



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

(Reference: [Inquiry into Auditor-General's Report No 8 of 2018: Assembly of rural land west of Canberra](#))

**Members:**

**MRS V DUNNE (Chair)**  
**MS T CHEYNE (Deputy Chair)**  
**MS B CODY**  
**MS N LAWDER**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 4 DECEMBER 2019**

**Secretary to the committee:**  
**Dr B Lloyd (Ph: 620 50137)**

**By authority of the Legislative Assembly for the Australian Capital Territory**

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

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## **Privilege statement**

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*Amended 20 May 2013*

**The committee met at 9.31 am.**

**MASON, MR JOHN**, formerly of the Land Development Agency

**THE CHAIR:** Welcome to the sixth day of hearing of the Standing Committee on Public Accounts inquiry into Auditor-General report No 8 of 2018: *Assembly of rural land west of Canberra*. This morning we will hear from Mr John Mason, the former director of sales and marketing in the land management authority. Mr Mason, have you read and understood the pink privilege statement?

**Mr Mason:** I have, and I do.

**THE CHAIR:** The committee has asked you here today because there is a discussion in the Auditor-General's report about the payment of an invoice. As the committee inquired about the payment of that invoice, your name kept occurring. At the outset, for the benefit of the committee, could you describe what your duties were in the Land Development Agency. Then we will come to the issue of the invoice itself.

**Mr Mason:** It depends on what time you are talking about. What date are we talking about? The last time I was there? I was director at the end of the LDA. Up until when I left, in June 2017, I was director of sales, marketing and land management. I oversaw the sales and marketing of all the government land that was sold. The land management team actually moved on prior to that, but basically I oversaw the successful release in sales of ACT government sites, whether they be commercial, industrial or residential, all around Canberra.

**THE CHAIR:** What were you doing in 2015-16?

**Mr Mason:** I think I was a valuation and sales manager. I would have to check that one; I am not sure. I was at the LDA for seven years and I changed positions every year for a couple of years, I think.

**THE CHAIR:** On page 106 of the Auditor-General's report it discusses an invoice from Colliers International which was received in December 2015, for \$298,000 and change.

**Mr Mason:** Yes.

**THE CHAIR:** The Auditor-General discusses the fact that there do not appear to have been appropriate procedures for the payment of that invoice. Various people have spoken about some role in that, but we have never been able to tie down who signed off on the payment. It was put to the committee by a number of witnesses that you may have had some involvement in the payment of that invoice. Can you cast any light at all on the payment of that invoice?

**Mr Mason:** It is a long time ago and I cannot remember everything exactly. I am pretty sure I did commence the payment of that to start with. Back then, I am a bit hazy as to whether the old panel arrangements were in place where work orders were not required because they had already stated their fees and charges in the old panel

arrangement and when we procured work for our agents and valuers we did not have to use a work order for them because they had already set down their fees and charges. As to who procured that work in the first place, I do not know. I am sure it was either Dan Stewart or David Dawes. Before I signed off on that, I did speak to someone that was above me. I said, "This has been hanging around for months. What do I do with it?" I was told by David someone—I cannot remember who it was. An executive director told me to process it.

**MS CHEYNE:** Was it Daniel Bailey?

**Mr Mason:** No, not Daniel Bailey. I think he was away at the time.

**MS CHEYNE:** Okay.

**Mr Mason:** I was just asked to process it, and I did. It went through the CFO. And, as I said in the email I sent, I do remember the CFO coming down to question it with me. I said—

**THE CHAIR:** Sorry, I did not hear that? You remember someone—

**Mr Mason:** Anita Hargreaves, I think, came down and said, "John, there is no work order on this." I said, "Look, I know there is not, but I have just been told to process it." That is all. That is all I know. I remember seeing the amount, but I do not know what work was involved or whether it was good value or not. I do not know how much or whether they employed third parties who were involved in there as well. I have no idea.

**THE CHAIR:** So your contention is that you were instructed to process this by one of the directors?

**Mr Mason:** Yes. I cannot remember. Yes, I would. I would not have done it otherwise, because I did not know anything about it.

**THE CHAIR:** So it was not for work that you commissioned?

**Mr Mason:** No.

**THE CHAIR:** Or that anyone in your chain of command commissioned?

**Mr Mason:** Not at all.

**THE CHAIR:** Why do you think that you would have been asked to process the account?

**Mr Mason:** I do not know. Sorry, I cannot remember. I honestly do not know. I just processed it because I was asked to. As I said, in hindsight, I probably should not have.

**MS CHEYNE:** Just confirming, Mr Bailey was your supervisor at the time and he was away?

**Mr Mason:** I think so, yes. He moved into a newly created position, I think. I do not know what date. But when he was there he was my supervisor, yes.

**MS CHEYNE:** I am just trying to pull together all the different information we have been told by various people. He mentioned your name quite a lot. I think he said that your position was director of sales, marketing and land management at the time.

**Mr Mason:** Yes.

**MS CHEYNE:** That sounds about right to you?

**Mr Mason:** At the time Daniel was there, yes.

**MS CHEYNE:** Yes, at the time he was there.

**Mr Mason:** Daniel was not there when that work was procured.

**MS CHEYNE:** He was not there when the work was procured?

**Mr Mason:** No.

**MS CHEYNE:** But he was there when the invoice was floating around and needed to be paid?

**Mr Mason:** I believe so. What date was that?

**MS CHEYNE:** I believe it was 23 December and the invoice was paid on 18 February 2016.

**Mr Mason:** It was 23 December 2015?

**MS CHEYNE:** Yes.

**Mr Mason:** Sorry, I cannot help you with exactly why I sent it through, but I just remember being told to process it.

**MS CHEYNE:** You cannot recall who told you to process it?

**Mr Mason:** I do not know. It may have been David Dawes, it may have been Dan Stewart. I think Dan was there at the time. Was he there in December 2015?

**THE CHAIR:** I think so, yes.

**Mr Mason:** It could have been either of them. I do not remember. It was not something I normally did. All the valuations and sales invoices went through me. That is why I somehow ended up with this, even though I had nothing to do with it. All those evaluation processes were done through me, through proper procedures, but this one was procured outside my area.

**MS CHEYNE:** I was not here at the last hearing, so please correct me, those who

were, but I understand that Mr Powderly from Colliers said that, there was basically—and I think you touched on this before—an ongoing panel arrangement with Colliers.

**Mr Mason:** It could have been a panel arrangement where records were not required, under the old panel arrangements. It could have been. I do not know off the top of my head when that changed. I know it definitely changed after the Auditor-General spent a fair bit of time working on the procedures that the LDA had at the time.

**MS CHEYNE:** I understand that the strategy report was, in itself, quite short. Has Mr Powderly sent that through to you? No? It was only a couple of pages.

**THE CHAIR:** I thought it was four.

**MS CHEYNE:** Four, yes; that is my memory as well. Does four pages resulting in a \$289,000 payment seem like a lot to you, based on the other experience you had in that workplace?

**Mr Mason:** As I said, I do not know how much work Paul did outside the four written pages. I do not know whether he could get third parties to assist him in that, whether he paid them. But the amount of \$300,000 was not an unusual amount to pay. That is the equivalent to the commission on a \$12 million site. Those amounts were not unusual, although this was not a \$12 million sale. It was different. But, as I said, I do not know. I was not involved in the procurement or how much work Paul did or Colliers did.

**MS CHEYNE:** In terms of submitting something to the CFO to sign off, is that something that you did regularly and are you able to explain what would be the usual process?

**Mr Mason:** The process was to sign off on the accounts and then they had to go through the CFO to be formally approved. The CFO had the right to knock back anything. If the CFO saw this as being unfit to pay, I assume they should not have paid it.

**MS CHEYNE:** She saw it as being a what, sorry?

**Mr Mason:** If the CFO saw this account as being unfit to pay, they probably should not have paid it. But, as I said, I cannot remember who actually authorised me to process the payment. I cannot.

**THE CHAIR:** But you say that you have a recollection that the CFO came to you and questioned the fact that there was not a work order that went—

**Mr Mason:** Yes, I know. I said, “Sorry, I do not have one. That is all. I did not commission the work and I do not have one.”

**MS CHEYNE:** And she went ahead and still paid it?

**Mr Mason:** Yes.

**THE CHAIR:** The payment was not your responsibility nor delegation; it was somebody else's delegation?

**Mr Mason:** Yes.

**THE CHAIR:** You were asked to essentially put the account in the system for the payment?

**Mr Mason:** Start the ball rolling, basically, yes.

**THE CHAIR:** You say you do not recollect who asked you to do it, but did somebody come to you with a piece of paper and say, "Can you process this?"

**Mr Mason:** Yes.

**THE CHAIR:** You did not have this on your desk or anything like this?

**Mr Mason:** Essentially.

**THE CHAIR:** No-one chased you up about something that you already had?

**Mr Mason:** I do not think so. I recall that that was bouncing around the LDA for a few months. But that is all I recall. I am sorry; I am not much help with that.

**THE CHAIR:** How is it that you recall that it was bouncing around for a few months?

**Mr Mason:** I remember seeing the account several months prior, but it went somewhere else. I do not know where it went to.

**THE CHAIR:** Why would you have seen that it went somewhere else?

**Mr Mason:** Because I am pretty sure—I am not 100 per cent sure—it came across my desk and I passed it on, saying this was not my work. I did not have anything to do with it.

**MS LAWDER:** I apologise if I am asking some of the same questions, but, to your recollection, had you ever been asked to process other payments in the past or was this a one-off thing?

**Mr Mason:** In what way? I was always asked to process payments.

**MS LAWDER:** You were?

**Mr Mason:** As sales and valuation invoices, yes.

**MS LAWDER:** You would have been doing this particular type of payment frequently?

**Mr Mason:** No; this was a one-off that ended up with me. I just started the process

going because I was told to process it. That is all.

**MS LAWDER:** As the process goes, is it an automatic process where you approve something online and then it goes to someone else for approval?

**Mr Mason:** No, there was nothing online; it was all signed paperwork.

**MS LAWDER:** It was all a manual automatic process?

**Mr Mason:** A manual process, yes.

**MS LAWDER:** Who would have been next up the line from you in that process?

**Mr Mason:** Probably the executive director, but I do not believe he was there at the time. Actually, Daniel Bailey was not there at the time. He did not start until—when did Daniel start? Do you know?

**MS CHEYNE:** He started, I think he said, at the beginning of December 2015.

**Mr Mason:** In 2015? Okay.

**MS LAWDER:** Generally, when these types of requests to pay came to you, would that have come from someone else? Would they have written “please pay” and given their name and date or something on it, a stamp?

**Mr Mason:** Yes. They came from the sales and valuation team. I would have known about it anyway, because I was involved firsthand with it.

**MS LAWDER:** Yes.

**Mr Mason:** All the sales and valuations.

**MS LAWDER:** Yes, but would it have something literally written on the piece of paper that you sighted: “please pay” or—

**Mr Mason:** I am not sure. I cannot remember, seriously. All I remember is signing off on invoices. They were stamped with the right project number on them and I was asked to basically get the ball rolling on them. But 99.9 per cent of the invoices and work I was aware of, and they were commissioned through my team.

**MS LAWDER:** Yes.

**Mr Mason:** This one was not. And guess what: it is the one I get stuck on.

**MS LAWDER:** What was the level of your delegation?

**Mr Mason:** I was the lowest level of director. I cannot even remember what it was: EL1 or something.

**MS LAWDER:** In terms of a dollar amount, do you know what your delegation was?

**Mr Mason:** I cannot remember my delegation either. Sorry; it is too far back.

**MS LAWDER:** But it would have automatically come with the position, a certain dollar—

**Mr Mason:** Yes, definitely.

**MS LAWDER:** So whatever was the relevant thing.

**Mr Mason:** Yes. I do not even know if I was authorised to pay a payment. I cannot remember. It is a while ago. I have tried my best to cleanse myself of everything that happened in that last few years. It was a very difficult place to be.

**MS LAWDER:** So in theory that piece of paper must exist somewhere, perhaps with someone's writing on it, saying "please pay" or something? That actual invoice must exist somewhere?

**Mr Mason:** Yes. It may have been a verbal request for me to process it to where I signed off on it.

**MS LAWDER:** Right.

**Mr Mason:** So there may not be a piece of paper or an email.

**MS LAWDER:** Were many of the requests verbal requests?

**Mr Mason:** No.

**THE CHAIR:** Mr Mason, you just said that the LDA was a very difficult place to work. Could you elaborate on that?

**Mr Mason:** The last few years. With all the investigation and everything that happened, everything the LDA was doing through the Auditor-General, things had become very difficult—to do anything. We were not even allowed to have a cup of coffee with an agent or a valuer. It had become really silly. It was just difficult to get things done efficiently. All the processes had been completely tightened up to a point where it was just difficult doing everything.

**THE CHAIR:** Would it be reasonable to say that it went from no processes to over-processed?

**Mr Mason:** It definitely went to over-processed, but there were definitely processes there. Everything I was involved in had proper processes—everything. We had a proper evaluations policy. I actually set it up. If everything went through my team, it was all followed as per the policy, but none of these went through my team.

**THE CHAIR:** What was your team responsible for?

**Mr Mason:** For all sales and marketing, all valuations projects, which was a fair bit at

the time.

**THE CHAIR:** So you were involved on the sales side?

**Mr Mason:** Sales and valuations.

**THE CHAIR:** But were the valuations for sales or were there also valuations for acquisitions?

**Mr Mason:** Everything; valuations for everything.

**THE CHAIR:** All valuations?

**Mr Mason:** Valuations for everything, yes. But I was not involved with acquisition valuations; it went outside me somewhere.

**THE CHAIR:** Sorry, could you say that again?

**Mr Mason:** My team was not used to do acquisition evaluations for rural properties.

**THE CHAIR:** If you were acquiring land elsewhere, would you have been involved in the acquisition?

**Mr Mason:** Well, as I said, our valuations seemed to do everything for sales. Finance sent all their estimates on valuations for future releases, but, as I said, we were not involved in any real valuation.

**THE CHAIR:** Were you aware at the time that there were valuations going on for rural land and they were not coming through your area?

**Mr Mason:** Yes.

**THE CHAIR:** At the time did you think that that was unusual?

**Mr Mason:** Well, processes were not followed. That is the right word.

**THE CHAIR:** Let me just get this straight. As a matter of process, your area should have been involved in acquiring valuations for acquisitions.

**Mr Mason:** Yes.

**THE CHAIR:** But you were conscious that there were a number of acquisitions going on that were not coming through your area. What was the process for commissioning a valuation for a potential acquisition?

**Mr Mason:** It was either done by the lead person, who was Tom Gordon, or—I think he was involved in most of it.

**THE CHAIR:** But if they were coming through your area, which you seem to think was the process, how would you, in your area, have gone about acquiring a valuation

for a potential acquisition?

**Mr Mason:** It would have been as per our policy. We would have employed at least two independent valuers and had them value the land.

**THE CHAIR:** So your policy set out how to acquire a valuation? It said, “Here is a block of land. We are interested in acquiring it. Go to two valuers and give them instructions in relation to that block of land.”

**Mr Mason:** Yes. Instruct them, yes.

**THE CHAIR:** Were you doing acquisition-type valuation at the time?

**Mr Mason:** No. Very few acquisitions or valuations. Ninety-nine per cent of our valuations were for the sale process, setting reserve prices.

**THE CHAIR:** So it was mainly about selling.

**Mr Mason:** Yes.

**THE CHAIR:** Did you, at the time, think it was unusual that acquisition valuations were being acquired and there was acquisition business going on and it was not going through your area?

**Mr Mason:** Yes. They should have gone through our team.

**MS CHEYNE:** A few pages later in the Auditor-General’s report it mentions CBRE and Huntly, and the fee for service. I understand that in early April 2016 there was a discussion about a fee proposed by CBRE for their work procuring the sub-lessee for Huntly. The Auditor-General’s report states:

The former Director, Sales, Marketing and Land Management of the Land Development Agency—

who we suspect was still new at this time, despite the job changes—

advised that they had ‘no experience with rural leases and commissions’ and sought the advice of the ACT Property Group who advised that the fee from CBRE was ‘high for what is being offered’.

The Auditor-General’s report states that the 10 per cent fee agreed for CBRE of \$151,717 exceeded the \$41,500 fee that would have been applicable if ACT Property Group’s email advice had prevailed. Again, I appreciate that this is a long time ago, but are you able to shed some light on why the LDA did not pursue the ACT Property Group’s advice?

**Mr Mason:** I have no idea what the ACT Property Group’s advice was. I did not even know they had some advice. On my understanding, the rental we got for Huntly was many times more than ACT Property Group’s rental on rural land. The end price we got far exceeded our original estimation. I cannot remember the figure, but the commission we were originally going to pay on the estimate of sale price was the

commission of the actual annual rental, the first year's annual rental. The original estimate by the agent was significantly lower than what they ended up getting, which is why the fee was a lot higher than we expected. But so was the rental.

I was very concerned with the fee at the time. I actually commissioned a meeting with CBRE and the senior team and Daniel Bailey. I explained a bit and I said, "Look, the fee is a lot higher than we were prepared to pay, although the rental we got was way more than we expected to achieve as well."

**MS CHEYNE:** But should fee and rent necessarily correspond?

**Mr Mason:** Yes. It is a standard commission that is normally taken by agents who lease properties. They take 10 per cent of the first year's rent. As I said, we expected the rent to be way below what we got and the fee to be obviously a percentage lower. In this meeting with them we agreed to pay it, because we actually had agreed to pay for the work in the first place. The meeting there was to try and get the fee lowered, but it did not happen. We tried to lower it after the fact.

**MS CHEYNE:** Was that meeting documented in any way?

**Mr Mason:** Probably not.

**MS CHEYNE:** That might reveal why there was not a clear, documented justification for the fee paid?

**Mr Mason:** The fee payment was in the fee proposal when we agreed to take on CBRE. It was 10 per cent of the annual rent that they achieved. But the annual rent we thought we were going to get, as I said, was way under \$100,000 per annum and they got over \$300,000.

**THE CHAIR:** Was the fee that was eventually paid to CBRE commensurate with the terms of the contract—that is, a proportion of the first year's rent?

**Mr Mason:** Yes.

**THE CHAIR:** While you were surprised at how much was actually paid, is it fair to say that the amount that was finally paid was an appropriate reflection of the agreement between the LDA and CBRE?

**Mr Mason:** It is an appropriate reflection of the agreement but, on reflection, the amount was higher than what I was expecting or what I think we should have paid. But we did agree to that commission in the first place.

**THE CHAIR:** But you agreed to a commission which was a proportion of the first year's rent?

**Mr Mason:** Yes.

**THE CHAIR:** And you paid a commission which was the proportion of the first year's rent?

**Mr Mason:** Exactly.

**MS CHEYNE:** That happened in around 2016, but the Auditor-General's report states that the creation of the contracts register entry was on or after 30 June 2017, more than a year after CBRE's appointment and more than three months after an invoice for the services had been paid. Again the Auditor-General's report says that the details for the contracts register were authorised by you. Are you able to explain to us why there was such a delay in updating the contracts register?

**Mr Mason:** Not exactly. I can tell you why there was some delay. The Huntly lease involved some territory land as well, owned by TAMS, who originally agreed to include that in the lease, and the hold-up was with them until they eventually pulled their property from that agreement.

**MS CHEYNE:** Why would that affect putting CBRE on a contracts register?

**Mr Mason:** I am not sure, sorry. I am sorry.

**MS LAWDER:** Just going back to the fee for sale and acquisition of properties, the payment was nearly \$300,000. It says that the invoice was paid in full, notwithstanding that no purchase order had been found in the records for the invoice services and no purchase order number was written on the signed approval stamp. Are you the person that would have done the signed approval stamp?

**Mr Mason:** No; definitely no.

**MS LAWDER:** Where in the process would that take place?

**Mr Mason:** When it is formally approved, I assume.

**MS LAWDER:** After you have started the ball rolling?

**Mr Mason:** Yes, I think so.

**MS LAWDER:** In your other dealings, did you ever pay without a purchase order?

**Mr Mason:** Yes. When they were under the old panel arrangements, none of them had purchase orders. All the old panel arrangements just involved us procuring one of the agents on the panel to work at predetermined prices.

**MS LAWDER:** But this one was not on the panel?

**Mr Mason:** Colliers were on the sales and valuation panel.

**MS LAWDER:** According to the Auditor-General's report, the financial controls were not applied in this case because there was no purchase order number on the signed approval stamp.

**Mr Mason:** That might be the case but, as I said, I am not sure.

**MS LAWDER:** Mr Bailey and Ms Hargreaves, I think, said in their evidence—I am paraphrasing; it is not their exact words—that you were responsible for paying this purchase order. Do you recall their involvement in this particular payment?

**Mr Mason:** I have already mentioned Ms Hargreaves. She was the CFO. She was the one that had to put the final approval through. As I said, I really just started the ball rolling with this. I was told to process it, and I cannot remember by whom.

**MS LAWDER:** When you say “started the ball rolling”, what does that mean?

**Mr Mason:** I signed off on the invoice and sent it to whoever—accounts, I suppose.

**MS LAWDER:** Does that come under Ms Hargreaves?

**Mr Mason:** Yes. She was the CFO at the time.

**MS LAWDER:** But there would have been someone else in charge of the accounts area?

**Mr Mason:** She was.

**MS LAWDER:** But as the CFO she might have had other reports between her and the person actually paying the account or—

**Mr Mason:** I do not know, sorry.

**MS LAWDER:** You do not know?

**Mr Mason:** No.

**MS LAWDER:** You said Mr Bailey was not involved in this particular payment?

**Mr Mason:** No, I do not believe so. I think you may have mentioned that he was away at the time, anyway. But he would have been if he was there.

**MS LAWDER:** I think there was some toing and froing on whether he was away or not.

**Mr Mason:** I do not know. I only read the transcript and he said he was away.

**MS LAWDER:** To your recollection, apart from the Auditor-General’s investigations, did anyone else at the time, or in the few months following, do a review of payments and come back to you or did you hear anything about anyone trying to find a purchase order and make sure the records all matched up?

**Mr Mason:** No.

**MS LAWDER:** You do not recall that?

**Mr Mason:** No.

**THE CHAIR:** Mr Mason, thank you very much for your attendance here today. You will receive from the secretary, Dr Lloyd, a copy of a proof *Hansard* transcript of today's hearing. If there are issues that you want to clarify, you can take them up in the first instance with Dr Lloyd. Thank you very much for your appearance here today.

**Mr Mason:** Thank you.

**The committee adjourned at 10.03 am.**