 event and then pre-send a list of who's attending. 03:07:31PM

15 Right?---And then generally at quite short notice we would be 03:07:36PM

16 told who could and couldn't attend, and then I would need 03:07:39PM

17 to deal with the repercussions of that. 03:07:43PM

18 I see. So it wouldn't be in advance, if you like, that 'In the 03:07:46PM

19 event that there's a function, we don't want this person 03:07:51PM

20 to attend'?---Definitely not, no. 03:07:53PM

21 And is that something that you conveyed then to Mr Staindl, 03:07:56PM

22 that there are certain events that are okay for Mr Woodman 03:08:02PM

23 to attend, but others were not?---I don't recall having 03:08:06PM

24 that conversation or giving him that advice directly. 03:08:10PM

25 COMMISSIONER: I must say my impression, and it's only an 03:08:15PM

26 impression, Ms Harris, is this is what Mr Staindl's been 03:08:17PM

27 told by someone else and he's now conveying to Ms Schutz 03:08:21PM

28 the limitations on how they can attend functions in the 03:08:26PM

29 immediate future. 03:08:31PM

1 MS HARRIS: Yes, Commissioner, and I just wanted to elicit from 03:08:33PM  
2 this witness whether that was in fact the position of 03:08:36PM  
3 Progressive Business as well. 03:08:38PM  
4 COMMISSIONER: Yes. 03:08:39PM  
5 MS HARRIS: Thank you. I tender that, Commissioner. It's not 03:08:40PM  
6 an exhibit already. 03:08:42PM  
7 COMMISSIONER: That will be exhibit 350. 03:08:43PM  
8 #EXHIBIT 350 - Court book page 5006. 03:08:46PM  
9 MS HARRIS: You knew Ms Schutz, did you?---I did know of her. 03:08:53PM  
10 What level of interaction did you have with her?---I met her 03:08:57PM  
11 individually to sign her up as membership through a 03:09:05PM  
12 recommendation of Staindl, and then knew of her more 03:09:08PM  
13 through her representing Woodman. 03:09:14PM  
14 So did she hold a membership separately to Watsons, did 03:09:17PM  
15 she?---She had an individual membership for some time, 03:09:21PM  
16 yes. 03:09:24PM  
17 And did she hold a package as well that was separate to the 03:09:25PM  
18 package with Watsons?---No, she did not. 03:09:30PM  
19 I see. We've heard some evidence that during an event with the 03:09:33PM  
20 Minister for Planning Ms Schutz perhaps overstepped the 03:09:43PM  
21 line with some questions. Are you aware of that 03:09:47PM  
22 occurring?---I am aware of that, yes. 03:09:52PM  
23 Were you present when that occurred?---I was not in the room, 03:09:54PM  
24 no. 03:09:58PM  
25 What were the repercussions of that incident?---I think she 03:09:58PM  
26 lost a certain amount of respect in many ways, yes. 03:10:07PM  
27 Was it the situation that she was not allowed to attend certain 03:10:14PM  
28 Progressive Business events after that?---There was 03:10:21PM  
29 definite caution. I think she came to one some time after 03:10:28PM

1           that. I believe she self-excluded. 03:10:31PM

2 Right. But that wasn't a direction that came through you or a 03:10:36PM

3 suggestion that came through you?---Not a direct request 03:10:42PM

4 from myself, no. 03:10:47PM

5 Was that something you discussed with Mr Staindl at any 03:10:49PM

6 time?---Yes. 03:10:51PM

7 And what was the nature of those conversations?---Well, 03:10:52PM

8 immediately post the event he indicated to me what had 03:10:59PM

9 happened. I knew that there was a probity officer in the 03:11:02PM

10 room as well as a management committee member, so it had 03:11:08PM

11 been defused. However, I think Mr Staindl I recall - and 03:11:11PM

12 these might not be his words - but that there was likely 03:11:16PM

13 to be some long-term repercussions of her doing that 03:11:19PM

14 because it wasn't appropriate. So she had damaged the 03:11:23PM

15 relationship. 03:11:28PM

16 Did the minister or any of his staff say anything to you about 03:11:30PM

17 that incident?---I don't recall that, no. 03:11:34PM

18 Commissioner, I'm about to move on to a different topic. Is 03:11:39PM

19 that an appropriate time for a short break? 03:11:43PM

20 COMMISSIONER: Certainly. We'll have a 10-minute break now, 03:11:46PM

21 Ms Morales?---Thank you. 03:11:48PM

22 You're welcome to speak to Mr Imrie during that time if you 03:11:50PM

23 wish?---Thank you. 03:11:55PM

24           (Short adjournment.) 03:11:56PM

25 COMMISSIONER: Are you ready to proceed, Ms Morales?---Thank 03:30:54PM

26 you. 03:30:57PM

27 Yes, Ms Harris. 03:30:57PM

28 MS HARRIS: Ms Morales, can I just go back to something. 03:30:59PM

29 I just wanted to check if I heard you correctly in 03:31:02PM

1 relation to pricing for various events, that pricing could 03:31:04PM  
2 go up to as much as \$500,000 for an event?---Yes. 03:31:09PM  
3 Did I hear that correctly?---Yes, so a ticket to an 03:31:14PM  
4 event - that wasn't common practice, but it could - we 03:31:18PM  
5 could charge \$5,000 for a ticket to an event. 03:31:22PM  
6 What event would you charge that kind of money for?---It would 03:31:25PM  
7 be a boardroom with what we would call one of the 03:31:28PM  
8 ministers that was very popular, so the Premier, the 03:31:32PM  
9 Treasurer. 03:31:36PM  
10 And did that happen, did you have a boardroom event where you 03:31:37PM  
11 charged \$500,000 for a ticket?---Yes, I believe so. 03:31:41PM  
12 Certainly during my tenure, yes. Not always, but it did 03:31:44PM  
13 happen. 03:31:47PM  
14 How many of those events did you have during your time?---It 03:31:47PM  
15 would have been more around coming up into - closer to 03:31:51PM  
16 campaign. A couple. A handful. I'm not exactly sure how 03:31:55PM  
17 many. Prices would go up closer to campaign. 03:32:02PM  
18 Did Mr Woodman or any of his cohort attend and pay that kind of 03:32:06PM  
19 price for a ticket?---It would have been included in their 03:32:13PM  
20 package benefits. 03:32:16PM  
21 I see. As opposed to a separate cost?---That's correct. 03:32:17PM  
22 And did Mr Woodman have that included in any of his packages in 03:32:24PM  
23 your time at Progressive Business?---It's likely that he 03:32:28PM  
24 attended an event at that price, potentially. 03:32:33PM  
25 With Megan Schutz, do you know?---Well, certainly after 2017 03:32:36PM  
26 Woodman wasn't attending things, so Phil Staindl and 03:32:47PM  
27 Schutz would attend. 03:32:52PM  
28 And do you have a recollection of either of those two people 03:32:53PM  
29 attending a function that would have been ticketed at 03:32:56PM

1 \$500,000?---Oh, 5,000, not 500,000. 03:33:01PM  
2 5,000, thank you?---Pardon me. Sorry, my brain's a little 03:33:07PM  
3 fuzzy. 5,000, not 500,000. Goodness gracious. Pardon 03:33:11PM  
4 me. There is no event - pardon me, thank you, there is no 03:33:17PM  
5 event - - - 03:33:21PM  
6 No event where there was a ticket for \$500,000?---That is 03:33:23PM  
7 absolutely accurate. There was no event at 500,000. 03:33:26PM  
8 Thank you. I just wanted to clarify?---Thank you for 03:33:29PM  
9 clarifying that. Goodness gracious. 03:33:32PM  
10 Other than what you've described already, that is the 03:33:35PM  
11 collection of funds, if I can put it that way, being 03:33:37PM  
12 transferred into the State campaign fund, did 03:33:40PM  
13 Progressive Business play any other role in fundraising 03:33:45PM  
14 for the Labor Party?---No. 03:33:49PM  
15 When the reforms came in in 2018, what impact did that have, if 03:33:55PM  
16 any, on the activities of Progressive Business?---A 03:34:00PM  
17 tremendous impact. 03:34:05PM  
18 Can you explain those to us?---Well, I knew that we weren't 03:34:06PM  
19 able to operate the way that we normally had. PB would no 03:34:11PM  
20 longer be able to donate substantial amounts of money to 03:34:16PM  
21 the party, and there was - progressively there was less 03:34:20PM  
22 appetite or interest in what I would class as my product, 03:34:26PM  
23 which were the ministers, being involved in the program. 03:34:30PM  
24 When you say that you wouldn't be able to donate as much was 03:34:36PM  
25 that due to the caps and the thresholds that had been 03:34:39PM  
26 brought in?---That is correct. 03:34:42PM  
27 And what did you attribute the loss of interest in your product 03:34:44PM  
28 to?---The fact that they wouldn't be available. 03:34:49PM  
29 I couldn't put a substantial program together. 03:34:54PM

1 COMMISSIONER: Ms Morales, did you not get any indication at a 03:35:03PM  
2 ministerial level that ministers still wanted to have that 03:35:09PM  
3 level of interaction with business?---There was some 03:35:12PM  
4 appetite to ensure that dialogue was continued, but it was 03:35:20PM  
5 never an obligation. It was a direction from 03:35:23PM  
6 the Premier's office that ministers would engage with 03:35:28PM  
7 Progressive Business and they could see that that would be 03:35:30PM  
8 helpful and would allow us to function the way we had 03:35:32PM  
9 been. But they were never obliged to and they had the 03:35:35PM  
10 right to refuse to do events for Progressive Business. 03:35:38PM  
11 Yes, sorry, I meant after the legislative reforms came in, 03:35:44PM  
12 you've indicated that from the business perspective 03:35:51PM  
13 businesses - the contribution by way of membership or 03:35:54PM  
14 packages declined?---M-hmm. 03:36:01PM  
15 But was there any indication by ministers in that after the 03:36:03PM  
16 reform environment that they still wanted to continue 03:36:09PM  
17 liaising with business through you?---I certainly wasn't 03:36:12PM  
18 getting that impression. 03:36:18PM  
19 MS HARRIS: Was it part of your role then to become familiar 03:36:25PM  
20 with the new electoral laws and how they would impact on 03:36:28PM  
21 Progressive Business?---Yes, I needed to be across that 03:36:33PM  
22 and understand that. 03:36:38PM  
23 Were you provided with any training in that regard or was that 03:36:39PM  
24 something that you did of your own accord?---Not anything 03:36:42PM  
25 than other that was publicly available. 03:36:48PM  
26 Did you give any members advice about what the change in laws 03:36:53PM  
27 would mean for them, for their membership?---Only the 03:36:57PM  
28 information that was publicly available around the cap and 03:37:00PM  
29 that now you would only be able to directly donate to the 03:37:04PM

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party at \$1,000 a year for four years.

All right. Did you become aware of any loopholes or vulnerabilities that were utilised in relation to the new electoral laws?---It was apparent to me through communicating with Gavin Jennings and Lee Tarlamis when Progressive Business wanted to understand the legislation which had been passed, you know, how would Progressive Business operate. They made it very clear that it wouldn't operate in any way like it had before and that those rules of - sorry, the rules of donating \$1,000 a year over four years would apply equally to Progressive Business. If Progressive Business had surplus funds the only way it could donate to the Australian Victorian branch would be into a Commonwealth bank account for Federal fundraising activity; so Federal Victorian based ministers.

COMMISSIONER: Who suggested that?---Who suggested that?

I believe that information came from the State secretary. So that hadn't previously been the case, that an option available to you was to direct the contributions to a Federal fund?---That's correct. Progressive Business did not fundraise federally. That was the Federal Labor businesses forum job.

So I take it this is a post reform suggestion?---Yes.

So what was actually being suggested to you? What might you do to facilitate contributions into a Federal fund?---If there were funds available I might use that, but it was never really discussed or actioned or desirable from my perspective, the management committee's perspective, the

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03:39:17PM  
03:39:21PM  
03:39:26PM

1 party's perspective or our members. The members joined to 03:39:30PM  
2 get access to State ministers, not to do anything 03:39:33PM  
3 federally. There just wasn't any appetite from anyone. 03:39:39PM  
4 Again, I'm sorry, I'm not following then. What was the 03:39:43PM  
5 suggestion made by the State - was it the State secretary 03:39:48PM  
6 you said?---Correct. So the State secretary indicated 03:39:52PM  
7 that if there was any surplus at any point that if PB was 03:39:57PM  
8 to donate money this is the way it would have to be done 03:40:04PM  
9 to be legal. 03:40:07PM  
10 To go to the Federal fund?---Correct. 03:40:10PM  
11 And how would it come back to assist State members?---It would 03:40:14PM  
12 not. It wouldn't. There was no longer a vehicle for 03:40:20PM  
13 Progressive Business to fundraise for a State campaign. 03:40:28PM  
14 That was never discussed. It would actually have to 03:40:33PM  
15 fundamentally change. 03:40:36PM  
16 I understand you couldn't?---Yes. 03:40:37PM  
17 But if the suggestion was that if you received funds and they 03:40:40PM  
18 were then transferred to a Federal fund the implication 03:40:47PM  
19 was that might in some way in turn assist a State 03:40:52PM  
20 campaign?---I certainly wasn't privy to any of that or nor 03:40:58PM  
21 was that suggested to me in any way. It was made very 03:41:05PM  
22 clear that there was no loophole in that regard. This was 03:41:09PM  
23 just a - - - 03:41:14PM  
24 So the suggestion was only, 'If you've got surplus funds, give 03:41:15PM  
25 them to the Federal campaign. They'll be used in the 03:41:19PM  
26 Federal campaign;' is that what you're saying?---That is 03:41:22PM  
27 100 per cent what I'm saying. PB would no longer be 03:41:25PM  
28 fundraising for State campaigning. It would have to 03:41:31PM  
29 fundamentally change the way it fundraised. 03:41:33PM

1 MS HARRIS: And that money that Progressive Business had would 03:41:38PM  
2 need to then be paid into the Federal account; is that 03:41:40PM  
3 right?---That is accurate. 03:41:44PM  
4 And is that what in fact occurred?---I don't have the answer to 03:41:45PM  
5 that. It didn't happen during my tenure. 03:41:49PM  
6 All right. When you indicated in answer to the Commissioner's 03:41:52PM  
7 question a few moments ago that members joined to get 03:41:56PM  
8 access to State ministers, in fact that's what they paid 03:41:59PM  
9 for, wasn't it?---Yes. 03:42:03PM  
10 We've heard some evidence about invoice splitting, for want of 03:42:05PM  
11 a better word. Did that occur to the best of your 03:42:20PM  
12 knowledge with any invoices for 03:42:23PM  
13 Progressive Business?---Yes. 03:42:29PM  
14 What was the purpose of invoice splitting?---It was following a 03:42:29PM  
15 client's request and what they would refer to as, like, a 03:42:35PM  
16 payment plan. 03:42:38PM  
17 Right. Did you assist John Woodman to invoice split or to 03:42:39PM  
18 spread his membership over various entities?---Yes. 03:42:47PM  
19 Could we call up page 3917, please. This is exhibit 247, 03:42:53PM  
20 Commissioner. If we just scroll down, please, so we can 03:43:03PM  
21 see that email from you, and I'll just give you an 03:43:27PM  
22 opportunity to read that?---I've read that, thank you. 03:43:29PM  
23 Can I just ask, you indicate there - and that's an email of 03:43:49PM  
24 31 July 2018 from you to Mr Woodman?---Yes. 03:43:54PM  
25 That in light of the reforms indicated by Mr Staindl it would 03:43:58PM  
26 seem advantageous to activate the invoices before 03:44:03PM  
27 1 October 2019?---Yes. 03:44:07PM  
28 Why was that? What was the advantage of doing that?---So the 03:44:10PM  
29 advantage of splitting invoices? 03:44:27PM

1 COMMISSIONER: First, what's the critical feature of the date 03:44:35PM  
2 of 1 October?---I'm not sure what the advantage of that 03:44:38PM  
3 is. 03:44:44PM  
4 What date did the reforms commence?---They were post 03:44:46PM  
5 the - maybe there's an error in that date. Immediately 03:44:54PM  
6 after the 2018 election. 03:44:57PM  
7 Yes?---Yes, I think there's an error in that date. 03:45:00PM  
8 MS HARRIS: So the line above it where it indicates that the 03:45:04PM  
9 platinum package for \$50,000 for the 18/19 financial year 03:45:08PM  
10 to be invoiced before the 24 November election, was that 03:45:15PM  
11 to ensure that that was paid prior to the reforms - the 03:45:20PM  
12 amendments coming in?---Yes. 03:45:26PM  
13 COMMISSIONER: So that should read '1 October 2018'?---Yes, 03:45:30PM  
14 Mr Commissioner, I think you're right. 03:45:33PM  
15 MS HARRIS: And then what would be the benefit then of 03:45:38PM  
16 receiving that money prior to the reforms?---Because post 03:45:40PM  
17 the reform you couldn't behave the way that you had been. 03:45:46PM  
18 You couldn't donate. 03:45:52PM  
19 And then the next line indicates that Mr Woodman is to indicate 03:45:54PM  
20 the companies he would like Progressive Business to raise 03:45:59PM  
21 invoices for and the amount?---Yes. 03:46:01PM  
22 Then if we scroll up, please, if we keep going - I can indicate 03:46:04PM  
23 to you, Ms Morales, that these are then internal 03:46:13PM  
24 communications at Watsons about how that should be 03:46:16PM  
25 divided. And if we can keep scrolling up, please. A bit 03:46:21PM  
26 further, please. If we can just stop there. Sorry, if we 03:46:29PM  
27 just go up a tiny bit more we can see that's from Mr Daff 03:46:36PM  
28 to you, and he there provides the various entities that 03:46:41PM  
29 are to be invoiced. 03:46:47PM

1 COMMISSIONER: That's still using the date 1 October 19, 03:46:50PM  
2 Ms Morales; so how a mistake can be 03:46:56PM  
3 perpetuated?---Correct. 03:47:02PM  
4 MS HARRIS: And if we scroll further up, please. Thank you. 03:47:04PM  
5 This is then from you dividing up the invoices, and you've 03:47:15PM  
6 there suggested separate payment dates for each 03:47:23PM  
7 entity?---Yes. 03:47:29PM  
8 Why is that?---So that's as per a payment plan. That would 03:47:30PM  
9 have been discussed with the member. 03:47:35PM  
10 That he wanted it spread out over, what, that's about a 03:47:40PM  
11 four-week period or thereabouts?---Yes. 03:47:45PM  
12 COMMISSIONER: What were the campaign caps prior to the reform 03:47:51PM  
13 following the - I'm sorry, before the 2018 03:47:57PM  
14 election?---I believe they were over 13,000. Yes, 13,400 03:48:05PM  
15 or something. It used to go up about \$200 a year. 03:48:10PM  
16 Was there any provision then that that cap applied to 03:48:14PM  
17 associated persons or entities so that - - -?---No. 03:48:23PM  
18 Contributions were accumulated?---No, it wasn't a cumulative. 03:48:27PM  
19 So this is a way around the cap then?---It appears that in 03:48:31PM  
20 hindsight, yes. 03:48:36PM  
21 I think Ms Sullivan - I don't know if you followed her evidence 03:48:38PM  
22 this morning?---I did. 03:48:45PM  
23 In her conversation with Mr Woodman of 26 February 2019 at 03:48:48PM  
24 lines 88-9, she also noted they had an arrangement with 03:48:55PM  
25 Mr Woodman about splitting the invoices between companies. 03:49:01PM  
26 So it seems that this was a ploy that was being adopted on 03:49:07PM  
27 both sides of the political agenda to avoid the cap that 03:49:13PM  
28 then existed?---It certainly appears that way, 03:49:20PM  
29 Commissioner. 03:49:23PM

1 MS HARRIS: And that's in fact what was going on here with 03:49:25PM  
2 Mr Woodman's contribution, wasn't it? It was broken up to 03:49:28PM  
3 avoid the need to disclose the \$50,000 contribution?---I'm 03:49:30PM  
4 not sure if it was, you know, an implicit request or 03:49:37PM  
5 implied, but this was certainly a practice that was 03:49:44PM  
6 inherited during my tenure. 03:49:46PM  
7 And when you were assisting Mr Woodman with this you knew that 03:49:48PM  
8 it was for that purpose, didn't you?---I think I knew 03:49:51PM  
9 that. 03:49:56PM  
10 COMMISSIONER: Is this whole email chain, Ms Harris, part of 03:50:01PM  
11 exhibit 247? 03:50:05PM  
12 MS HARRIS: That's my understanding, Commissioner, yes. Pardon 03:50:06PM  
13 me for a moment. Of the clients that you dealt with with 03:50:20PM  
14 Progressive Business, how many others engaged in invoice 03:50:24PM  
15 splitting like we've just seen the example of there?---It 03:50:27PM  
16 certainly wasn't common practice. A couple maybe. 03:50:36PM  
17 When you say 'a couple', is that less than five?---Less than 03:50:43PM  
18 five. 03:50:47PM  
19 In the time that you were with Progressive Business, was that a 03:50:49PM  
20 practice that Mr Woodman engaged in each time he needed to 03:50:54PM  
21 renew his membership?---I'm not sure it was every single 03:51:00PM  
22 time. But once he became a package holder that was a 03:51:05PM  
23 consistent payment method. 03:51:12PM  
24 And when was it that he became a package holder?---I think that 03:51:14PM  
25 first bit of evidence might have indicated that, with the 03:51:17PM  
26 review of what their spend was on an individual basis. 03:51:21PM  
27 I can't remember dates, sorry. Was that 2016? 03:51:26PM  
28 Yes, I think that's when it was. 03:51:29PM  
29 COMMISSIONER: So, Ms Morales, since the 2018 reforms are you 03:51:36PM

1 aware of any particular method that is being employed or 03:51:43PM  
2 it is intended will be employed to circumvent the effect 03:51:52PM  
3 of the donation law?---I'm not aware of anything, no, 03:51:57PM  
4 sorry. 03:52:00PM  
5 You haven't been party to any discussion about - - -?---No, 03:52:01PM  
6 sir, I have not. No. 03:52:05PM  
7 MS HARRIS: Ms Morales, according to the AEC records the 03:52:10PM  
8 Victorian Labor Party for the financial year 18/19 03:52:15PM  
9 recorded receipts from Progressive Business 03:52:20PM  
10 totalling - recorded that Progressive Business donated 03:52:25PM  
11 \$1,143,000. Does that sound right to you?---It does sound 03:52:29PM  
12 right. 03:52:37PM  
13 Am I right in assuming that the documentation that's provided 03:52:38PM  
14 to the AEC just then lists Progressive Business as the 03:52:44PM  
15 donor?---To indicate - so who's reporting, sorry, 03:52:52PM  
16 counsellor? 03:53:02PM  
17 This is the Labor Party?---I don't know how that part works. 03:53:03PM  
18 I'm not - the ALP Vic branch is responsible for recording 03:53:10PM  
19 who donates to it. But, yes, that would make sense to me, 03:53:15PM  
20 that it would say Progressive Business only. 03:53:20PM  
21 COMMISSIONER: So, in the fund moving out of the account of 03:53:23PM  
22 Progressive Business to the State fund or to a Federal 03:53:28PM  
23 fund, would you provide particulars of each individual 03:53:33PM  
24 that had contributed to that fund?---No, I would not. No. 03:53:39PM  
25 So if someone wanted to find out who had contributed they would 03:53:44PM  
26 have to come back to your records?---Yes, they would. 03:53:48PM  
27 And even then, by the sounds of the way the fund operated, it 03:53:50PM  
28 would take quite a challenge to unravel exactly who 03:53:55PM  
29 contributed to what that was actually paid into the 03:54:00PM

1 fund?---I think that would have been quite transparent. 03:54:03PM  
2 Everything was invoiced out, and then moneys came in and 03:54:08PM  
3 there was an accounting system to record invoices and 03:54:12PM  
4 income. So I think we could - you know, if someone asked 03:54:17PM  
5 and really wanted to see that they could. If you're 03:54:21PM  
6 talking about the AEC reporting, then there's a bulk 03:54:23PM  
7 amount reported there of your accumulative fund amounts 03:54:29PM  
8 and you only split out those that are over the threshold, 03:54:32PM  
9 the invoices over the threshold. 03:54:35PM  
10 I rather meant if, as I understood your evidence, the money is 03:54:37PM  
11 all paid into the one fund - - -?---Yes, it is. 03:54:43PM  
12 Out of that fund comes expenses - - -?---Yes. 03:54:46PM  
13 Wages and so on, and there's an amount - there's a balance 03:54:50PM  
14 left?---Yes. 03:54:54PM  
15 And it's that balance which is then passed across to the State 03:54:54PM  
16 fund?---Yes. 03:54:58PM  
17 It would be very difficult to unravel what portion of that is 03:55:00PM  
18 attributable to what?---Okay. Yes. 03:55:04PM  
19 Is that correct?---Yes; not you couldn't unravel it but, yes, 03:55:08PM  
20 I agree with you. 03:55:13PM  
21 MS HARRIS: Just in fairness to you, Ms Morales, you indicated 03:55:17PM  
22 in answer to the Commissioner's question that you had to 03:55:20PM  
23 separate out entities that donated over the 03:55:22PM  
24 threshold?---Yes. 03:55:26PM  
25 If we could pull up page 3825, please, this is an associated 03:55:26PM  
26 entity disclosure return for the financial year 2017/18. 03:55:34PM  
27 I think you indicated earlier you were responsible for 03:55:39PM  
28 filling out that documentation; is that right?---Yes. 03:55:42PM  
29 That is correct. 03:55:48PM

1 Does this look familiar to you?---Yes. 03:55:50PM  
2 And if we could just scroll down, please. So obviously 03:55:52PM  
3 Progressive Business is considered an associated 03:55:59PM  
4 entity?---That's correct. 03:56:03PM  
5 And then you are nominated as the financial controller for this 03:56:03PM  
6 purpose?---M-hmm. 03:56:08PM  
7 If we could continue scrolling down, please. Can we keep 03:56:10PM  
8 going, please?---It's still a blank page for me. 03:56:21PM  
9 I think we're getting there, sorry?---That's okay. 03:56:39PM  
10 There we go?---Okay. 03:56:43PM  
11 If you want to stop at any stage let us know, otherwise we'll 03:56:45PM  
12 keep scrolling?---That's fine. 03:56:52PM  
13 And then we see the breakdown, do we, of some that are over the 03:56:59PM  
14 disclosure threshold?---That is correct. 03:57:05PM  
15 If we just stop there towards the bottom of the page we can see 03:57:09PM  
16 there there's an entry for Watsons Pty Ltd for 03:57:14PM  
17 25,000?---Yes. 03:57:18PM  
18 And if we just continue to the end of that document. So you're 03:57:22PM  
19 responsible for compiling that, are you?---Yes. 03:57:26PM  
20 And lodging that with the AEC?---Yes. 03:57:29PM  
21 Or you were - - -?---Yes. 03:57:31PM  
22 In that role?---Yes. 03:57:33PM  
23 I tender that document, Commissioner. 03:57:34PM  
24 COMMISSIONER: That will be exhibit 351, associated entity 03:57:38PM  
25 return for Progressive Business 2017/18. 03:57:43PM  
26 #EXHIBIT 351 - Associated entity return for Progressive 03:57:43PM  
27 Business 2017/18. 03:57:53PM  
28 MS HARRIS: Just one final matter, returning to discussions 03:57:53PM  
29 about Phil Staindl, was it your understanding that it was 03:57:57PM

1 Mr Staindl's practice to introduce his clients to 03:58:01PM  
2 Progressive Business in order for them to become members 03:58:05PM  
3 and package holders?---I think it was a practice that he 03:58:08PM  
4 had. Whether it was, you know, his key priority, I'm not 03:58:12PM  
5 convinced it was. Yes. 03:58:16PM  
6 Pardon me for a moment. Excuse me for a moment, 03:58:19PM  
7 Mr Commissioner. 03:58:47PM  
8 COMMISSIONER: Yes. 03:58:47PM  
9 MS HARRIS: Ms Morales, just a final question. Did 03:59:18PM  
10 Progressive Business or anyone within Progressive Business 03:59:21PM  
11 to the best of your knowledge ever make suggestions as to 03:59:23PM  
12 members donating to particular campaigns?---No. 03:59:27PM  
13 I don't have any other questions of this witness, Commissioner. 03:59:36PM  
14 COMMISSIONER: Yes, Ms Harris. Mr Imrie, do you have any 03:59:40PM  
15 questions or would you like a moment to confer with your 03:59:47PM  
16 client? 03:59:49PM  
17 MR IMRIE: No questions. 03:59:51PM  
18 COMMISSIONER: No questions? 03:59:55PM  
19 MR IMRIE: And no need to consult with Ms Morales either. 03:59:56PM  
20 Thank you. 03:59:59PM  
21 COMMISSIONER: Thank you. So I take it, Ms Harris, Ms Morales 04:00:00PM  
22 can be discharged from her summons? 04:00:06PM  
23 MS HARRIS: Yes, please, Commissioner. 04:00:09PM  
24 COMMISSIONER: Yes. So I thank you for your attendance, 04:00:10PM  
25 Ms Morales. Should you have a wish to see the transcript 04:00:14PM  
26 of your evidence or a video recording of your evidence, 04:00:19PM  
27 please just let the Commission know and we'll make 04:00:22PM  
28 arrangements for that to occur. Otherwise this 04:00:25PM  
29 examination will now be at an end and thank you again for 04:00:30PM

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your cooperation. Ms Harris, tomorrow?

MS HARRIS: There's no witness tomorrow. The next witness will  
be on Wednesday, Mr Nehme.

COMMISSIONER: Thank you very much. So the hearing today is  
concluded.

WITNESS: Thank you.

<(THE WITNESS WITHDREW)

ADJOURNED UNTIL WEDNESDAY, 9 DECEMBER 2020

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