



**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

VIDEO CONFERENCE BETWEEN CANBERRA AND MELBOURNE

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 4.04 pm.

CLARK, Ms Deborah, former Chief Executive Officer, Rhodium Asset Solutions Ltd

THE CHAIR: Good afternoon. We are very pleased that you are able to join us today. I will read a statement indicating your rights and privileges in this hearing. The committee has authorised the recording, broadcast and rebroadcast 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 attached to parliament, its members and others necessary to the discharge of functions of the Assembly without obstruction and without fear of prosecution. It is our understanding that you are available for two hours today.

Ms Clark: Yes.

THE CHAIR: I should also let you know that there will be some media in the room, because it is a public hearing. Ms Clark, do you wish to make an opening statement?

Ms Clark: Can you advise who else is in the room, please?

THE CHAIR: It is a public hearing and members of the public are in the room. I am sorry that you were not able to be present here in person, in which case it would have been quite obvious.

MR MULCAHY: There is no obligation for the public to be identified.

THE CHAIR: No. In fact, it is probably a bit of an infringement. There are people in the room, and everyone is interested; there is no doubt about that. Do you have an opening statement that you would like to make?

Ms Clark: No thanks.

THE CHAIR: We will work through some questions. If, at any time, you wish to make a statement or a clarification, please let us know and we will certainly accommodate that. Ms Clark, before Rhodium was established you worked at Totalcare, which was its predecessor. What did you think of the culture of Totalcare? Did you take on the job of CEO at Rhodium with the intention of carrying on or changing the culture of Totalcare?

Ms Clark: I had only been in Totalcare for six weeks prior to it becoming Rhodium. In that six weeks prior to the organisation moving to Rhodium, I had written a strategic document that outlined a range of issues that had to be addressed in moving it to the new company. That covered everything from HR to financial processes to issues with IT, et cetera. In those six weeks when I was first there, I had to basically

lead the organisation to find new premises, develop a new name and to move forward to change over the master lease agreements from Totalcare to Rhodium.

THE CHAIR: When you joined Totalcare, it was already in a transition stage and your job really was to assist with that transition?

Ms Clark: Yes.

THE CHAIR: What was your vision for Rhodium?

Ms Clark: The vision I had for Rhodium was really what I had achieved from the then board. Basically, it was a corporation that was going to grow; it was going to be national. It was going to reach such a strength that, even if a decision was made by the territory government to sell Rhodium, it would obviously be worth a lot more than it was at the time of initiation.

THE CHAIR: As a territory owned corporation, did you see that it had a different charter from the one that Totalcare had? Were you aware of the objectives of a territory owned corporation?

Ms Clark: I was involved in that documentation formulation towards the end of that process. Obviously, with the new board coming on, that was something that they were working through as well.

THE CHAIR: The main objectives of a territory owned corporation are: to operate at least as efficiently as any comparable business; to maximise the sustainable returns to the territory on its investment in the corporation or subsidiary in accordance with the performance targets in the latest statement of corporate intent of the corporation; to show a sense of social responsibility by having regard to the interests of the community in which it operates and by trying to accommodate or encourage those interests; and, if its activities affect the environment, to operate in accordance with the objective of ecologically sustainable development. Did you feel that those were your objectives, as CEO of Rhodium?

Ms Clark: Yes, I did. I was trying, obviously, to meet a lot of those objectives with the board.

THE CHAIR: I am very happy for you to expand on any of these points. What, to you, was the main role, the main objective, of Rhodium?

Ms Clark: Obviously it was a finance leasing company. Therefore, it was in that business. Am I misunderstanding your question?

THE CHAIR: No. The question is really open to your interpretation.

Ms Clark: Obviously, being a finance leasing company, it was in a very competitive market that was really not that keen on the novated lease product that had been developed—a market that was trying to claw back any business that Rhodium had picked up, or Totalcare prior to that. So it was a fledgling business that had a range of problems. It had not been established for 40-odd years, like an ACTTAB or an

ACTEW. Basically it was a start-up business; unlike a greenfields, it came with a range of issues and problems from its predecessor.

THE CHAIR: In that way, it was not really a fledgling business, was it? What were the main problems you felt it took with it?

Ms Clark: As I said to you before, I developed a strategic document for the then board and it was then transferred and also presented to the next board. The problems ranged from HR issues to skilled workforce to major IT problems. The systems were not coping with the business and particularly with the growth. I think the finance systems were inadequate. There were a range of policies, processes, et cetera, that were not in place.

THE CHAIR: Were the governance arrangements clear at the beginning? One of the issues that is raised very strongly by the Auditor-General is in relation to governance. Were you concerned about the governance arrangements when you started the company? What did you think you should do about them?

Ms Clark: Particularly in the first six months, we were with the first board. They seemed to have a very strong vision of what those governance arrangements were. The new board, together with management, often had, from that point on, difficulty in determining the path that Rhodium should take. There were often mixed messages about the governance arrangements—who it reported to, how it operated. It would change continually. Treasury played a role; I can remember the statement of corporate intent. The business plan, on the first cut, went to the shareholders but we got feedback from the Treasury department that they were not happy with what was being said in that document. They wanted it completely reworked and provided some feedback before it went back to the shareholders. So there was often constant conflict around the direct governance of the company.

MR MULCAHY: Was that direction from the Treasury or the Treasurer?

Ms Clark: I personally think there was still a hangover feeling from Treasury officers from Totalcare that was still impacting on Rhodium as an entity. When it comes to actual decisions about the statement of corporate intent and/or business plan and the directions, there was probably some difference of opinion between the two shareholders. That also added another level of complexity and difficulty in the organisation.

MS MacDONALD: You worked in the ACT government for a government department before you went to Totalcare. Is that correct?

Ms Clark: No, not in the ACT.

MS MacDONALD: You had, though, interstate; is that what you are saying?

Ms Clark: Yes.

MS MacDONALD: Was it your experience that agencies from time to time would come into conflict with the differing views of each other, especially with differing

views of Treasury, or did you not have that experience?

Ms Clark: From my experience in other government departments, there is usually one main minister that that particular area reports up to. So there is a clear vision; there are not two government departments that have responsibility for that corporation.

MR MULCAHY: Could I ask you to expand on the conflict or differences in direction being offered by both Mr Stanhope and Mr Quinlan as the shareholders?

MS MacDONALD: Can she finish answering my question first?

THE CHAIR: There is the difficulty of perhaps a slight time lapse, so we will all endeavour to let people finish their sentences before asking another question.

MS MacDONALD: You were talking about a direct line and a single vision.

Ms Clark: Yes. That is my experience—that you would not have two government departments having responsibility for one corporation.

MR MULCAHY: Which goes to my question: you mentioned there were clearly differences of opinion between the two shareholder representatives, Mr Stanhope and Mr Quinlan. Could you illustrate for us where that contradiction or conflict was manifesting itself.

Ms Clark: They would have to comment on that more specifically themselves. I think it was actually the direction in which Rhodium was going to head; that was where the conflict occurred. It was around its statement of corporate intent and its business plan. On one hand you were being told by the board and government to go out and grow the business and expand and have new product bases, which is the direction in which we set off under the previous board. On the other hand there was this conflicting advice coming back: “No, we don’t want you to do that. You should be doing this.” I do not know whether there was some lack of understanding between the two shareholders about what that business should be and how it was best going to service the ACT.

MR MULCAHY: We heard evidence earlier this afternoon from your former chief operating officer, who indicated that Mr Quinlan really only wanted Rhodium to be an ACT fleet manager. I take it from what you have just said that Mr Stanhope in fact wanted it to venture into these other areas of activity.

Ms Clark: I gather that, from the time when they looked at whether the fleet business should be rolled up into a Totalcare defined business and go back into government, a decision was made by cabinet that the fleet business should not be rolled up into a government business; it should actually be still left as a commercial business and it should be set out to grow. Therefore, if there was a differing opinion, it obviously went against the original decisions made in government.

THE CHAIR: You mentioned an old board and a new board. Could you explain the timing of the old board? Was it left over from Totalcare? How did it differ from the new board?

Ms Clark: The board was the interim board between the Totalcare board and the Rhodium board. They were in governance for a good year-plus. Mike Harris was the chair of that board. He was the CEO of the Chief Minister's Department. There were other government representatives on that board. They were in place until 24 December, when the papers were signed. So on 1 January the new board came into effect. I am not sure about those dates.

THE CHAIR: It was a board primarily made up of government officials, departmental heads and so on?

Ms Clark: Yes.

THE CHAIR: One would assume they would have the same aspirations and objectives for the board as the government would?

Ms Clark: Yes.

THE CHAIR: When this statement of intent was rejected, that was rejected by the new board?

Ms Clark: No. The new board developed the statement of intent and Treasury actually made comment on that first—

THE CHAIR: Could you go into some more detail about Treasury's reasons for wanting it reworked?

Ms Clark: I can't speak for them. I am not them; I would only be surmising. I gather there may have been some conflict in the direction of the statement of intent.

MR MULCAHY: Did they give you some information? Surely, they would have elaborated on why they had an issue with the statement of intent? Did they indicate that the Treasurer had a different view about how the corporation ought to operate?

Ms Clark: No. It was a series of reworked documents that came back to us regarding what could be incorporated and what should not be incorporated. I did not; unless the chairman had that discussion—

THE CHAIR: Did you feel that the shareholders took an interest in Rhodium's activities beyond its statement of intent or did you have the sense as CEO that it was pretty much up to you—and the board, but I am focusing more on your role and how you felt supported, directed or clear about what your task was?

Ms Clark: There were a range of players constantly impacting on the direction of Rhodium. I don't think there was ever a time, probably from 1 January, that there was not a range of people directing the operations of that organisation.

THE CHAIR: That, you saw, as a problem? Did you see it as the problem?

Ms Clark: I think it was a major problem. It was destabilising. You never knew where you really stood. You would be heading down one path and then, all of a

sudden, the whole game plan would change and you would be heading down another path. Obviously that was very confusing, and time consuming as well.

MR MULCAHY: Ms Clark, I want to emphasise to you that all members of this committee are approaching this inquiry with very open minds. It is certainly a welcome opportunity to have you put your perspective in a public sense today. I take you to a few specific issues on which I would value your comments. In particular, I refer to the issue of the \$10,000 advanced to you by Rhodium in June 2005. In a report by KPMG on this issue, and I am referring in particular to the KPMG letter to Rhodium on 3 March 2006, it notes that you claimed that you were not aware that the money advanced to you was advanced from Rhodium funds. If this is correct, where did you think the money was coming from?

Ms Clark: As stipulated at the time, when I asked, because it happened at night-time, I thought they were approaching our bank.

MR MULCAHY: Didn't the fact that the transfer was arranged by Rhodium staff alert you to the fact that these were not your personal funds? My staff could not access my accounts; how did you consider that your staff would have been able to access your personal accounts?

Ms Clark: I thought they had been given a cheque to take and put on a wire; that was all.

THE CHAIR: You were in France, I believe?

Ms Clark: Yes. It was a terribly confusing time because at the same time that my wallet was taken, one of my senior staff had a massive stroke. There was a whole range of things happening that made it quite difficult. A month before, we had just gone through the loss of one of our senior managers in a motorbike accident. So we were a bit dishevelled.

MR MULCAHY: What steps did you take on returning from your overseas trip to determine the source of funds that had been advanced to you?

Ms Clark: I must admit I was so busy on my return that I did not immediately focus on that. We were in the process, with our senior manager in hospital after this major stroke, depletion of staff and so forth, of trying to address a range of issues for government, and I just did not give it my immediate focus.

MS MacDONALD: When did you become aware that it had come out of Rhodium funds?

Ms Clark: When Naveem Aslam came to see me.

MS MacDONALD: You are saying you did not become aware until 14 December?

Ms Clark: I did not even give it a thought.

MR MULCAHY: Basically, you would not have noticed a \$10,000 transaction in

your personal account over a six-month period?

Ms Clark: No, the fact of the matter is we thought it was going to be on our loan redraw account. My husband manages those; I don't. I just had not even looked at it.

THE CHAIR: It is interesting that when you needed help—and that is the situation as I see it over there in France—you rang your workplace rather than a friend or a relative—

MR MULCAHY: Or her husband.

THE CHAIR: Yes. Was Mr Clark with you?

Ms Clark: My husband was with me.

THE CHAIR: Yes.

Ms Clark: Both of our bank accounts were cancelled—well, we have a joint account. When the cards were cancelled, the whole account—we were there without anything. I tried Westpac Bank, which the Auditor-General actually—Brian Epworth and Peter Fisk. They were not able to be reached, and so then I rang Mark Thomas out of desperation, I suppose.

THE CHAIR: More questions about this issue?

MR MULCAHY: Yes. So the delay you attribute simply to forgetting about it until Mr Aslam came to you in December 2005, and then it was not repaid until February 2006. Why did it take so long, not after the six months—which you have said you forgot about—but after Mr Aslam raised it? Why did it take another couple of months?

Ms Clark: It was not six months. The money was paid across to me on 2 July, so, in fact, it was not six months. In addition, it was right on Christmas, and then post-Christmas I was in hospital, twice.

MR MULCAHY: The fact that there was no interest attached to this loan, which you effectively had for seven months, was that an issue you felt should have been addressed, or did you think that was just the way that the cards were dealt?

Ms Clark: No, Richard, I was at the stage that I had asked Mr Aslam for evidence of that money coming across. I paid the transfer fees and everything else for that money coming across on top of the \$10,000. Look, there was so much happening. I was in and out of hospital, I was too sick to even realise.

MS MacDONALD: Sorry, when you say asked Mr Aslam for evidence, can you clarify what you mean by that?

Ms Clark: Well, just that the transfer and so forth, where the moneys came from, how much the transfer fees were and so forth, so he then wrote that, and that letter was delivered to me early January, I think, about 8 or 9 January.

MR MULCAHY: Now, Mr Aslam raised it with you? You did not initiate the inquiry some five months later?

Ms Clark: No, I did not, no.

MR MULCAHY: Then you asked him to give you evidence. Would it not have been logical that you would have looked at your own loan account that you mentioned earlier to see—

Ms Clark: We did do that as well. I am not saying that was done in isolation, no.

MR MULCAHY: Do you think this was an appropriate use of company money?

Ms Clark: Well, I did not know it came from company money at the time.

MR MULCAHY: But you did by December, did you not?

Ms Clark: Yes, I did. Obviously, I was very distressed about it.

MR MULCAHY: Did you notify the chairman? Did you advise Mr Samarcq at the time?

Ms Clark: No, I did not at the time.

MS MacDONALD: Ms Clark, in relation to this, what was your response to Mr Aslam when he raised this issue with you on 14 December?

Ms Clark: I think I said to him I had completely forgotten all about it. I did not know. I wanted evidence of that money being transferred, et cetera, et cetera.

MR MULCAHY: Did he raise any other issues of concern with you?

Ms Clark: Not that I know of. I mean, it is nearly two years ago.

MR MULCAHY: So he just simply came to you and said, “There’s a \$10,000 cash advance outstanding.” You have said, basically, “Demonstrate to me that I, in fact, had this,” and that was the end of the discussion? You do not recall more than that?

Ms Clark: Pardon?

MR MULCAHY: Sorry. Do you recall the date of that meeting?

Ms Clark: No. It was near Christmas.

MR MULCAHY: 14 December?

Ms Clark: I am not sure, I am sorry.

MR MULCAHY: Okay.

THE CHAIR: Mr Aslam was employed from September, I believe, is that right?

Ms Clark: Yes, 12 September, I think.

THE CHAIR: Yes. So how would you describe your relationship with him over that period of time until December, in particular, at that time that he came and gave you that information?

Ms Clark: I do not think there were any major issues between us. We were dealing with problems around an employee. There were obviously issues within the business. I do not know. I would not characterise it. It was a business relationship.

THE CHAIR: How often did you meet each other?

Ms Clark: Our offices were next door to each other.

THE CHAIR: You were the person to whom he reported and who directed him, to some extent, I suppose?

Ms Clark: Yes.

THE CHAIR: Yes?

Ms Clark: I note in the Auditor-General's report that they made a reference to that being a fact. That is not the comment that was made. The comment was made that the board were heavily involved in the recruitment of Mr Aslam.

THE CHAIR: The board was?

Ms Clark: Heavily involved in the recruitment of Mr Aslam.

THE CHAIR: Yes. But you were involved too, I guess?

Ms Clark: Yes, yes.

MR MULCAHY: If I can follow up on this 14 December meeting, we heard in evidence today from Mr Aslam that he claims he discussed these issues with you on 14 December. The \$10,000 loan was one, but he also claimed to have raised other issues of concern as well relating, I think, to the Telstra Awards and credit card transactions and the like. Do you recall these conversations, and do you recall receiving two follow-up emails from Mr Aslam in January on these very same issues? Did you say to Mr Aslam words to the effect of "I'm speaking to the chair, and we're dealing with the issues"?

Ms Clark: I said I was going to speak to the chair and, yes, we were dealing with the issues, and we had put in a credit card system to ensure that he had signed off on those credit cards and that dated to October or September.

MR MULCAHY: Okay. When did you speak to Mr Samarcq about the issues that

Mr Aslam tells us he has raised?

Ms Clark: I do not know.

MR MULCAHY: Was it within a day or two, or did you leave it for a couple of months?

Ms Clark: No, it was not a couple of months.

MR MULCAHY: Can you be a little more precise?

Ms Clark: No, I cannot, I am sorry. I do not know.

MS MacDONALD: You have said that you were in hospital in January 2006. So I am just trying to get an idea of the time frame that things occurred. How long all up were you in hospital for, can I ask?

Ms Clark: I went into hospital one time at Christmas Eve and another time towards mid-January.

MS MacDONALD: For how long, approximately?

Ms Clark: It varied both times.

MS MacDONALD: Okay, and—

Ms Clark: Really, that's probably my personal business.

MS MacDONALD: I do not want to know the nature of what you went into hospital for or anything like that, Ms Clark. I am asking on the basis of trying to get an idea of when you were actually in at Rhodium and whether or not you had actually spoken to Mr Aslam. I am trying to get an idea of comings and goings. That is why I am asking about the length of time. It is for no other reason. Can you give me an estimate of the amount of time—

Ms Clark: On the first occasion, it was only about 24 hours, but I was quite unwell for a few days after that. The second occasion was longer, and then followed up with an operation in early February.

MR MULCAHY: Okay. Do you recall what Mr Aslam's email said to you in January, the nature of those messages, and what did you do?

Ms Clark: I do not have copies of any of those emails.

MR MULCAHY: But do you recall the nature of them?

Ms Clark: Well, obviously it was raising the progress of rectifying the \$10,000. The first email was with the information that he got from Mark Thomas regarding the \$10,000 and the transfer costs and so forth and an invoice. I cannot remember the second one, I am sorry.

MR MULCAHY: Had you by this stage, do you believe, spoken to Mr Samarcq, by January when you were getting these messages?

Ms Clark: He discussed credit cards and putting in a system for verification of credit cards. I gave all my credit card statements backdated to September to Mr Samarcq with a full account on the front of them.

MR MULCAHY: The \$10,000 issue, did you mention that to him or not?

Ms Clark: I do not know, I am sorry.

MR MULCAHY: It was towards the end of this time that you had reached the view with the board to terminate Mr Aslam, about the same time, I take it, that you were getting these emails?

Ms Clark: No, there was a range of issues that the board had also been raising about the fact that the role had really been taken on as a COO for financial performance, and it was felt it was not being focused and therefore it was better to actually put a CFO position in place. That was not a decision made in isolation by myself or performed by myself. It was a decision by the board.

MR MULCAHY: But you recommended it, I take it, that he be terminated?

Ms Clark: No, I did not recommend it. We had the discussion as a group, a teleconference.

MR MULCAHY: What was your recommendation as chief executive? Surely you would have had a recommendation?

Ms Clark: Well, my recommendation was the same as it had been for the last 12 months, and the people that we had come in and do an organisational review, that what we needed was a high level CFO.

MR MULCAHY: So, in other words, it was time to let him go?

Ms Clark: Well, that we needed to redirect him to the high level CFO.

MR MULCAHY: Obviously, if the board were aware that he had raised over two months issues about financial management, that may have raised some questions in their mind as to your advocacy for his position to be made redundant, would it not?

Ms Clark: Look, no. In all fairness, that is not the way it was at all. These discussions had been going on for 12 months, as I said, about the need for a CFO.

MR MULCAHY: But you had only hired him in September.

Ms Clark: I know, but, really, the role needed a CFO rather than a COO.

THE CHAIR: There had been a COO prior to Mr Aslam, who was not for very long

in that position. I am wondering what your feelings were about him in terms of doing the job that you wanted and why that person left and why, after he left, you did not reassess whether what you wanted was a CFO and not a COO at that point.

Ms Clark: Because the decision was not mine. It was taken completely out of my hands. It was a board decision. As I said, we had an organisational strategic assessment done of what our needs were 12 months before that. That recommended a high level CFO. The board wanted a COO. So the decision to redirect into another COO was a board decision.

THE CHAIR: It sounds like you had a different idea to the board. Were you able to express your opinions robustly and feel that they were taken on, or did you feel that the board was quite heavy handed in terms of governance of the organisation?

Ms Clark: I think the board had varying levels of involvement in management by some individuals. I think that the COO is a prime issue. As much as I said we needed a CFO, they wanted a COO. As much as we had an independent firm do that organisational redesign to say what was needed, the board still said a COO, so it was not my decision.

MR MULCAHY: So in the course—sorry.

THE CHAIR: Hang on, sorry. Have you finished that?

Ms Clark: Yes.

THE CHAIR: Okay.

MR MULCAHY: Within a course of four months, they have had a complete change of heart, the board, about the need for a COO? They appointed someone in September—

Ms Clark: It had been over six months, because of the first person, who started while I was not there. Obviously, the position was not working for them. They wanted to have more focus from a financial perspective, as I did. There was a range of systems that were not being implemented or put into place that we really needed to get in place. The fact is the finance role went to that COO role, but because the role was diversified, it could not give it the appropriate focus that it needed.

MR MULCAHY: Mr Aslam went to the board after his position was terminated.

Ms Clark: Yes.

MR MULCAHY: Mr Samarcq has raised some issues about motive there, that he believed that he was compiling a dossier on you. Do you have any view on that evidence that Mr Samarcq has given? Is it related to his termination, or do you believe it was genuinely motivated?

Ms Clark: His termination was genuinely motivated—

MR MULCAHY: No, no, his decision to go to the board?

Ms Clark: I think his decision to go to the board was motivated by his termination.

MR MULCAHY: Right. Can I just raise—

Ms Clark: In that pre-Christmas discussion he said to me, “Look, I don’t think this is anything we need to raise with the board. I think you just need to pay it back. You weren’t aware, so.”

THE CHAIR: There are other ways of interpreting that, of course, that it was a chance for you to fix it up. There are ways of interpreting that, apart from—

Ms Clark: Which I did.

THE CHAIR: Yes.

Ms Clark: Which I did.

THE CHAIR: But you did not pay it back in a quick time, which would concern anyone who wanted accountability.

Ms Clark: I understand your point on that. As I said, I felt distressed about all that myself. It was Christmas, and my health, and there was just so much happening, and I just, yes.

MR MULCAHY: Moving on to another specific item in one of the reports, in hearings before the committee on 10 May, Mr Samarcq and Mr Ken Moore, the acting CEO then at Rhodium, discussed the board’s instructions to you regarding the purchase of the Lexus as your company car. Mr Moore testified that the decision to purchase the vehicle rather than lease it was not referred to the board for approval. Can you confirm if this is correct, and can you tell us who made the decision to purchase rather than lease this particular vehicle?

Ms Clark: In fact, I had been leasing that car for several months before that became my company car. I started leasing that car in September.

MR MULCAHY: In your own right?

Ms Clark: Yes, in my own right. My previous car was given to Mr Habib by the board as part of his package. So I was actually leasing that Lexus vehicle myself, paying monthly payments. It was then at the renegotiation of my contract that I said that I would like a salary commensurate with COOs and some of the privileges as I felt—

Mr Clark: Your salary was less.

Ms Clark: Because my salary was less. The board said to me that, in fact, they would not give me any more increase in salary, but they would make the Lexus part of my package. I was then asked to contact Mallesons, who developed the contract to have

the Lexus included. I found out afterwards that it had been a direct purchase. Of course, purchasing and leasing of vehicles did not come under my direction any more. Those decisions reported to the COO. I did not have any part to play in that. But I gathered at the time they thought it was beneficial seeing it was a company car to own it outright rather than be paying interest rates on a lease payment.

MR MULCAHY: So you are advising us that you had no idea of the decision to purchase; It was made by the—

Ms Clark: No, I did not.

MR MULCAHY: It was made by the chief operating officer, and the fact that there—

Ms Clark: And I—

MR MULCAHY: If I could just finish my question. The distinct difference in price between the Lexus you acquired and the previous company car, which I believe was a Saab, was not something that you felt you should draw to the attention of the board or the chairman?

Ms Clark: In fact, the Saab I paid for as well. It is just that I had actually been leasing that Lexus car for several months.

MR MULCAHY: You did not know it had been bought by Rhodium?

Ms Clark: No. It was not my area. I do not even know if the COO authorised that or who did. I mean, those decisions did not come to me any more.

MR MULCAHY: But would you not—

Ms Clark: In fact—

MR MULCAHY: But if it was part of your remuneration package, would you not be aware of what the monthly lease costs would have been if it was part of a salary sacrifice arrangement? I have never heard of anyone in that role—

Ms Clark: That was put into my contract, the Lexus was put into my contract.

MR MULCAHY: Did your chairman see that contract in its final form?

Ms Clark: The chairman asked Mallesons to do it. It was a revision. I did not do the contract. The chairman did not—the board had Mallesons do that contract.

MR MULCAHY: I understand that, but are we to believe that Mr Samarco was fully aware that, in fact, they were now putting a Lexus into your salary package, a car, I think, worth about \$128,000, which was a substantially different vehicle cost to the one you previously had?

Ms Clark: Look, the one we sold was my car. It was not a Rhodium car.

MR MULCAHY: But was it part of your package?

Ms Clark: No.

MR MULCAHY: There was no salary sacrifice?

Ms Clark: I was paying for it. No, it was not. I was paying for it under a lease, a finance lease myself.

MR MULCAHY: Okay.

Ms Clark: I was paying for both cars myself.

MR MULCAHY: Both cars?

Ms Clark: When I had the Saab I was paying for it. I initially was paying for the Lexus myself.

MR MULCAHY: Okay, then it was capitalised?

Ms Clark: Pardon?

MR MULCAHY: Then it was capitalised, bought out? So, you realised the lease payments stopped, so how would you have thought the car was being paid for?

Ms Clark: They were stopped to me due to the fact that it became part of my contract as of 1 December.

MR MULCAHY: But would you not have wondered how the lease was being funded, or did you not ask that question?

Ms Clark: No, I did not ask that question. I thought the people knew what they were doing. I know there was a discussion at a board meeting two months before that in October regarding the fact that we had some surplus funds sitting there. Rather than continuing borrowing funds from Westpac Bank for vehicles, we were going to start funding vehicles ourselves and, therefore, making the interest payments. So whether it was part of that strategy—

THE CHAIR: How would you describe your relationship with the board, Ms Clark? How often did you meet with Mr Samarq

Ms Clark: I met with Mr Samarq every week in a formal meeting. I would have contact with him most business days and would see him at a range of functions as well.

THE CHAIR: Were those meetings frank and robust?

Ms Clark: In thought they were.

THE CHAIR: Were you able to talk with Mr Samarq about problems at a micro

level in the business? Was he helpful? I did note in the evidence that he gave to the committee that he said that you were going through a difficult time, that is how he put it. I do not want the personal details there at all, but he does seem to have had at that time a thoughtful attitude to you. I am just wondering if he was a mentor to you? *(Pause while audio link muted in Melbourne.)*

Ms Clark: I thought what Mr Samarcq actually said was that in my November performance review he had actually said that I performed well under difficult circumstances, and that was not to do with anything personal. It was to do with what was happening in the company.

THE CHAIR: We were not really aware of that. Because “difficult circumstances”, could, of course, be anything, I wonder if you would like to elucidate on that?

Ms Clark: Well, the difficult circumstances, I think, for everyone was the constant turmoil over on one side a business plan about what the direction of the organisation was going to be, whether it was going to be sold, whether it was going to be retained, I think relationships with Treasury, it was about trying to get our enterprise architecture signed off by Treasury, budget estimates. There was a range of far-reaching approaches. We were doing things such as trying to put together what the economic worth of Rhodium had started to develop into in order to take back to government to say, “This is what the economic worth of the organisation is about.” We had trouble even with a couple of consulting firms that we approached; They actually said that they would not do that piece of work for us because it might impact on their relationship with treasury with whom they did a great deal of business. So we were dealing with those things all the time.

THE CHAIR: It sounds as though you thought the threat of being sold was there from a very early stage—call it a threat or whatever, but that idea. Is that what you felt?

Ms Clark: We never really knew. It changed on a regular basis. Even if it was the case that it was going to be sold, the fact of the matter was, to build the business to such an extent that the price they were going to get would be much better than if you kept it.

THE CHAIR: So you wanted to build the business, and you felt thwarted in that time and again?

Ms Clark: No, no, I am just saying it would not have mattered whether you were keeping it from that point of view or whether you were keeping it for retention because of what it was delivering back into the ACT. The fact is if you sell that business, things like the massive stamp duties money they bring into consolidated revenue and so forth from those cars purchased—there are lots of financial windfalls that come to the ACT—you lose that. It does not really matter which way government was going to go. It was about having a clear direction. It was about having a direction; where are we going to go with the business; are we going to bring it back to fleet management. There were all those issues going on all the time.

MR MULCAHY: It is interesting you say that because I think it is fair to say that generally the woes of Rhodium have been laid squarely at your feet by government and by your board. You have been held out as the one responsible for all of this saga. But what I am hearing here, possibly in subtle terms, is that you felt enormously frustrated by the conflicting directions you were getting from government and the lack of certainty as to what the future of the organisation was. Is that a fair summary of where you are at in this matter? Do you feel fairly badly slighted because of the way you have been held out?

Ms Clark: I do. This whole 18 months has been emotionally distressing for me I must say. In fact, I was solely committed to that organisation and to ACT, to do whatever I could. It doesn't matter what I say or who I say it to; I am not going to be listened to. The trial by media that occurred last year was just atrocious. I can't begin to explain the impact that has on a person—and, in fact, a person who has tried her best, who had worked seven days a week a lot of the time, in order to make that business achieve, to try and support the board, to try and support government. I just find it has been emotionally distressing.

MR MULCAHY: Did anybody in the government contact you or try to get your perspective as to whether you in fact really ought to be the one held responsible; that maybe there was blame also applicable in Treasury? So you have been basically hung out to dry?

Ms Clark: Yes.

MS MacDONALD: Although you were of course interviewed by the Auditor-General for the Auditor-General's inquiry.

Ms Clark: Yes, I had a one-hour interview with them.

MR MULCAHY: Is that all?

Ms Clark: Yes.

THE CHAIR: Were you given an opportunity to comment on the Auditor-General's report?

Ms Clark: I was, but very little was changed in that really. We put out a written—tried to give the correct facts and—

MR MULCAHY: Then what—was that ignored?

Ms Clark: Yes.

MR MULCAHY: Would you be good enough to furnish this committee with that documentation, because it is privileged under the wing of this committee. I think we would find it very informative.

Ms Clark: Yes.

THE CHAIR: One of the concerns that was raised by Mr Aslam—perhaps not to you, I am not sure, on the 14 December conversation—was in regard to employment practices. What I would like to know is: what were the employment procedures that made it possible for a number of your friends and relatives to be employed in the organisation? Secondly, is it true that they were paid at salary rates that were perhaps not commensurate with those of other people of equivalent positions?

Ms Clark: No. All of that is untrue. In fact, you have to remember that this organisation, this fleet business, that previously the person who ran it, her husband was her deputy. There were several staff members who had their brothers, godsons and so forth already working in the organisation.

MR MULCAHY: Sorry—was that in the Totalcare era?

Ms Clark: Yes, and a lot of those staff transferred across. We often had trouble recruiting staff. One of the positions that we had a great deal of problem recruiting for was, in fact, the manager that was handling the ActewAGL account, Anna Richard. After the death of our manager of that area, we tried several areas to recruit. I was being approached because they knew that I had a brother who was an expert in this field, whether they could interview him, and I said, “As long as I’m not in the process you can do that.”

MR MULCAHY: Who approached you with that? Who were the people who asked you if they could do it?

Ms Clark: Mark Thomas.

MR MULCAHY: On this point, can I interrupt you, Ms Clark. The KPMG report decided that a range of relatives including your aunt Ms Christine Gibson, your brother whom you have just mentioned and your daughter Ms Hannah Clark were employed. What actions did you take during the employment process to draw this fact to the attention of the board or Mr Samarcq as chairman?

Ms Clark: In fact Hannah Tilyard was employed for six days when we were first establishing and we needed someone to stuff 18,000 envelopes to send out to all our novated leases. That was for six days, two years previously. My brother I have just spoken to you about. In fact, he was so good at what he did that Mr Aslam actually said that if he ever left the organisation he wanted to take him with him and that in fact some of the business we were winning was because of his expertise. The third person was for six months and a person I had not seen for 20 years. Once again, I had no involvement in the recruitment process.

MR MULCAHY: My question was: did you do anything to take the precaution of notifying your board that you were putting relatives into these positions?

Ms Clark: Well, Hannah working six days at the beginning of Rhodium to stuff those envelopes; the board knew about that. It wasn’t this board; it was the previous board. Board members I think were aware in the longer term about Michael; and Chris Gibson actually presented her resume to the board at her first meeting.

THE CHAIR: Resume of course does not indicate a genealogical connection.

Ms Clark: No, but she is not a blood relative I might add—she is far removed.

THE CHAIR: But I am just wondering if that was one of the things that Mr Aslam did mention to you, because it is one of the things that he mentioned to the board. Also that issue of parity of wages: would you mind addressing that, please?

Ms Clark: In fact, Michael came on exactly the same salary as the staff member who had died; he basically went onto exactly the same contract. Chris Gibson I was not involved with but I gather hers wasn't above parity either.

MS MacDONALD: The Auditor-General's report states that you had employed five staff members, so that is one of the mistakes on their part, is it? It says that audit found that five were close relatives of the former CEO.

Ms Clark: That in fact is not correct.

MS MacDONALD: That is all right. I just wanted to clarify because it does actually say that.

Ms Clark: There is an actual table that I think gives the wrong impression.

MS MacDONALD: I just wanted to know that that was an error.

MR MULCAHY: Ms Clark, can I just raise one of the other fairly critical issues that has come under attention and that is the matter of sponsorship agreements. Again Mr Samarcq gave evidence before this committee on 10 May when he discussed the board's instructions to you regarding sponsorship arrangements for Rhodium and he reported that you had put a draft sponsorship policy to the board in early 2005 seeking approval for half a million dollars to be spent on sponsorships. He said that the board cut this amount back to a limit of \$100,000 and in his words:

We certainly made very clear to her at that point that we were not about to enter into sponsorships that were of that order of magnitude.

Is this correct and was this clear to you?

Ms Clark: No. A lot of the sponsorships we had in place came over from Totalcare. There was a range of others and that sponsorship policy was such that I had a \$100,000 component spend but any other sponsorship proposals had to go to the board for approval, as with the Brumbies sponsorship proposal.

MR MULCAHY: Mr Samarcq testified that you ignored this limit and went ahead with the Brumbies sponsorship without approval of the board—this is page 34 of the transcript of evidence, if you want to check it—and the Auditor-General's report also found at page 43 that the total expenditure on sponsorship for 2005-06 amounted to some \$201,000, more than double the amount approved by the board. Did you authorise this expenditure or can you explain—

Ms Clark: No. The Brumbies sponsorship went to the board. It was a document that went to the board. I discussed it with Mr Samarq beforehand. Some of my senior managers actually prepared that paper. It was discussed with him. He said we would present it to the board, and they approved it, and he attended the opening session.

MR MULCAHY: So you are saying that he was fully aware and the board was fully aware of that deal, despite evidence that they have given to the contrary?

Ms Clark: Yes, they were.

MR MULCAHY: In terms of the over-run, the \$201,800, the general over-run on what he claimed was the approved budget for sponsorship, he said to us that you defended this action and promised to reduce other sponsorships and entertainment costs to cover the difference but that this never occurred. Is he correct or—

Ms Clark: In fact that was in the Brumbies sponsorship proposal—that to take the Brumbies on there were a number of other areas that we were going to withdraw from, and we were in the process of doing that before I left. This Brumbies proposal went up in the late—about two months before I left.

THE CHAIR: I am looking at my transcript when we had Mr Samarq before us. Mr Samarq said:

The sponsorship policy, interestingly, when it was put to us by the CEO in early 2005 for approval, sought an amount of \$500,000 cumulative on sponsorships.

He was asked whether you wanted that open—carte blanche—and Mr Samarq said yes and it was at that point that that was cut back to \$100,000. Is that your recollection of the way things occurred?

Ms Clark: No. My recollection was in fact I had a limit of \$100,000 and anything above that had to go to the board.

THE CHAIR: But did you ever ask for \$500,000?

Ms Clark: The Brumbies proposal went to the board—

THE CHAIR: This is a different thing I think.

Ms Clark: It was \$500,000 for the financial year that had to be approved by the board and every month we had as part of the report a statement on our sponsorship activities and a running total of the finances. It was in the finance papers.

MR MULCAHY: There has been much made here in a public sense of the amount that Rhodium spent on corporate entertainment in 2005-06, some \$232,000, and Mr Samarq reported that Rhodium provided corporate entertainment at a range of functions including the Australian Open, the one-day cricket international, the formula one grand prix, the NRL grand final, the AFL preliminary final, the AFL grand final, the Melbourne Cup and the soccer world qualifier. Did you approve those entertainment expenditures?

Ms Clark: Yes, we did, but board members also attended some of those functions, as did the Treasurer, as did his commonwealth government partners at territory government. In fact, the reason why in that first year we decided to take such a proactive role in that was that we were competing in the fleet industry. That is where our major competitors are; they were inviting the people that we were actually trying to maintain, retain or keep business. So it was a matter of actually trying to engross ourselves in the industry.

As part of their Brumbies proposal, the reason we were saying—we felt we had done that in the first year—the next year’s sponsorship should be doing things that were more in line with actually where we were going to get visual marketing bang rather than corporate. We had actually got out, built our relationships, let people know who Rhodium was; and so now it was going to be a turn of actually demonstrating in other avenues. So with whatever sponsorship we did we tried to ensure that we were helping the ACT community.

MR MULCAHY: Why would heads of ACT government need to be wined and dined at these major premium ticket events to do business with your organisation?

Ms Clark: They were very few; they would tend to be more of a function in ACT—maybe the Chief Minister’s disability awards. It was really more commonwealth heads of departments, your major financiers, your major fleet providers, et cetera.

THE CHAIR: Did the government ever come to you and ask you to sponsor something like the inclusion awards?

Ms Clark: Yes. We sponsored the—not the inclusion, the first lot that we were involved with—the ACT disability—

MS MacDONALD: Those are the inclusion awards.

THE CHAIR: Yes.

Ms Clark: No, no, not the inclusion. This was a longstanding one that Totalcare had been sponsoring for five years—ACTABs I think it was. Then there were obviously the inclusion awards. We did the tourism awards, and part of that was, to do the tourism awards for \$15,000 you would get a whole year’s value of marketing, whereas one ad in a newspaper, in the *Financial Review*, would cost you \$17,000.

THE CHAIR: But that was your initiative and not the government’s invitation for you to fund them, because—

Ms Clark: No. We were invited to participate and perhaps sponsor those. Canberra has got a very limited market for who to approach I think for those types of events. So with a company that was starting to develop they thought it was opportune.

MR MULCAHY: Can I just take you back to my question about this pretty substantial entertainment at all of these national events: who were the people who were taken there? Were there senior commonwealth and state public servants who

were beneficiaries of these—

Ms Clark: Senior commonwealth—

MR MULCAHY: This was with a view to convincing them that they ought to assign their fleet business to you, or to Rhodium?

Ms Clark: Yes, that's right—to get our novated lease business into their departments because we were having problems trying to get that in to compete with Leaseplan and so forth—

Mr Clark: Which you did.

Ms Clark: Which we did, and managed to win quite a substantial amount of business.

MR MULCAHY: What about ACT, though? Were there ACT senior officials who attended any of these events?

Ms Clark: As I said, they attended predominantly those in ACT—if we had the ACTABs or the tourism awards or something along those lines.

MR MULCAHY: What about the ones I cited there?

Ms Clark: Like who?

MR MULCAHY: Like the Australian Open, the one-day international cricket, the formula one grand prix, the Melbourne Cup—nobody from Canberra was going there?

Ms Clark: No, they didn't.

THE CHAIR: Who did go?

Ms Clark: Commonwealth heads and finance and so forth. There were no ACT government heads.

THE CHAIR: Who went then? Who were the prospective customers who did go, and how many staff members went?

Ms Clark: It would be one, maybe two staff members, and what we did, unlike perhaps Transact or ActewAGL and so forth, was we only paid for them to go to the event, whereas those other areas were actually paying for their air fares and accommodation. Actually Transact said that they adopted our principle in the end of only paying for the actual event.

MS MacDONALD: What sort of a register was kept of attendances at such sponsorship events?

Ms Clark: Obviously initially they were just kept on a Microsoft Word document and then we started to formalise the process and we started to put a register together

because for those events and also if we were taking prospective customers it also gave us a tax advantage, so we could actually offset the cost of those against our taxation.

THE CHAIR: Do you think that if the CEO hadn't gone to the board you would have continued in your position, continuing to enjoy a good relationship with the board?

Ms Clark: I don't know really. I wasn't very well at the time so my health wasn't very good.

Mr Clark: Just say you can't comment.

Ms Clark: I don't know. I can't comment.

MR MULCAHY: I might just follow on from Dr Foskey's point. In hearings before this committee also on 10 May Mr Samarcq recounted his regular meetings with you and the fact that the issues that were raised by the former CEO in February 2006 were not raised with the board during your meetings. He stated to us:

I felt that the trust that I and the board had bestowed on the CEO was not returned, and we were heavily upset at the time when these issues were brought to our attention.

Can you explain to us why you did not raise the matters raised by the various inquiries—the advance of personal funds, the use of company credit cards for personal expenditure, the problems with sponsorship agreements and so on with the board?

Ms Clark: In fact, the sponsorship was not raised as an issue.

MR MULCAHY: Mr Aslam claims that, as far back as the tourism awards, he raised, in an informal sense, the fact that he thought it was excessive.

MS MacDONALD: Mr Aslam said before that he had actually raised it with one of the board members in an informal sense, not with yourself, until—actually I don't even know that it was raised with you by Mr Aslam. But he said earlier that at the Telstra awards he had expressed surprise at the scale of the event to a board member.

MR MULCAHY: He mentioned the tourism awards but on 14 December he said he raised it—

MS MacDONALD: Yes, sorry.

MR MULCAHY: A section was devoted in the Auditor-General's report to promotional products. There were some fairly lavish gifts and the like. Where did these gifts end up going to, in general?

Mr Clark: Which gifts specifically?

Ms Clark: Which gifts specifically?

MR MULCAHY: There was Royal Doulton glassware, glass decanters, Waterman pens—products worth some \$33,000. What were they used for?

Ms Clark: I am not aware of Royal Doulton glassware and so forth. I don't believe I signed any of that off.

MR MULCAHY: It says here that the former CEO approved most of the purchases. Are you saying the Auditor-General's report is wrong in that respect?

Ms Clark: No. We did give a gift to the board and to senior clients, for Christmas.

MR MULCAHY: They would be public servants?

Ms Clark: No, not necessarily. It could be heads of financial, it could be heads of companies et cetera.

MR MULCAHY: Were there gifts given to people who were running government agencies?

Ms Clark: Not that I know of, no.

THE CHAIR: Have you entirely repaid the \$15,000 balance that was owing to Rhodium at the time of the Auditor-General's report?

Ms Clark: Yes, but we didn't know about that. That was, in the end, fringe benefits tax and so forth on the car and a range of those areas that were actually worked out after I left and after the car went back.

MR MULCAHY: Dr Foskey asked if that remaining \$15,000 which was due to be repaid by 15 June has now been repaid?

Ms Clark: Everything has been repaid, but they were not yet clearly established at the time I left. They were subsequent.

THE CHAIR: It does seem that it was quite difficult for the board to make arrangements to have you repay this debt. Did you think it was unfair?

Ms Clark: They were debts in dispute. We did not know anything about them until we sent a letter and asked for documentation. It did not come and then eventually we got it through a legal firm.

THE CHAIR: Did you say you have completed those repayments?

MR MULCAHY: She said that.

THE CHAIR: Okay. I asked you earlier about your vision for the firm. If I were employing a CEO, I would really want to know what they were going to do, what their being the CEO was going to do for that firm. Would you like to have another go at what you might have told the interviewing panel when you first showed your interest in that job?

Ms Clark: What I told the interview panel was nothing about vision or anything else; I was there to transition and to put into place government directions for what they wanted for that business.

THE CHAIR: That was in the initial time with Totalcare, in the transition period, but your appointment was renewed a couple more times after that?

Ms Clark: Just a second. *(Pause while audio link muted in Melbourne.)* Probably that was because I had a series of short-term contracts. I don't think that ever came up—what my vision was for the organisation. I was really there to put in place directions from the board and government.

THE CHAIR: Do you think anybody had a vision for the organisation?

Ms Clark: Many people probably did. The trouble is that none of them matched.

THE CHAIR: With some of the expenses that you incurred, rightly or wrongly, it seems to me that you must have had a purpose in doing so—advancing your objectives or your vision. With respect to expenditure on some pens at \$155 each, how was that going to assist Rhodium?

Ms Clark: I suppose the fact of the matter, as I said before, is that it was about advancing what the formal governance vision was for growing the business. We were in a highly competitive fleet business. We obviously had to try and compete with our competitors—very strong competition.

MS MacDONALD: I understand the point that you were trying to attract business. Did you have another organisation that you were benchmarking yourself with in terms of determining the level of sponsorship and promotional—

Ms Clark: We were basically looking at what other large fleet organisations were doing for their customer base.

MS MacDONALD: Even though Rhodium is not a large fleet organisation?

Ms Clark: We were growing substantially. Obviously, there were two main large ones at that time, but there were other smaller ones. It was common practice. It was about competing in the marketplace, really.

THE CHAIR: Given there was a great deal of expenditure, and by comparison a small amount of return to government, at what point does a CEO actually weigh up those issues and say, “Look, this isn't really working; the return isn't going to government and that's the main thing the company's supposed to do”? Was that somewhere down the line?

Ms Clark: There are three components to that. Firstly, we were never going to achieve those great returns in the first two to three years. It was about building the business and getting into the marketplace to achieve those returns. Secondly, there were the indirect returns to government through stamp duty, workforce, sponsorship

of community and government activities, and a whole range of those things. Thirdly, in the first year, for a revamped organisation we did give some good returns.

MR MULCAHY: I have two questions that are not entirely connected. Mr Aslam earlier today sought to categorise the way in which you operated as having a climate of fear and running Rhodium as though it was your own business. My colleague Ms MacDonald has handed me the exact quote: “There was a culture of fear. The CEO ran it as though it was her company.” Given that has been put on the public record, I would be interested in getting your response on the public record.

Ms Clark: I don’t think that was the case. I think I had a good relationship with most of my staff. It might be a little more the other way. I was always very aware that the government and the board were heavily involved in the management of that organisation.

MR MULCAHY: So you refute those allegations?

Ms Clark: I definitely do, categorically.

MR MULCAHY: Going back to the broader issue, you have indicated you feel wronged over this particular episode. The board, for its part, has claimed lack of knowledge of various things going on and sheeted blame home to you. Do you have a view? Either the board knew more than we have been told—and you have indicated some areas where we have had contradictory evidence—or they did not know what was going on and potentially they were not adhering to their duties under Corporations Law. Where do we as a committee reach a view? Were they in the dark or are you saying they really were across things and therefore had a duty at law, if they had issues, to pursue them with you? *(Pause while audio link muted in Melbourne.)*

Ms Clark: I would probably not like to give those comments in a public environment.

MR MULCAHY: They are very central issues to this, and this is a parliamentary inquiry. We do ask that you respond to those points.

Ms Clark: I don’t think the board were in the dark.

MR MULCAHY: So you believe they were far better informed of these events than they have conceded publicly, and you stand by the view that you kept them and your chairman informed of what was going on?

Ms Clark: I certainly did. I would also like to say that we had some board members that were part of a political party, so there may have been some conflict. There were other businesses that they were associated with which may have posed some conflict; I don’t know.

MR MULCAHY: What kind of businesses are you talking about? I remind you that you are protected at law having regard to the evidence that you provide here today.

Ms Clark: You’ve got the media sitting there, though.

MR MULCAHY: It doesn't matter. The proceedings of this committee—

MS MacDONALD: Privilege is attached to the proceedings.

Mr Clark: It does matter.

Ms Clark: It does matter because I went into a process last year where the stuff that happened in the paper nearly annihilated me personally.

MR MULCAHY: I understand that, and I can appreciate that situation. But I think it is very important for this inquiry, in order to be able to deliver a fair outcome and fair recommendations, to be aware if there are aspects of this particular episode that we are not aware of. You are alluding to the fact that there are both political and commercial factors relating to the board that we should be made aware of. I really think it would be useful if you were to expand a little on those comments.

Ms Clark: Could that be done in camera?

MS MacDONALD: We have made a decision not to do it in camera.

MR MULCAHY: We could consider it.

THE CHAIR: We would need to consider that. I want to say that it is highly irregular that in this case we have agreed to Mr Clark being present. It is looking evident that we are not hearing your answers, Ms Clark. Really, that is what we are here for. We just wanted to make it clear that we have made an exception in this case. But we really want to hear your answers to our questions. I want to make that clear. Would you reconsider whether you would answer Mr Mulcahy's question?

MS MacDONALD: Can I also say that I understand, not through the experiences you have had, that it has been a difficult 18 months for you. However, we have the Auditor-General's report; there has been a lot of speculation in the media. This is your chance to put your side of the story. The committee is very interested to hear your side of the story because we are getting lots of different points of view. Obviously, there will be lots of different points of view from people's recollections of what has occurred. All we are asking of you is to give your recollections to the best of your ability. These proceedings are privileged, so you can't be pursued on a legal basis regarding what you say to us in these hearings. I understand that you do have concerns in terms of the media implications of that. However, it was always going to be that way once this stuff started to unfold. I would suggest to you that it is a better situation for you to provide to us the most information that you can.

Ms Clark: I am happy to do that.

MR MULCAHY: Could I get an answer to the question in relation to the influences that you indicated were at work both politically and commercially at board level.

Ms Clark: Obviously, some board members were aligned to a political party. Some board members had friendships with political heads. Some board members had other

businesses that they had to be aware of in dealing with government—that they would not be impacted.

MR MULCAHY: Such as which business?

Mr Clark: It is a fact.

Ms Clark: Well, it is a fact. Our chair was the CEO of ClubsACT. Obviously, they get funding from government; they have a relationship with government, and a whole range of things. So they have to be very careful about—

MR MULCAHY: That wasn't Mr Samarq's private business; he is the CEO of an association.

Ms Clark: No, I wasn't saying it was a private business; I was saying that other areas they are involved in can impact on their relationship with government. It is almost a conflict of interest situation.

MR MULCAHY: Are there any other board members that you felt were in that predicament?

Ms Clark: I don't know. I suppose the deputy chair could have been influenced, or had other considerations.

MR MULCAHY: Who is the deputy chair?

THE CHAIR: Is that Margaret Coaldrake?

Ms Clark: Yes.

MR MULCAHY: Because of government legal work, you are suggesting?

Ms Clark: Yes. I don't know whether she was a member of the party. I think there were just friendships and a range of other things. Canberra is a very small town and people network.

MR MULCAHY: Are there any other possible conflicts that you felt existed?

Ms Clark: There were probably relationships that I would not like to make comment on. It would only be information, not a fact.

THE CHAIR: Thanks for that. We appreciate that it was difficult for you. I don't think it was particularly damning information. The impacts are probably not quite as reverberating as you might imagine down there in Melbourne, away from Canberra. If there are any other questions that you could have answered more fully, we would be very happy to hear from you. I will ask my fellow committee members if they have any more questions.

MR MULCAHY: My last comment is a reminder: could we have the reports you wrote to the Auditor-General that apparently were not given adequate weighting, in

your view, sent to our committee secretary. That would be most useful.

THE CHAIR: And any other correspondence that you would like to enter into after reviewing some of the evidence that was given. When you see the transcripts, we are very happy, if you feel we have been given wrong information, to hear your view. You have not heard all the evidence that was given today, for instance. The transcript will be sent to you. We would like you to check that it is a true and accurate record of what you said, and we will give you the chance to make any other comments that you might like to make.

Ms Clark: Thank you.

THE CHAIR: The committee will now adjourn.

The committee adjourned at 5.30 pm.