



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL  
TERRITORY**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

**(Reference: Auditor-General's report No 5 of 2006:  
*Rhodium Asset Solutions Ltd*)**

**Members:**

**DR D FOSKEY (The Chair)  
MS K MacDONALD (The Deputy Chair)  
MR R MULCAHY**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**THURSDAY, 8 NOVEMBER 2007**

**Secretary to the committee:  
Mr H Finlay (Ph: 6205 0136)**

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

Submissions, answers to questions on notice and other documents relevant to this inquiry that have been authorised for publication by the committee may be obtained from the committee office of the Legislative Assembly (Ph: 6205 0127).

**WITNESSES**

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## **The committee met at 2.03 pm.**

**ASLAM, MR NAVEED**, former Chief Operating Officer, Rhodium Asset Solutions Ltd

**THE CHAIR:** Thank you very much. We will now commence this hearing of the public accounts committee inquiry into the Auditor-General's report No 5 of 2006, which is on the topic of Rhodium Assets Solutions Ltd. Thank you for coming, Mr Aslam. It is necessary for me to read this official notice beforehand so you understand your rights and privileges as a witness.

The committee has authorised the recording, broadcasting and rebroadcasting of these proceedings in accordance with the rules contained in the resolution agreed by the Assembly on 7 March 2002 concerning the broadcasting of Assembly and committee proceedings. Before the committee commences taking evidence, let me place on record that all witnesses are protected by parliamentary privilege with respect to submissions made to the committee in evidence given before it. Parliamentary privilege means special rights and immunities attach to parliament, its members and others necessary for the discharge of functions of the Assembly without obstruction and without fear of prosecution.

While the committee prefers to hear all evidence in public, if the committee accedes to such a request, the committee will take evidence in camera and record that evidence. Should the committee take evidence in this manner, I remind the committee and those present that it is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly. I should add that any decision regarding publication of in camera evidence or confidential submissions will not be taken by the committee without prior reference to the person whose evidence the committee may consider publishing.

Would you like to make a statement?

**Mr Aslam:** No, I am happy.

**THE CHAIR:** The committee has been trying to get you to come before it for some time. I am interested in your reasons for not appearing before and why you have agreed to come today.

**Mr Aslam:** In terms of previous requests, mainly because I am still not quite sure as to the purpose of the committee, what it is actually intended to achieve. I was not sure what extra benefit I was going to add. I made my statement to the board. The board took further action. It had a couple of audits, including the Auditor-General's audit. I think most of the issues have come out of that. I was not sure what else I could add. Why I have come now is that you keep asking. I thought it was time that I acceded to your request.

**THE CHAIR:** Thank you. You would be aware that the public accounts committee inquires into reports from the Auditor-General's Office, and this is one report that we felt was of great public interest and of concern to the committee. Consequently, we are inquiring into it. We do believe that you are a key witness for our

inquiry. Consequently, we are glad that you decided to come today. There are three members here, and I am going to be very happy to share the questioning. Would you like to start, Mr Mulcahy?

**MR MULCAHY:** Yes, thank you. Thanks, Mr Aslam. If I could lead off, in the hearings before this committee on 10 May 2007, Mr Bob Samarcq, Chairman of the Board of Rhodium, and Mr Ken Moore, the Acting CEO, discussed your revelations to the board about the former CEO, Ms Clark. Did you feel you had a duty to the board to raise these concerns?

**Mr Aslam:** That is why I did so.

**MR MULCAHY:** When did you first become concerned about the actions of Ms Clark?

**Mr Aslam:** It was brought to my attention by my staff in late November, early December of 2005. I investigated the requests I had of me. Basically it was brought to my attention there was a loan outstanding from February, which I was not aware of. I think there were two other things that came up at that point. One was specifically around—sorry, there was the loan, then there was the Telstra Business Women's Awards, there were some questions around that, and there were just some pay rates surrounding some of the staff who were related to the CEO.

**MR MULCAHY:** So there were three items there?

**Mr Aslam:** Yes.

**MR MULCAHY:** After becoming concerned about her actions, did Ms Clark subsequently take any other actions that you thought were inappropriate?

**Mr Aslam:** Well, I brought it to her attention on 14 December. So I did some investigation and actually approached Ms Clark on that date. That was with a view to actually allow her to respond to the allegations, but also, as far as I was concerned, I was happy for her to raise it with the board. I did not necessarily feel the need to do it myself. I only felt the need to do it myself if it was not raised.

**MR MULCAHY:** So you are saying you only became aware of these matters late November, early December?

**Mr Aslam:** Yes.

**MR MULCAHY:** I am just wondering how that reconciles with Mr Samarcq's evidence—I am not sure if you have read the evidence that we have had in relation to this. In response to a question in relation to yourself—he was asked whether there was some measure of malice of intent on your part in sitting on information that you held until you lost your job and then responded accordingly—Mr Samarcq said:

In retrospect you could suggest that that was the case. I think there was no doubt now in terms of our understanding of the situation that the former CEO and COO were not getting on in that period from, I think, November on. I know the CEO,

in her discussion with the board at the time that these matters were brought to our attention, certainly claimed it was malice on the part of the COO—the fact that he had been gathering this information on her, that he had essentially coveted her position as CEO and that the situation changed from one where they were operating satisfactorily together in November when she was reappointed.

Now, I am curious here, but Mr Samarcq has sort of indicated that you were compiling a dossier in relation to the CEO. He said that you had been developing a range of issues, you had a dossier on the CEO and had:

... waited until he had been exited from the organisation to confront us with it.

What have you got to say in relation to that assessment of your conduct?

**Mr Aslam:** In terms of my relationship with Ms Clark, as far as I was aware, until I brought up the allegations, it was reasonable. We did not agree on everything, but I do not think you would expect us to. The dossier—interesting choice of words—as I say, there were issues raised by my financial controlling staff. I looked at evidence that supported what they were saying. So, yes, I looked at some credit card statements. Yes, I looked to see if there was any other evidence supporting the loan or anything. I asked a few questions of other staff. So I inquired.

As I said earlier, I raised it with the CEO. I had actually arranged in late January to go up to Sydney with—I basically chased the CEO a couple of times and said, “Look, what’s happening? Have you spoken to the board? Are you going to speak to the board?” I was not really getting any reply. Towards the end of January—with the Christmas period, we actually did not overlap all that much because of certain leave. Towards the end of January, after the board meeting, one of the things I had been charged with doing was actually starting to formulate a credit policy—

**MR MULCAHY:** Credit cards or a credit card policy?

**Mr Aslam:** No, credit policy, because that was one of the things that was lacking in the organisation. Ms Willis, Melanie Willis, one of the board members, was going to be assisting with that in terms of she had some certain expertise that she wanted to bring to the table. I had arranged to go up to Sydney the following week, early February. At that point, that is when I was actually going to raise it with her if it had not come out before that.

**THE CHAIR:** Chief operating officer—could you tell me the nature of that position? I gather it was created some time after the establishment of Rhodium. Could you tell me what your duties were and how close those duties brought you to understanding the financial transactions taken by Rhodium and by Ms Clark?

**Mr Aslam:** I had four direct reports, so I had the IT manager; the financial controller; the national asset manager, which, in leasing parlance, is the operations manager; and also a role which was a risk and compliance manager, which was never quite filled because the incumbent was actually on sick leave for most of the time I was there. So finance was part of my area.

**THE CHAIR:** How close were you to the transactions?

**Mr Aslam:** I was not particularly close to the transactions. I mean, the financial controller was the finance manager and did most of the transactional work. He had a team of people under him who were doing the payments and receipts and reconciliation and accounting. So I got to see the final reports, but I was not involved in the preparation.

**THE CHAIR:** What would your comments be on the culture of the workplace? I think you said earlier on that there was sort of mutterings about some of the issues that you raised later on. Having been in a few workplaces, what are your comments about the way staff interacted with each other? Was it one happy family? Was there good teamwork?

**Mr Aslam:** Not really. There was a fair degree of—it was fairly much a culture of fear. I mean, the CEO basically had her way. She ran the company as if it was her own. Various staff had various comments to make on issues that had happened in the past that they were not particularly happy about, wide-ranging issues.

**MR MULCAHY:** Do you want to elaborate on some of those issues?

**Mr Aslam:** Well, I mean, some of the—obviously there was the issue I raised in terms of the CEO's friends and family working there and being shown preferential treatment. In the nature of the hospitality-type events, again, there were sort of preferences shown as to who actually attended. Certain staff felt that they never got the opportunity to participate in those types of—

**MR MULCAHY:** Did you miss out on those sorts of events?

**Mr Aslam:** I did not particularly miss out. I went to one, which was the football. To be honest, that is a particular passion of mine anyway. So I was happy to go to that. I was invited to several others, which I declined, some of which just because to give other people opportunities to go, some because I was commuting from Melbourne and they took place at weekends and I did not particularly want to stay just for an event.

**THE CHAIR:** Did you feel comfortable in the workplace yourself?

**Mr Aslam:** "Comfortable" is not the word I would use. I have worked in many places. I am old enough to handle most situations, so, for me, it was not comfortable, but it was, you know, I coped with it. I have been in the workplace for a number of years. Some of the younger staff probably found it more difficult than I did.

**MS MacDONALD:** You have said that when the matter was brought to your attention by the financial officer that you wanted to look into the issues and then you took it to Ms Clark, I think you said around 14 December, is that right?

**Mr Aslam:** Yes, the 14th.

**MS MacDONALD:** Now, you did not speak to the board until February, is that correct?

**Mr Aslam:** Yes.

**MS MacDONALD:** Why did you decide to go to the board then? Why did you not decide to go to the board earlier?

**Mr Aslam:** Well, as I say, there was not a lot of time between 14 December and the beginning of February. It sounds a long time, but in the context of Christmas, New Year and various holidays, there was not a lot of sort of actual time. I did chase it up a couple of times with the CEO. In mid-January, she had clearly spoken to the board about something, because I asked her the question and she said it had been handled in terms of one of the issues I had raised, which was about signing off on her expenses. I just said she ought to get them signed, whether I get given delegated authority or whether the chair does it, does not really matter, as long as they do actually get signed.

**MR MULCAHY:** How long had it been going for before you raised this? How long had you been working there and been aware of this situation before you actually chose to raise that concern?

**Mr Aslam:** As I say, I found out late November, early December.

**MR MULCAHY:** You did not know anything about the expenses side and how that worked?

**Mr Aslam:** No. No, I mean, I had my own expenses, which I signed and she authorised, but I was not checking hers. I had not been given that delegated authority so I could check her expenses.

**MS MacDONALD:** Did you think it was strange for an organisation the size of Rhodium to have both a CEO and a COO?

**Mr Aslam:** Yes. But, it was explained to me—I was interviewed by Mr Samarcq, Ms Willis and the CEO, and it was explained to me that they were trying to grow, become a commercial organisation and grow rapidly and they needed to bring the expertise in.

**THE CHAIR:** What made you suitable for the position, Mr Aslam?

**Mr Aslam:** My background is in finance and leasing, so I am a chartered accountant in training. I have worked in the audit profession for seven-odd years, and then I worked in insurance with Insurex and then for the last 12 I have been in leasing and management.

**MS MacDONALD:** Because you do have that background in finance and leasing, you would have seen much larger organisations which gave out sponsorships and the like. Did you ever question the level of sponsorship that was being handed out by Rhodium?

**Mr Aslam:** Well, sponsorship and hospitality, yes. I mean, from day one I mentioned that it seemed excessive. I could not quite see —

**MR MULCAHY:** Who did you mention that to?

**Mr Aslam:** To the CEO. Even in conversation probably with the board at some point just in terms of the volume.

**MS MacDONALD:** Sorry, so you did speak to the board?

**Mr Aslam:** Not in a formal sense. I mean, as in, for example, I was at the tourism awards with the board, which were acting sponsors, and it was just lavish affairs and comments around that.

**THE CHAIR:** Were the board members there too?

**Mr Aslam:** At the tourism awards?

**THE CHAIR:** Yes, and at other events?

**Mr Aslam:** Yes.

**THE CHAIR:** At, say, the football?

**Mr Aslam:** I only went to what I call football—I am talking about the world game.

**THE CHAIR:** Soccer?

**Mr Aslam:** Soccer.

**THE CHAIR:** Yes, okay.

**Mr Aslam:** They were not there. I think they were at some other events. They were at the tourism awards. They were at various charity-type events as well.

**MS MacDONALD:** I understand that you did not mention it to the board in a formal sense, but when you mentioned it to the board, what was the reaction, do you recall?

**Mr Aslam:** Just that it was what they believed was appropriate for trying to get the sort of level of business coming in, to get Rhodium's name out there.

**THE CHAIR:** But they did put a cap on expenditure such as that?

**Mr Aslam:** Yes.

**THE CHAIR:** Out of concern, we are told. I was just wondering whether the connection was made between the extent of activity and its relationship to that cap. Was that ever mentioned to you?

**Mr Aslam:** Not really. I mean, some of the things that—some of the events and things, I mean, to me, they were quite well-known events. As people were quite happy to claim on several occasions, everybody knows everybody and everybody is at every



event in Canberra. I do not think the board were at all the events. I do not think they were necessarily aware of all the events. But they were aware of some and they were at some.

**MR MULCAHY:** What was your role in the sponsorship arrangements?

**Mr Aslam:** I didn't really have one.

**MR MULCAHY:** So you were not involved with the finances and you were not involved with the sponsorship—and therefore, I assume, not marketing. What exactly did you handle?

**Mr Aslam:** The key things on the IT side where we were talking with suppliers in terms of—

**MR MULCAHY:** This is the arrangements with Frontier?

**Mr Aslam:** Frontier and Bynx.

**MR MULCAHY:** That turned into a bit of a debacle, I understand.

**Mr Aslam:** It did.

**MR MULCAHY:** Why was that?

**Mr Aslam:** It was a debacle from day one, frankly. When I arrived, the previous chief operating officer—as you know, there was one that was there for two or three months before I got there. He had been involved in trying to get the contracts arranged. When I got there, the first thing that happened was—we were apparently in theory supposed to be close to the contract end stage in terms of signing. The first thing that happened was that in that last week—I think it was Bynx that said that they could not support the arrangement as it had been written. So essentially all the work that had been done was canned because they were not prepared to take liability for everything, which is the way the contract had been written by our legal people.

**MR MULCAHY:** What else did you handle?

**Mr Aslam:** It was more on the business side as well. So looking at internal processes in terms of credit arrangements, looking at new business opportunities.

**THE CHAIR:** What about the business plan? Was that already in place before you started?

**Mr Aslam:** Yes. There was one already there. I left before the next one started.

**THE CHAIR:** What did you think of the one that was there?

**Mr Aslam:** I was not quite sure what we were trying to do. The plan seemed to indicate that we were going into a number of different asset types—things like medical et cetera. I attended one of the shareholder meetings—in here I think. In that

meeting, it seemed to me that the shareholder was actually more keen on it being an ACT fleet management company, which—

**MR MULCAHY:** Which shareholder? Mr Quinlan?

**Mr Aslam:** Yes. Mr Quinlan and Mr Stanhope. But it was Mr Quinlan that gave that impression.

**MR MULCAHY:** So he did not want you to get into all this marketing activity really; he was just interested in managing the ACT's vehicles?

**Mr Aslam:** I do not know that he spoke specifically about the marketing activity. It was more that he saw the role of Rhodium as being the fleet manager to the ACT and, I guess, to do ancillary government type business. In some ways, when I came, although I was on contract, the view was that, if it went well, I would come permanently. That meeting made me wonder whether it was worth coming if that was the view of the shareholder. Then there were a couple of times when I did sort of question whether some of the type of business was really in accord with what the shareholder wanted as opposed to what the business plan said. To me, there seemed to be a difference.

**MR MULCAHY:** What do you say about Mr Samarcq's view that he basically does not believe you—as to your litany of events and your motivation in raising these issues in relation to Ms Clark?

**Mr Aslam:** He is entitled to his opinion.

**MR MULCAHY:** He must have formed that on some basis, mustn't he? He says here that you waited until you had been exited from the organisation before you fronted them with these claims. It seems awfully convenient that months went by—you presented to us reasons about summer, the Christmas season and all this, but it is curious that you only really fronted the board once your job disappeared, isn't it?

**Mr Aslam:** It depends what you mean.

**MR MULCAHY:** Let me make it really clear. I will quote again: "I guess you could say that we were not as a board terribly happy with the fact that the COO, who had been developing a range of these or had a dossier on the CEO, had waited until after he had been exited from the organisation to front us with it." He is going very much to the motives of why you did what you did and suggesting that, if you were so genuinely concerned, you would have raised it with the board when they came to your attention. Instead, you have raised them when you have gone out the door.

**Mr Aslam:** As I say, a couple of things happened. One is that—I think this is 2 February, if that is the Thursday. That was the day I was told I was leaving and that is the day I left. So I had no opportunity to talk to the board at that point.

**MR MULCAHY:** No more, but—

**Mr Aslam:** No, but, as I said—

**MR MULCAHY:** —you had known since the middle of November and you had chosen to flag issues to Ms Clark. You were quite happy to run with her but not run to the board until after you left the organisation. Isn't that true?

**Mr Aslam:** Yes. It was with a view to giving her the opportunity to actually relate it to the board.

**THE CHAIR:** This is about the \$10,000—

**Mr Aslam:** This is—

**MR MULCAHY:** That is a statement he says he does not believe.

**THE CHAIR:** This is the \$10,000 advance you are talking about?

**Mr Aslam:** Sorry?

**THE CHAIR:** The concern you took to the board was the \$10,000 advance? Is that what you are talking about?

**Mr Aslam:** The \$10,000 advance—certain expenses that had not been properly authorised, and staff issues in terms of some of it.

**THE CHAIR:** So when you spoke to Ms Clark first—there is only one of those things that she could really have rectified, and that is paying back the advance in the short term. I am just wondering—was that the fair go sort of attitude? Given that you apparently did not get on with her too well, the motivation for telling her first, apart from the fact that it was a civil thing to do—but you could have gone the next day, say, to the board.

**Mr Aslam:** Yes. She told me she would talk to the board. Shortly thereafter she said she discussed the matter of delegations and that I would be given delegation to sign off on the expenses. In mid-January, as it turned out, I actually got a letter—she had a signed letter from the chairman which authorised in hindsight the Telstra businesswoman award—all the costs surrounding that for all her friends and family. So there is a matter of record on that.

**MR MULCAHY:** So when did you get—

**Mr Aslam:** There is even—

**MR MULCAHY:** Where did this all come from?

**Mr Aslam:** Sorry?

**MR MULCAHY:** Where did the information get furnished to you from?

**Mr Aslam:** Sorry?

**MR MULCAHY:** Where did the information get furnished to you from?

**Mr Aslam:** She showed me the letter.

**MR MULCAHY:** She showed you.

**Mr Aslam:** She showed me the letter, yes.

**MS MacDONALD:** She showed you the letter?

**Mr Aslam:** Yes, and it was filed.

**MS MacDONALD:** But she didn't give you—

**Mr Aslam:** No, it was put on file, so it should be in the financial records.

**MR MULCAHY:** The letter about the business awards—or are you talking about the expenses et cetera?

**Mr Aslam:** No, I am talking about the letter on the business awards. In terms of the delegations—and I told this to the board when I was there—what she did was that she actually had a letter signed and then she said that the board had decided that the chair would sign off on the expenses rather than—it didn't need to be me. I also got shown the letter for the Telstra business awards. So clearly some conversations were taking place. But that was it really. Then the next thing, as I say—I had arranged to go up to Sydney—

**MR MULCAHY:** So why weren't you satisfied with that?

**Mr Aslam:** Sorry?

**MR MULCAHY:** If you believed the board had signed off, why were you still not satisfied? What was your motivation?

**Mr Aslam:** Just because—it is just the whole way she actually addressed the issue. In the first place, when I asked her about, for example, the \$10,000, the first thing she said was that it had been approved by the board. I said, "Okay; that's great. We just don't have it in our financial records. If you provide it, it is really easy; it's over."

**MR MULCAHY:** Let me just stop you at that point. You have gone to great lengths to tell us that you really did not handle the finances. Suddenly now you are quite involved intimately with the finances. How did that circumstance change? Did you go on a fishing expedition? Who drew your attention to this?

**Mr Aslam:** The financial controller drew—

**MR MULCAHY:** Who was that?

**Mr Aslam:** Robert Lara.

**MR MULCAHY:** So he has raised—

**Mr Aslam:** And one of his staff had raised it with him.

**MR MULCAHY:** Which employee was that?

**Mr Aslam:** I am not sure of the name.

**MR MULCAHY:** So they have suddenly raised it. They have gone to you as CEO—

**Mr Aslam:** COO.

**MR MULCAHY:** And then you have started raising these issues.

**Mr Aslam:** Yes.

**MS MacDONALD:** In light of everything else that happened, it is a small point, but were you aware that the Auditor-General's report makes reference to the number of promotional products that had been purchased and the quantity as well as the expense of them? Were you aware of these promotional products at any point?

**Mr Aslam:** I was aware that some of them existed, yes. I was not aware how much was spent on them in detail. But I knew it was a—

**MR MULCAHY:** Did you access them? You said that you were developing business.

**Mr Aslam:** Sorry?

**MR MULCAHY:** Did you access these if you were developing business relationships?

**Mr Aslam:** No. They were pretty much handled—

**MR MULCAHY:** So you did not get involved with sponsoring even though there were hundreds of thousands spent, you were not involved with marketing and you were not involved with the gift giving, but you were developing business relationships. It seems curious how the two things do not link up at all.

**Mr Aslam:** In my previous jobs I did not give gifts.

**MR MULCAHY:** So you had your own policies that were separate from what was going on all around you, it seems.

**Mr Aslam:** I behaved the way I have always behaved.

**MR MULCAHY:** That is not what I am asking you. You seem to operate in a vacuum—or would have us believe that—relative to the rest of the organisation. We have got it all here on the public record—the manner in which this organisation did business.

**Mr Aslam:** Yes.

**MR MULCAHY:** You are saying that you were responsible for business relationships, but none of these things came under your—

**Mr Aslam:** I did not say I was responsible for business relationships; I said I helped with some business development, which is different. The person who was responsible for business relationships was the head of business development, who was Mark Thomas at the time. And the CEO did a fair amount of that. When I am talking about developing, I am talking about things like the back office type side, which is where my expertise is. I was talking to a salary packaging company to try to develop a strategic alliance with them. I was talking to a computer leasing company where they actually—in the vein that we were actually going to provide and operate these products in a wide variety of assets. I was talking to a company out of Sydney who provided all the back office for computer equipment. Computer equipment is not something—you need a specific infrastructure if you want to provide that kind of product. My view, which I agreed with the CEO, was that we would get somebody sitting behind us to provide some of that back office infrastructure to make sure that we were doing it properly. Those are the types of business relationships I am talking about.

**MS MacDONALD:** So you were not doing the business development so much.

**Mr Aslam:** Not the customer.

**MS MacDONALD:** I understand that—which would be a reason why you would not go to so many of the promotional events as well. But, as you have said that you have come from work in other organisations in similar roles, you would have seen other people doing this. I suppose what I am trying to ask is: did you think the amount of gifts et cetera that Rhodium had purchased was excessive or were you just unaware of how much they had purchased? They had actually purchased—the list that we've got here is Royal Doulton glassware, glass decanters, executive putting sets, Waterman pens, caps, polo shirts and other cheaper paraphernalia. The Waterman pens, for example, were valued at \$155 each. Yet they did not end up—they may have been handed out to organisations to try and entice them over to come and join the organisation. I suppose I am trying to ascertain if the amount of stuff that they purchased was excessive in comparison to another organisation.

**Mr Aslam:** Absolutely, and in terms of—

**MS MacDONALD:** And were you aware of it? When were you aware of it?

**Mr Aslam:** I knew that the events took place. I had seen some of the promotional material that you talk about there. But I did not know that there was that much. Does it surprise me? No, because that was the general culture. That is what I was alluding to earlier. There was a general culture of largesse.

**MS MacDONALD:** Like a shopping spree, a kid in a lolly shop.

**Mr Aslam:** Yes. And even in terms of the gifts coming in—I didn't always see where

they went. We started—

**MS MacDONALD:** What sorts of gifts coming in are you talking about?

**Mr Aslam:** There is alcohol, there is—the same sorts of things coming in as going out, potentially.

**MR MULCAHY:** And you were not the beneficiary of any of those gifts?

**Mr Aslam:** Coming in?

**MR MULCAHY:** Yes.

**Mr Aslam:** No.

**MR MULCAHY:** But other staff were, I understand.

**Mr Aslam:** Actually, that is not entirely true. I received some, but they were put into the pool. There was a—

**MR MULCAHY:** I understand—because I actually raised this issue before this whole thing broke, when I went there, and I was told—that they were distributed to staff and then subsequently they were pooled after I raised the issue on a visit to Rhodium headquarters. And they were then setting up a register. Is that not your recollection of the procedure?

**Mr Aslam:** There was a register in place when I was there. I am not sure of the timing of your visit. Was that before or after—

**MR MULCAHY:** It was early in 2005.

**Mr Aslam:** Yes, there was a register. I do not honestly believe the register was kept particularly diligently.

**THE CHAIR:** I have a few more questions. Who in your job did you report to?

**Mr Aslam:** The CEO.

**THE CHAIR:** How often did you meet with the board as a board or with members of the board?

**Mr Aslam:** I used to attend the board meeting basically. The CEO had her own session with the board and then I would come in towards the end of the board meeting.

**THE CHAIR:** So these were their monthly meetings, and you just had a period of time. We are told that there were not usually properly prepared agendas. Did you get issued with an agenda prior to a meeting or did you just wait outside a door until you were asked to come in?

**Mr Aslam:** From recollection, it was an agenda. The agenda was “CEO report”. That

covered most of it.

**THE CHAIR:** So a standard agenda.

**Mr Aslam:** Then there were specific other agenda items.

**THE CHAIR:** So you were just at the board meetings for those bits.

**Mr Aslam:** Yes.

**THE CHAIR:** Did you get a sense that the board was interested in and on top of what was going on? I ask you if their questions and conversation were a clue to whether they were closely following the activities of Rhodium.

**Mr Aslam:** They took an interest, yes. I am trying to recollect. It is quite a while ago now. They asked standard questions. But, as I say, most of the probably more important bits were done in the CEO reports. So they had financial tracking—

**THE CHAIR:** So with you they would be checking up on the progress of the IT—

**Mr Aslam:** Yes, they would be doing that.

**THE CHAIR:** Contract work and that sort of thing.

**Mr Aslam:** Yes.

**THE CHAIR:** What other things would they have asked you in a routine way?

**Mr Aslam:** For example, we had some problems on debtors, because we were using salary sacrifice organisations. What happened with those was—because they were collecting on our behalf and then paying off, the reconciliations were not particularly good. There was an exercise on that. They asked about progress on that, for example. They asked about the IT progress. They were probably the things I was involved in. We discussed some staffing issues.

**THE CHAIR:** You say you met with one of the shareholders at one point. Did you have any other meetings with one or both of the shareholders?

**Mr Aslam:** I could hardly call it a meeting. I was in attendance. I sat and watched in there while they talked.

**THE CHAIR:** So that was just that one that you mentioned before. Otherwise, none?

**Mr Aslam:** No. And, in answer to your other question, I had no separate meetings with the board.

**THE CHAIR:** With individuals from the board.

**Mr Aslam:** No.



**THE CHAIR:** A code of conduct for staff was developed at some stage, I think. I am just wondering if you were ever aware of that.

**Mr Aslam:** I do not have any great recollection.

**THE CHAIR:** So when you saw or heard about things that you thought did not really have a place in the ideal company, how would you—was there any norm from which that was differing: a generally accepted and understood way of behaviour? I am getting to the culture of the organisation, I suppose.

**Mr Aslam:** The whole issue for me was—there was not any evidence. My understanding from the CEO was that she had a really close relationship with the chairman—they met very frequently; they discussed lots of things. Her standard response was that the chairman was aware of anything that was raised. So from that perspective my view was that there was a close relationship. Internally, as I said earlier, she really did rule as if it belonged to her.

**MR MULCAHY:** She had no problems with that, according to Mr Samarcq, until November, when things started to turn sour in the relationship.

**Mr Aslam:** I started in September. I had come to a new town with a view to trying to move here, so I had a few of those types of issues going on as well. And I was trying to assimilate into an organisation. I do not know what I did or did not do that I should or should not have done. You clearly have your views; that is fine.

**MR MULCAHY:** They are not so much our views; they are the views of the chairman, who has placed great emphasis on the fact that you did nothing in terms of the board until you lost your job—until Ms Clark terminated you. It does go to your motivation, notwithstanding the fact that we may have major issues with the conduct of the organisation. That is the bit I am troubled by.

**Mr Aslam:** They are people's views. People can have their views. I have my view.

**MS MacDONALD:** It was the chief financial officer or the financial officer who came to you. Why do you think they went to you and not to Ms Clark—because it involved Ms Clark?

**Mr Aslam:** Because it involved Ms Clark, but, as I said, there was a general culture of fear.

**THE CHAIR:** And there was a line of reporting, I thought, as you suggested before.

**Mr Aslam:** And there was a line of reporting, so he reported to me. He told me, so I dealt with it.

**THE CHAIR:** There was a COO before you who did not stay very long. Do you know the story about that? Was there any particular reason? Did you ever meet that person? Was there a handover?

**Mr Aslam:** Yes. I met him well. I met him and I still talk to him, and he told me later

why he left, and I think you should ask him.

**MR MULCAHY:** We're asking you, so can you tell us?

**Mr Aslam:** He didn't get on with Deb Clark. He didn't find the way that she behaved to be appropriate.

**THE CHAIR:** But was he observing similar things to those that you reported later on?

**Mr Aslam:** Not in terms of the financial irregularities, he wasn't; he didn't have those. There was a CFO in his time that reported direct to Deb Clark. So in his COO job he didn't have finance reporting through to him.

**MR MULCAHY:** But in your era the CFO reported to you?

**MS MacDONALD:** No, there was no CFO; it was a financial officer.

**Mr Aslam:** Well, the financial controller reported to me.

**MR MULCAHY:** But you weren't really across the details of the financials you told me; that it was one of your subordinates but you weren't across or didn't see accounts or anything of that nature?

**Mr Aslam:** I didn't look at vouchers, no.

**MR MULCAHY:** Not necessarily vouchers but accounts.

**Mr Aslam:** No, we saw accounts. Accounts were presented at board meetings.

**MR MULCAHY:** You saw monthly accounts, you saw the expenditures going out on sponsorships and all that?

**Mr Aslam:** Yes. We saw expenditures. They were all presented to the board.

**MR MULCAHY:** None of that flagged any issues until—

**Mr Aslam:** They were all presented to the board, they were discussed at board. As I said, I had mentioned the nature of some of the costs but they seemed to be accepted.

**THE CHAIR:** So back to the previous COO: did that person leave of their own accord?

**Mr Aslam:** Yes.

**THE CHAIR:** And for those reasons. And your appointment: did that follow after a gap or—

**Mr Aslam:** No. There was a small handover.

**THE CHAIR:** Recruitment process.

**Mr Aslam:** Yes.

**THE CHAIR:** And the CEO was part of the interviewing panel I guess?

**Mr Aslam:** Yes, Mr Samarcq, Ms Willis and Ms Clark appointed me.

**MS MacDONALD:** Sorry. Can you remind me of Ms Willis's position?

**Mr Aslam:** Director, board member. In fact she was one of the four—was. I'm not sure if she still is.

**THE CHAIR:** The issue of the relatives and friends was another of your three main concerns: do you think that contributed at all to the divisions and concerns amongst the staff as a whole? Was there a breakdown along those kinds of lines?

**Mr Aslam:** Yes, there was. That one actually got brought to my attention by one of the other senior managers who had had to sign off on the payroll and expressed two things. One was the level of pay of some of the family members—

**THE CHAIR:** So level of pay relative to their positions?

**Mr Aslam:** To me the issue was level of pay rather than a family member per se. The thing I said to Ms Clark about the family members was that there should be an open disclosure and, as long as the board is comfortable with it and it has been duly noted, a family member can do a job, but it should be noted and I didn't see any—

**MS MacDONALD:** And what was her response to that?

**Mr Aslam:** Actually, she didn't have much of a response in terms of anything when I spoke to her because she was so shocked that I was raising the issues, because it was in the whole context of that conversation.

**MR MULCAHY:** Did you sign off on the accounts before they went to the board? You have told us you are a chartered accountant. You had the financial controller reporting to you, preparing accounts. Did you sign off on them?

**Mr Aslam:** Sign off?

**MR MULCAHY:** Review them, settle them, before they were submitted to the board?

**Mr Aslam:** Yes.

**MR MULCAHY:** And you didn't find anything odd that you felt worth raising when you saw them?

**Mr Aslam:** The levels of sponsorship and things were noted at board.

**MR MULCAHY:** But you didn't ever raise it in a formal sense as normally an accountant would?

**Mr Aslam:** They were discussed in the context of "this is what has been spent and what on". Did I say in the board meeting I felt that they were excessive? No, I didn't.

**MR MULCAHY:** What about compliance with budget, though? Surely with your background if you saw significant variations to budget they ought to have been identified.

**Mr Aslam:** The variances to budget were apparent, so they weren't hidden.

**MR MULCAHY:** But you wouldn't make a comment on that?

**Mr Aslam:** I think it is documented somewhere; the procedures to prepare accounts were really slow and archaic and frequently we were going to the board without adequate explanation on certain things. The whole accounting system needed—was being addressed.

**MR MULCAHY:** What accounting system did you use?

**Mr Aslam:** It was Narvision. AusFleet was the sort of fleet bit and Narvision was the accounting package.

**MS MacDONALD:** So were there ever any requests from the board to come back with further information, further explanation, of those things?

**Mr Aslam:** No.

**THE CHAIR:** The positions that relatives and friends held: were they positions that were close to Ms Clark—personal assistant and other sorts of positions that might have given them the opportunity, for instance, to intervene, to buffer? For instance, I note from one of the reports that was done by KPMG that on 28 November 2005 Ms Clark's daughter, who was an admin officer, requested a cessation of deductions in relation to Ms Clark's salary sacrifice payments for the Saab lease via an email instruction. I am wondering whether you observed other events where not just the level of pay concerning you but the positions that people held and their ability to sort of mask or change things.

**Mr Aslam:** You have to remember that it was a 30-odd-person company, so everybody was close to that extent. I think the only family member who reported to Deborah was Christine Gibson. I can't remember what title she had—corporate services or something like that. I think she was the only one there who reported direct. Her brother reported to the relationship person, the business development person. Her daughter I think reported via the HR person. So it was only Christine Gibson who was direct. But they worked pretty closely together. To some extent you worked as closely as you wanted to with people.

**MS MacDONALD:** I am trying to get an idea of the chronology. You spoke to Ms Clark on 14 December is your recollection, and you finished up on Thursday,

4 February, I think it would have been, or 3 February.

**Mr Aslam:** Whatever the Thursday was is the day I left.

**MS MacDONALD:** Yes, 3 February. I understand that Christmas and new year got in the way and you said she didn't make much of a response when you raised these issues with her on 14 December. Did you speak to her again about them in the intervening time?

**Mr Aslam:** Yes, I dropped her an email just to make sure that what I had said was quite clear, so that there wasn't any—

**MS MacDONALD:** Did you keep a copy of that email?

**Mr Aslam:** I've probably got one somewhere—not here. It's on the email system.

**THE CHAIR:** Email system at Rhodium?

**Mr Aslam:** Yes. Well, I mean—

**THE CHAIR:** Yes, you didn't at that time see that you might need it later?

**Mr Aslam:** It will be somewhere.

**MS MacDONALD:** So you wrote to her following that on 14 December but in January or later in December did you speak about it again?

**Mr Aslam:** Yes. As I said, because we were missing each other I actually dropped her another note early January, saying, "Can you give me an update on what is happening?" I don't recall why not now, because I am not sure when people were on leave now, but, as I said, around the 17th—again I'm not sure exactly what day that is so it might be the wrong date—I got the letter from the chairman, or saw a copy of the letter from the chairman. So that went on the file. I followed up with the business development manager, Mark Thomas, because he was the acting CEO at the time of the loan, so I chased him up asking him just to provide information, because again—

**MR MULCAHY:** So the chairman had okayed, are you saying? What was the letter from the chairman that you were talking about?

**Mr Aslam:** The letter from the chairman was on the Telstra business awards—the approval.

**MS MacDONALD:** So it wasn't about the \$10,000 cash advance?

**Mr Aslam:** No, it wasn't about the \$10,000 but in terms of \$10,000 I was getting the acting CEO at the time to document what happened so that we could put that on the file for future internal control, for audit purposes effectively.

**MR MULCAHY:** This is on your dossier that Mr Samarq talked about or on some external file?

**Mr Aslam:** This is on the file. The so-called dossier is getting the information that exists within the financial records. If there is a dossier it is a number of different documents within Rhodium's financial records. I haven't got something to present to you, a dossier; there are emails and letters and documents and pieces of paper on the company records.

**MS MacDONALD:** So she was on leave over December-January—

**Mr Aslam:** I was as well; I didn't come in. But, yes, I spoke to her about it and she said, "Look, I'm speaking to the chair. I've told the chair and we're dealing with all of the issues." So as far as I was concerned at that point if the chair did know about the loan and was happy about it and that was fine and she paid it back it wasn't an issue. If the expenses were approved by the chair, whether it was in hindsight or otherwise, to some extent they have been approved. Even the rates of pay of staff—if the chair has approved them they have been approved. That process, I was led to believe, was taking place, and I saw certain bits of evidence that suggested something was happening.

**MS MacDONALD:** I don't think you have covered this yet but when you did meet with the board you raised the issue of the \$10,000 loan to Ms Clark—

**Mr Aslam:** Yes

**MS MacDONALD:** the employment practices—

**Mr Aslam:** Yes.

**MS MacDONALD:** What else?

**Mr Aslam:** The loan, the employment practices, the credit cards—when I did look at the credit card expenses I mentioned in the so-called dossier there were certain expenses that were fairly big—things like the NRL time. There were large expenses there. I didn't know whether they were okay or not but they weren't approved, so I just wanted them to be approved basically if they were legitimate business expenses, and if they weren't legitimate business expenses—

**MR MULCAHY:** You make it sound so innocent, Mr Aslam, but the chairman suggests that you were on a witch-hunt compiling stuff. You say you went just because you had to check if they were okay to be approved, but you have told us in evidence today that in fact you weren't involved with these financials, that the financial controller dealt with them.

**Mr Aslam:** People were raising them with me.

**MR MULCAHY:** Okay.

**Mr Aslam:** And I have said that. I appreciate that you want to keep harping on about what the chairman thinks—

**MR MULCAHY:** I was not harping. I am just very sceptical because—

**Mr Aslam:** You are quite entitled to, but what I am saying is that I have agreed that the chairman believes that. I'm not going to change that the chairman said that. It's on the public record.

**MS MacDONALD:** Was there anything else that you raised with the board at the time?

**Mr Aslam:** I mentioned just the general sort of culture, that there was a degree of nepotism there, sort of favouritism that appeared to be there. Staff were raising issues. I suggested to them that they look at some exit interviews of people that might highlight to them whether what people had said to me they had documented or not; otherwise it was just hearsay so it may or may not matter.

**THE CHAIR:** So generally speaking there weren't exit interviews or—

**Mr Aslam:** There were exit interviews.

**THE CHAIR:** There were; okay.

**Mr Aslam:** There were exit interviews. I didn't have access; I wasn't privy to the HR records but I said that I knew exit interviews took place and maybe they should look at them to see what was coming out. I suggested they look at the expenses.

**MS MacDONALD:** I do not expect you to remember everything that has happened; it is coming up to two years ago so I don't expect you to remember everything you raised with the board.

**Mr Aslam:** There were other things, yes.

**MS MacDONALD:** I suppose I was just trying to get an idea of the things that you raised. The other thing I would ask is: what was the reaction of the board when you raised this with them?

**Mr Aslam:** I'll use the word that you guys have used consistently—apparent. Apparently they were horrified.

**THE CHAIR:** Surprised.

**Mr Aslam:** Yes, as you would expect them to be.

**THE CHAIR:** And they expressed that?

**Mr Aslam:** At the meeting, yes. They expressed surprise there.

**MR MULCAHY:** A final question from me: in light of that, and you have reminded us that you are a chartered accountant, do you believe that the board may have been in dereliction of their duties under Corporations Law if they were so shocked and surprised at all these revelations?

**Mr Aslam:** I would rather not answer that one. Do I need to?

**MR MULCAHY:** You should. I am just asking you—you are a specialist within the firm as a chartered accountant: do you believe they were in dereliction of their duties under Corporations Law?

**Mr Aslam:** Dereliction is a strong word. I believe they could have done more.

**MR MULCAHY:** Okay.

**MS MacDONALD:** One final thing. You have said “apparent”. So you don’t necessarily agree that they were as surprised as—

**Mr Aslam:** I was being facetious; I’m sure they were. Nothing they have done makes me think that they wouldn’t do it differently—everyone can be wise with hindsight—and I am sure they could think of things that they could or should have done. I genuinely do believe that they didn’t know the type of things that were happening. I am surprised they didn’t but I genuinely believe they didn’t.

**THE CHAIR:** Thank you. I think that is probably a good place to end. I am sure that at times it wasn’t a particularly enjoyable experience but it really does help us in our inquiry, so thank you very much for agreeing to appear.

The transcript will be sent to you and you can check that for whether it is an accurate representation of your words. I should also probably let you know that we will be interviewing Ms Clark in an hour or so and we will put to her, of course, some of the things that you have said and seek her response to that, just because that is fair and that is the nature of our inquiry.

**The committee adjourned at 3.05 pm.**