



HD NSW Premier to give evidence to corruption hearing

BY Ashley Hall

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On its second last day, the inquiry has been hearing evidence from one of the **company**'s directors, the Liberal party fundraiser Nick Di Girolamo.

Ashley Hall joins me now: let's start with Mr Di Girolamo. Last week, his barrister said he was keen for his turn in the witness box. Was he right to be looking forward to it like that?

ASHLEY HALL: Well, I can say the counsel assisting the inquiry, Geoffrey Watson SC, seemed to be in his most aggressive form today. After the polite introductions in the witness box this morning, Mr Watson launched straight in. Have a listen to what he had to say:

'I want to put a proposition to you when you came full-time to the **company** known as RHIC; you came in there and immediately formed the view that you would **milk** it - **milk** it and get every cent you could get out of Sydney Water Corporation. Isn't that right?'

To which Mr Di Girolamo responded: 'I reject that, Mr Watson.'

Of course Mark, the inquiry's earlier heard that RHIC, which we know as Australian Water Holdings, was in a contractual relationship with Sydney Water to provide water infrastructure around Sydney's north-west growth centre. And under that contract, Sydney Water would reimburse AWH on all of its expenses. And the inquiry's heard that after Mr Di Girolamo joined the **company** in 2007, those expenses went right through the roof.

Today, Mr Di Girolamo was taken through some of those expenses charged to Sydney Water, including lunches, limousines, luxury accommodation, and live-read radio ads on the Sydney radio station 2GB. He put all of those down to mistakes in the paperwork.

But Mr Watson put it to Mr Di Girolamo that he was funding the entire **business** through Sydney Water. 'Big noting yourself', he spat at the witness, 'going to restaurants - don't worry, I'll shout, I'll put it on my card! - and then just putting it back on Sydney Water. Wasn't that it?'

'No,' replied Mr Di Girolamo.

Mr Watson went on...

MARK COLVIN: So, he was saying 'mistakes' to the tune of hundreds of thousands?

ASHLEY HALL: Exactly. Thousands of dollars. Mr Watson went on: 'Funding aspects of a lifestyle: limousines here, limousines there, big lunches here, big lunches there, donations to organisations, big-noting yourself. All at the expense at Sydney Water wasn't it?'

The response : 'No, it was not.'

Mr Di Girolamo was asked if it was appropriate to bill Sydney Water for the legal advice that AWH sought during a dispute with Sydney Water - and that's AWH charging Sydney Water for legal advice it was getting in the dispute with Sydney Water - and Mr Di Girolamo insisted that was allowable under the contract they had.

Another **company** director John Rippon has testified that Sydney Water's refusal to pay those legal bills had angered him, so AWH had just 'snuck them in' to the expenses claim.

Asked about that, Mr Di Girolamo said: 'I don't recall him saying that at all'. Mr Watson suggested there were 'plenty of examples' where expenses had been snuck in. Mr Di Girolamo responded: 'I don't think we snuck those invoices in at all.'

Even a \$300 wedding gift bought for a staff member; Mr Di Girolamo insisted it had been properly claimed from Sydney Water under incidental office costs.

MARK COLVIN: And what about salaries? I mean, we've heard a fair bit about the big salaries that were paid, in some cases for quite small amounts of work. What did Mr Di Girolamo say about that today?

ASHLEY HALL: Well, Mr Di Girolamo started full time at AWH in February 2007, and Mr Watson suggested to him today that that's when he commenced on a pattern that developed into a fraud. Of course Mr Di Girolamo does not accept that.

The salary paid to John Rippon - an executive and a shareholder - soared from \$720,000 to \$1.7 **million** at that time, and he was paid a sign-on bonus despite having worked for the **company** for 15 years. Mr Di Girolamo said that was because of a decision taken before he joined AWH.

Mr Di Girolamo's salary himself climbed from \$275,000 to \$1.1 **million**, and asked if he thought those were fair rates of pay, Mr Di Girolamo pointed out they were consistent with the agreements signed. Was Sydney Water told the salaries were being increased so handsomely?

'No,' Mr Di Girolamo said.

MARK COLVIN: And what about the Obeid family?

ASHLEY HALL: Well, Mr Di Girolamo has known Eddie Obeid Jr since their school days, and he testified today that he'd intended to sell a **stake** in the **company** to his good friend, but that when they went to sign the deal, the details had changed because Mr Obeid's family had objected to buying a **stake**.

Instead, he says he found himself signing up for a \$3 **million** loan, although in the earliest documentation there was no mention of a loan, or interest, or a repayment date. And I should mention one of the lines that Mr Watson got out: 'Aren't you just an old-fashioned shyster fraudster?' he asked Mr Di Girolamo, who paused for quite some time before responding: 'The answer is no.'

MARK COLVIN: And Barry O'Farrell, the premier of New South Wales, to appear tomorrow. Why so late?

ASHLEY HALL: Well, when he announced that he was planned to call the Premier tomorrow, Mr Watson offered an explanation. He said, 'From the outset I was in two minds as to whether or not Mr O'Farrell should be called. There have been things which have developed which make me think he should be called, or that he must be called.'

You'll remember last week, the former Finance Minister Greg Pearce appeared before the inquiry and spoke about being called in to a 'cosy' meeting between Mr Di Girolamo and Mr O'Farrell in May 2011. Mr Pearce said he felt 'like a schoolboy being called in to explain to the headmaster why he hadn't done his homework'.

Mr O'Farrell couldn't give evidence last week because he was in **China** on a trade mission, and today, he said, 'As someone who respects the ICAC, its role and its processes', he doesn't intend to pre-empt any of the matters, so we'll look forward to what he has to say tomorrow.

MARK COLVIN: Ashley Hall, thank you very much.

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