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**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

**INQUIRY INTO THE MEMORANDUM OF UNDERSTANDING BETWEEN
BALGA SENIOR HIGH SCHOOL AND MANUFACTURING INDUSTRY TRAINING
SERVICES PTY LTD**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
MONDAY, 24 SEPTEMBER 2007**

SESSION FOUR - PRIVATE SESSION

Members

**Hon Giz Watson (Chairperson)
Hon Ken Travers (Deputy Chairman)
Hon Sheila Mills
Hon Helen Morton**

**Hon Peter Collier
(substitute member for Hon Anthony Fels)**

Hearing commenced at 3.19 pm

[The committee took evidence in closed session]

SPRIGG, MR TREVOR

Member of the Legislative Assembly.

The CHAIRPERSON: On behalf of the committee, I would like to welcome you to the meeting. To begin with, could you please state your full name, contact address, and the capacity in which you appear before the committee?

Mr T.R. SPRIGG: Trevor Raymond Sprigg, 12 Dowell Place, Bibra Lake. I appear as a member of the Legislative Assembly.

The CHAIRPERSON: Thank you. You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

Mr T.R. SPRIGG: I have.

The CHAIRPERSON: Great. These proceedings are being recorded by Hansard. A transcript of the evidence will be provided to you. Even though this is a private hearing, you should note that all or part of your evidence may be made public by the committee or the Legislative Council. Please note that you should not publish or disclose any private evidence to any other person at any time, unless authorised by the committee or by the Legislative Council.

Thank you for coming in to speak to the committee today. As you are aware, the committee is conducting an inquiry into the Balga Works program. The committee is specifically looking at the establishment, the administration and the financing of the program, with a view to making recommendations to the Parliament to make sure that such a situation does not occur again. The committee welcomes any information you can give us to assist us in this inquiry. The committee is also aware there are issues of a criminal nature, which relate to the Balga Works program and which the WA Police are looking into. The committee is not looking into those matters but, if you have information that you believe relates to criminal matters, the committee urges you to take those directly to the police.

Perhaps, you would like to make an opening statement, perhaps tell us what you know. That is the best place to start. We might just jump in with questions when they arise, is that okay?

Mr T.R. SPRIGG: Yes, fine.

The CHAIRPERSON: Great, thanks.

Mr T.R. SPRIGG: Thank you, Madam Chair. Thank you to the committee for the opportunity to speak with you. Perhaps my opening statement is going to best give you some sort of idea of what happened, if I go through the chronological sequence.

The CHAIRPERSON: Yes.

Mr T.R. SPRIGG: I will point out that all of the information I give you is somewhat anecdotal from people that worked in this program, but it was corroborated so many times that it became pretty important, I think, to me that there was an issue here that needed to be pursued and that is why I have been doing exactly that.

I first became aware of an issue when I was contacted by a constituent in September last year - so, over a year ago - about 4 September, I think it was. The constituent suggested to me that she had been deprived of some wages when she was working in the Department of Education and Training;

some wages and superannuation payments etc etc, but was very timid about going into too much detail and suggested that she would talk to me at some stage later about the issue. That was in September, early September last year. Six weeks later, I had a call from another lady that was involved in the - and do you need - do I mention names here; is it okay to mention names?

The CHAIRPERSON: That is perfectly okay.

Hon KEN TRAVERS: It is in private.

The CHAIRPERSON: It is a private hearing, so, yes, thank you.

Mr T.R. SPRIGG: My constituent is **BLANK**. The lady that then contacted me on 30 October last year, was **BLANK**, a friend of **BLANK**, and I subsequently went and had a meeting with **BLANK** because her story on the telephone had corroborated much of what **BLANK** had said, and she was suggesting that **BLANK** was a bit intimidated - did not want to go on with it - because she had taken up other employment at DET and was a bit intimidated about talking about it. My meeting with **BLANK**, which lasted something like three hours, came up with many, many scenarios, which simply had boggled my mind, and some of the accusations that were made were a big concern to me.

I suppose, in the interests of brevity, I probably crystallised those down, at some stage later on, into about three or four major issues, and that is about how the Balga Works program - if we like to call it that as a generic name - was funded, how that actually happened; how and why the employees had not been paid their due entitlements by the so-called contractor; the fact that there was some intimidation associated with those payments not being made, and some, I would say, fairly devastating short-term effects on the people that had not received their due wages; and I think the third thing that came to mind was that the kids that were supposed to be the beneficiaries of this program - because it was, at that stage, very awry and not working too much - some of the kids were back out on the street, as I understood it, had become recidivist as far as drug-taking was concerned, and so that itself was a problem as well.

I suppose the sub-issues that came through in talking with these people, and later on there was a meeting of something like 15 or 16 Balga Works employees, which was in December last year, about 5 December - and again, a lot of corroboration of the issues that actually happened. I stress that this is coming from the people who either were employed in the program or were contractors to the program, if you like, and -

The CHAIRPERSON: Mr Sprigg, can I just stop you there and ask where that meeting was.

Mr T.R. SPRIGG: That meeting was held at **BLANK** house.

The CHAIRPERSON: Okay.

Mr T.R. SPRIGG: Yes.

The CHAIRPERSON: Were you in attendance at that meeting?

Mr T.R. SPRIGG: I was, yes. Yes, and I have got - I made copious notes that night and they are all in a file here that is that thick.

Some of the sub-issues that came out of that meeting, and other meetings that I had, that there was things like inappropriate sexual behaviour happening within the hostel particularly, and with some of the inmates, if you like. There was certainly some favouritism of some of the kids who were getting certain things and others were not. There was the, I suppose, the smell of some sort of corruption and corrupt behaviour, in particular in relation to things like ABSTUDY payments of the children being taken off them and being used within the program. There was some doubt about the recruiting of the children in this program, and about how many kids were actually in it, and where they actually came from: whether they were wards of the state, they come through the Department of Justice, they came out of other programs and so on; and it came to light subsequently, that there seemed to be some abject failures by government departments to address some of the issues that

happened here; and there seemed to be some lack of action or inaction by several MPs who had been alerted that - something happened, you know, that these things had been happening, and there seemed to be a suggestion that some MPs - had acted for some people and not for some others.

And subsequent to that I have actually found also some of the figures that came around about the funding, where anything up to \$3 million funding, which was unauthorised funding going to the Balga Works program. I had a list of about 20 people who are owed about \$70 000 in their estimation of unpaid wages and superannuation payments, and only of recent times I have actually come across a family called the Padmanabham family who owned the units in which, I think, were subject to some publicity - owned the units up in Joondalup; the four units. The four - the three brothers and a sister - owned the units. There is something like \$200 000 worth of damage to those - damage and loss of rental - and even now, those units have not been put back yet in a state where they can still be adequately let out and provide an income for these people. In talking to the family, one of the things that they stress with me - and bearing in mind they are Indians who come from Singapore, they are very conservative in outlook - and they actually said to us "We only went into this program and let our property be let to the program because we were assured it was government guaranteed" - and they were the words that they used. So they are, Madam Chair, probably the basis of the issues that I saw.

The CHAIRPERSON: Do members have particular lines of questions they want to start?

Hon PETER COLLIER: Just with regard to the payment, Trevor, you mentioned some had been paid and some had not. Is there any reason why some have not been paid or some were paid initially, and then why the others were not paid, of what they have told you?

Mr T.R. SPRIGG: The anecdotal evidence I have from that is that, if a person in the program spoke up loud enough and made a lot of noise with their local member or whatever, they tended to get paid, ultimately, or get something, whereas others who were a little bit less vocal, if you like, did not get paid and there is - I have quite a few letters on file from ministers and so on who have said that what should happen is that if you are not satisfied with this situation, you should go to the state appeals tribunal, and try and get your money that way.

Hon PETER COLLIER: And have they done that?

Mr T.R. SPRIGG: I am aware that some of them have, but I am not aware of the outcomes.

Hon PETER COLLIER: So, why were some paid? What do you mean by paid: who paid them?

Mr T.R. SPRIGG: Indirectly, my understanding is that the Department of Education and Training paid them, but paid them via the Balga Works program or the Balga Senior High School. Some people were paid cash by the Balga Senior High School P&C for outstanding wages, and some people were paid cheques. Other employees have told me they actually got cheques that bounced from Michael Carton, as well, from Hurson Proprietary Ltd.

[3.30 pm]

Hon PETER COLLIER: We have heard about the rescue payment. Is that part of what you were referring to there?

Mr T.R. SPRIGG: Yes, that would be part of the rescue package back in between March and June 2006, somewhere around there.

Hon KEN TRAVERS: Do you know who was paid under that rescue package in 2006?

Mr T.R. SPRIGG: Do I know how many people were paid?

Hon KEN TRAVERS: I asked do you know who, but do you know how many?

Mr T.R. SPRIGG: Not so much, and some of the people whom I have spoken to have been paid some money from that process but not been paid all that they are owed. For obvious reasons, perhaps the ones who were paid have not spoken up too much.

Hon KEN TRAVERS: Do you know there were people who were paid before now?

Mr T.R. SPRIGG: Anecdotally I have been told by other employees, “Yes, X, Y, Z was paid, but I was not” or whatever.

Hon KEN TRAVERS: Was not paid in full or not paid anything?

Mr T.R. SPRIGG: Either way; not paid in full or not paid anything.

Hon KEN TRAVERS: It is all anecdotal.

Mr T.R. SPRIGG: Absolutely; I have to believe what they are telling me, but it is corroborated so many times that it is not funny.

Hon KEN TRAVERS: Your original comments to the committee were that there were people who were paid and some people who were not, and some of the people who have been to you were paid but they were not paid in full.

Mr T.R. SPRIGG: That is correct.

Hon HELEN MORTON: Are you saying, Trevor, that the determination about who would be paid and who would not under those rescue packages was linked to some kind of favouritism or somebody being helped out at the request of a third party through special payment through the Balga Works program and others were not going to get that special treatment?

Mr T.R. SPRIGG: There is a very strong inference from the employees that that happened, yes. Absolutely, that is the case.

Hon HELEN MORTON: Do you have a sense of who they are suggesting was pulling the strings to get somebody sorted out?

Mr T.R. SPRIGG: There have been people in the ministers’ offices who were fairly involved in this, both DET and also the Department of Justice; not so much the ministers themselves but the people who work in those offices.

Hon HELEN MORTON: Do you have names of people?

Mr T.R. SPRIGG: Yes, I do have names of people. I will have to go through the list to look at them, but, yes, there was one particular name that kept on coming up - the then Department of Education and Training minister’s chief policy adviser, I think, whose name was Daron Smith. His name came up a lot.

Hon HELEN MORTON: I know it is all it is, but is the suggestion that somehow or other Daron would get payment sorted out for a particular employee through a one-off arrangement?

Mr T.R. SPRIGG: There is no doubt in my mind that Daron Smith organised payment for some people but did not do it for others.

Hon KEN TRAVERS: Have you got an example of someone who went to Daron Smith and was not paid?

Mr T.R. SPRIGG: Yes, some of the people I spoke about earlier.

Hon KEN TRAVERS: At what time did they go to Daron Smith - before or after?

Mr T.R. SPRIGG: At various times from late 2005 right through to the middle of 2006.

Hon KEN TRAVERS: Can you provide us with those details?

Mr T.R. SPRIGG: Yes, I am sure I have got them.

The CHAIRPERSON: Not necessarily now, but if you could provide them.

Mr T.R. SPRIGG: Yes, sure.

The CHAIRPERSON: Or did you want them now?

Hon KEN TRAVERS: No, not now.

Mr T.R. SPRIGG: That is, people who went to Daron Smith asking for payment and when they did it.

The CHAIRPERSON: Just for my clarification, my understanding is that you are saying, Mr Sprigg, that a number of people approached different members of Parliament or ministers for assistance and some people got assistance and others did not?

Mr T.R. SPRIGG: That is correct.

The CHAIRPERSON: It would be useful to know of those of whom you are aware who did not get assistance.

Hon KEN TRAVERS: Yes. I am particularly interested in the people who you are saying approached Daron Smith about the fact that they had been unpaid and any evidence they have got. We can chase them up, but if you can identify the people who approached Daron Smith for payment and when they approached him and who were not paid?

Mr T.R. SPRIGG: Yes, sure.

Hon SHEILA MILLS: Perhaps we can have both lists.

Hon HELEN MORTON: Yes, I was going to say you actually have to know that some of them were paid.

Hon SHEILA MILLS: Yes, both lists; who got paid and who did not get paid.

Hon PETER COLLIER: Yes, some did, because Lil mentioned it in her speech.

Hon KEN TRAVERS: There is evidence that people got paid as a result of approaches to ministerial officers. What I am trying to find out is who approached them and who did not get paid, and also if you have got any names of people who were paid in full as opposed to people who were not paid. That is something we can take up a bit later.

Hon HELEN MORTON: One of the other things you mentioned was that lack of action by MPs. I took that to be not the minister but MPs working out of their constituency.

Mr T.R. SPRIGG: Yes.

Hon HELEN MORTON: Can you identify who those MPs were or are?

Mr T.R. SPRIGG: Yes, I can. Tony O’Gorman was one. Margaret Quirk was a minister, but she was another. Judy Hughes was another; in fact, I was told that a lady in Judy Hughes’ office was very stressed about this particular issue because obviously some of her boss’s constituents, if you like, broke down on the phone and cried and said, “I’ll lose my job over this.”

Hon HELEN MORTON: To whom, to the constituents?

Mr T.R. SPRIGG: Yes, the employees of Balga Works. She was very concerned.

Hon KEN TRAVERS: What do you mean by “there was a lack of action by MPs”?

Mr T.R. SPRIGG: They went to their local member, complaining about not receiving their wages - particularly that - I think that was the main issue most employees went to their local member with, and really did not get any satisfaction or did not get to first base. They got told things such as, “I’ll take that up with the minister”, “I’ll get the minister’s office to talk to you” or something like that, but then nothing actually happened and they did not receive their money. They followed it up and there were still issues that did not get resolved in their view.

Hon KEN TRAVERS: Have you got a list of those people and when they made the contact?

Mr T.R. SPRIGG: Not so much those ones, no.

Hon KEN TRAVERS: We have heard evidence that some people did go to some MPs and there was a rescue package and some people did get paid. You are making the allegation that they did nothing.

Mr T.R. SPRIGG: For some people that is correct.

Hon KEN TRAVERS: Have we got evidence of who those “some people” are?

Mr T.R. SPRIGG: I am sure I could find it out.

Hon KEN TRAVERS: Not find it out; have you got it?

Mr T.R. SPRIGG: I would have to go through all my notes in this file, but certainly it was strongly suggested to me that MPs had let down their constituents on many, many occasions.

Hon KEN TRAVERS: You are making the allegation now, so what evidence do you have?

Mr T.R. SPRIGG: The evidence I have is what was given to me by the employees themselves. They are the ones who told me.

Hon KEN TRAVERS: Have you tried to verify that at all?

Mr T.R. SPRIGG: I feel it is corroborated by other people saying the same thing and with things like questions in our house. There have been some -

Hon KEN TRAVERS: I understand that there were people who were not paid and that people have not received their pay, and I accept that, but your allegation is that people went to MPs and those MPs did nothing and they did not get any support.

Mr T.R. SPRIGG: That was mentioned to me several times by several people involved in these works.

Hon KEN TRAVERS: They only gave their own examples of it; they were not able to corroborate what someone else said.

Mr T.R. SPRIGG: They did, and I did not take details of when they spoke to their member or things like that. I think from the meeting we had on 5 November I had about eight pages of notes as it was. We tried to stick to the issues at that particular meeting.

Hon KEN TRAVERS: There is evidence that those MPs took up those cases and did try to get payment.

Mr T.R. SPRIGG: I have no doubt that on occasions MPs did the right thing, but there are some who did not, as well.

Hon KEN TRAVERS: I think you need to be clearer about whom you are making the allegations against and what the allegation is before you start throwing around that MPs in general did not and then naming some.

Mr T.R. SPRIGG: I have just named some. The employees mention all of those as people where they did not get satisfaction - all of them. There are probably others whom I have not named, as well.

The CHAIRPERSON: If there is anything more specific you can provide, it would be useful.

Mr T.R. SPRIGG: Yes, okay.

Hon PETER COLLIER: I have heard that there were numerous dozens of people who were not paid. Just with regard to the payment of some payment, can you clarify from your understanding of the situation, were people paid prior to the debt rescue package or were they paid as a result of the debt rescue package or a combination of both? Was anyone paid before the debt rescue package to your knowledge?

Mr T.R. SPRIGG: I think some of the people who were desperate and who fronted Michael Carton were paid. I think he was shuffling the deckchairs on the *Titanic*, if you like. This again has

been corroborated by a lot of people: he was paying this one because this one was pretty vocal and he made that one wait. He kept on saying, "No, we are waiting on money from DET or the Department of Justice and once we get that we will be able to pay you." I had the impression that money was paid even before the rescue package started, probably on a fairly minor scale, but yes.

Hon SHEILA MILLS: Trevor, you just mentioned getting money from the Department of Justice. What money was supposed to be forthcoming from justice?

Mr T.R. SPRIGG: That is what Michael Carton was saying to the employees in the Program.

Hon SHEILA MILLS: He was just saying that he was getting money from justice.

Mr T.R. SPRIGG: Yes, "DET has to pay us or the Department of Justice has to pay us. We have not got this money yet. Once we get this money, you will be okay and you will get everything that you are entitled to."

The CHAIRPERSON: You mentioned a fairly large meeting that you attended at **BLANK** house, I think, and a lot of information came out of that.

Mr T.R. SPRIGG: Yes.

The CHAIRPERSON: Did you take those complaints to any minister or ministers?

Mr T.R. SPRIGG: We started asking some questions. The very first question we asked in the Parliament, as I recall, was to the now Premier, who was then the Minister for Education and Training, about the funding of the program. That would have been in November last year. As I recall it, the minister answered that yes, he did recall a meeting he had had with Michael Carton and he did think the program was pretty good but he thought it was pretty expensive, or words to that effect, and, therefore, was not going to authorise any payments there. Our position from then on was that someone must have authorised the payments and how did it actually happen. I must say it took us a long time - probably, we have still not got to the bottom of how those payments happened. We know that some of them emanated from the Balga Senior High School via the then principal, Merv Hammond, and the P&C. We know that at some stage, by the way - a point I did not mention - that the president of the Balga P&C spoke to us and told us about how the Balga P&C was in a parlous state, or the Balga Senior High School was virtually insolvent and did not have any money to operate properly, and was really worried about that. We subsequently found, I think, that some of the payments for the Balga Works program then came out of the Swan district office of the Department of Education and Training.

Hon KEN TRAVERS: Did you say that the Balga P&C president told you that?

Mr T.R. SPRIGG: Yes.

Hon KEN TRAVERS: Told you or -

Mr T.R. SPRIGG: Told our party, yes, and I think our leader at the time, and I spoke to him as well. He was really worried. I think there was an amount of something like - I cannot remember exactly - \$30 000 or \$60 000, and that basically the account was in the red by \$30 000 or \$60 000 in overdraft because these payments had been made to people in the Balga Works program.

Hon KEN TRAVERS: When was that?

Mr T.R. SPRIGG: That would have been late last year; October, November or December last year.

Hon HELEN MORTON: Was your question when did he speak to him or when did the overdraft take place?

Mr T.R. SPRIGG: That happened about then. Am I thinking this year? That is a good question. I suspect it was late last year.

Hon KEN TRAVERS: What did you do about that when it was brought to your attention?

Mr T.R. SPRIGG: Once again, it was the situation that we felt we had to try to get to the bottom of the whole funding debacle with this thing. I concentrated and said to the constituents and the people who were working for them that there were three things we needed to try to do: we needed to try to get their money for them, we needed to try to get the kids back on track who were supposed to be in the program and we needed to find out what happened with the funding and where all that was going. That is what we have been trying to do to this day.

Hon KEN TRAVERS: Did the P&C president explain to you how the P&C got into the red?

[3.45 pm]

Mr T.R. SPRIGG: Only, that it was the Balga Works program that caused it to happen.

Hon PETER COLLIER: Who did the P&C president speak to?

Mr T.R. SPRIGG: He spoke with Paul Omodei and then he spoke with me. Again, he was reluctant. He gave us some basic details. He was one of those that said - and there was a lot of this happened within this program - "I'm telling you this, but you did not hear it from me" and that sort of stuff. "And, I don't want to do anymore about it." So, to take your point -

Hon PETER COLLIER: That was the president of the P&C?

Mr T.R. SPRIGG: Yes. To take your point - it was a bit hard to take that too much further, at that stage.

Hon HELEN MORTON: One of the things that you said was that the people that you have recently met with, or talked to, who own the units and who have lost in the vicinity of \$200 000 in lost rents and repair and maintenance costs, said that they would not have gone into it unless they were assured that it was government guaranteed. I do not understand. Where do they believe that they got government assurance or a government guarantee?

Mr T.R. SPRIGG: They were told by the property manager who they leased their property through that this was a government program and that it was government backed. Apparently it was explained to them that the kids in there were probably a bit recidivist, or something like that, and so they were worried about it. I had no reason to disbelieve them when they said, "We only went into this because we were told this was government-backed, government-guaranteed, and that we couldn't possibly lose our money." I think that one of the fellows, Bob, mentioned that they said "If there was any damage we would put it all right for you." Of course they are frantically trying to put it right now.

Hon HELEN MORTON: Who is Bob?

Mr T.R. SPRIGG: He is Bob Padmanabham, who is probably the spokesman for the two brothers and the sister that own the units.

Hon KEN TRAVERS: "They said they would put it right" - who was "they"?

Mr T.R. SPRIGG: The property managers that were letting the units on behalf of Balga Works. Later on, they did actually tell me, that when they were not getting their rental and so on, that they had other meetings direct with, I think Michael Carton, himself. "Don't worry you'll get your money. It'll be okay, we're just waiting on that money to come through from DET" or somebody like that "Yeah, we'll fix it all for you" and so on; but it never happened.

Hon KEN TRAVERS: Did they ever meet with anyone from the government?

Mr T.R. SPRIGG: I do not believe they did - no.

The CHAIRPERSON: Who do you understand that the premises were leased to? Was it Carton, or was it Hurson -

Mr T.R. SPRIGG: Balga Works - Carton - Hurson Pty Ltd, as far as I am aware. In fact, I think that I have some documents here that say that.

The CHAIRPERSON: If you have, could you please provide them?

Mr T.R. SPRIGG: Yes, sure.

I have a whole file there which is that thick; if you want it, you can have it; but it is complicated to read and go through.

Hon HELEN MORTON: The question was did they ever meet with anybody from the department; but did they ever actually meet with anybody from Balga Senior High School?

Mr T.R. SPRIGG: Do you mean the owners of the units?

Hon HELEN MORTON: Yes.

Mr T.R. SPRIGG: I cannot recall them saying that they did - no. They have written letters to government ministers since they could not get their rent; and I think they got no reply.

Hon SHEILA MILLS: Who have they written to?

Mr T.R. SPRIGG: I cannot recall that. I may have the correspondence there - I am not sure.

Hon PETER COLLIER: Aside from wages, were there any other concerns from any former employees in terms of anything else that they missed out on?

Mr T.R. SPRIGG: Unable to get superannuation payments - which I suppose you could classify as wages. Unable to get their group certificates to do their tax - and things like that - after repeated requests of Carton to get their group certificates. Again, the inference was from a lot of them that the reason that they could not get their group certificates was because there were moneys being hidden and tax not being withheld and so on - things like that. The inference there is that Carton owes lots of money to the taxation department.

The CHAIRPERSON: Did you receive any complaints about the program itself? Obviously you are talking about the finances and what is owing; but what about the program itself?

Mr T.R. SPRIGG: Yes I did, from people that worked within the program. For example, there were allegations that there were drugs on the site of Balga Senior High School during this time and that some of the kids were using whilst they were supposed to be studying, and so on. There were quite a few situations where classes did not happen or courses did not start that were promised to start for some of these kids - bearing in mind that the objective was always to get the kids back into society and get them some training and schooling to get them off drugs and back into society. No-one would say that that is not a good thing to try and do.

So, there were those allegations and then there were quite a few allegations of inappropriate sexual behaviour between both the carers and the students themselves; bearing in mind the students ranged in age - as is my understanding - from about 14 years of age up to about 19 or 20 years of age. I do not think there were any much older than that.

The recruitment of the carers was interesting as well. It was mentioned to me that one of the carers or one of the people working on one of the courses - I think that it might perhaps have been one of the teachers - was actually a former drug addict who had been recruited to the program and was working at Balga Senior High School with these kids.

Hon SHEILA MILLS: Who was that?

Mr T.R. SPRIGG: I cannot recall, but that was mentioned to me on more than one occasion. There were some bad influences on the kids. There were, in my view, some very dedicated people that were trying to do the best that they could for the kids, who stayed in the program and who swallowed all the lies that they were being told about being paid and so on, by Michael Carton; because they actually felt for the kids and stayed there to try and make this thing work. It has been a devastating effect on some of them psychologically.

The CHAIRPERSON: I believe that you also indicated that you had some information about how children were recruited to the program so that funding could be claimed.

Mr T.R. SPRIGG: I stress again, that this all comes from second-hand information, from people who worked in the program. It was mentioned to me that kids were grabbed from other programs, particularly Aboriginal programs, and moved into this one. There was a young boy from Churchlands Senior High School who had some problems who was moved into this program. His mother mentioned to me - I have his name but cannot recall it right now - that he seemed to be doing well at Churchlands Senior High School and seemed to be overcoming his problems and so on. He was moved into the Balga Works program and became recidivist, and relapsed again. It was her contention that it was because the program was so badly run. Somehow or other - and I do not know how it happened - this boy was moved from the program that he was in at Churchlands Senior High School to the Balga Works program.

Hon KEN TRAVERS: Is that the only example of recruitment that you have?

Mr T.R. SPRIGG: And the kids in the various Aboriginal programs around the place; because there were obviously quite a few Indigenous kids in this program that were moved from there.

Hon KEN TRAVERS: Can you give us some examples of that?

Mr T.R. SPRIGG: The boy Stan Penny, who was the “face of the program”, was one of those along with some of his mates, and was moved from those programs to the Balga Works program; and he was going to become the face of that program when there was an ABC TV Stateline program done on it in, I think, March ‘06. He is an example of that.

Hon KEN TRAVERS: What program was he moved from?

Mr T.R. SPRIGG: I am not sure of that. I have not quite got the details of that. I have spoken to Stan on a couple of occasions and he sometimes is a bit vague. He was born a heroin addict apparently and understandably -

Hon KEN TRAVERS: So -

Mr T.R. SPRIGG: The department of justice as well - and I do not know how this happens, but bearing in mind **BLANK**, my constituent that was recruited to the program, actually came from the Department of Justice. There seemed to be a bit of a clever manipulation about people who were recruited to this program that could actually help the program. The funding was of course dependent upon the number of kids that were going to be there - how much funding you were going to get. I think, with the value of hindsight, Carton very cleverly recruited some of these people so that they would help him get the kids into the program -

Hon PETER COLLIER: Added to its credibility.

Mr T.R. SPRIGG: - which in turn helped his funding. Sorry?

Hon PETER COLLIER: It might have added to the program’s credibility.

Mr T.R. SPRIGG: Yes. So, kids who were under programs with the Department of Justice, somehow or another, moved into this program.

Hon KEN TRAVERS: But when you wrote to us you said that you could provide us with more details on how the children were recruited to the program so that funding could be obtained.

Mr T.R. SPRIGG: That is what I believe that I have just done. I do not know the “how” of how it happened, but I know that it has happened.

Hon KEN TRAVERS: Well, I understand that all you are saying is that they recruited children to the program -

Mr T.R. SPRIGG: Sure.

Hon KEN TRAVERS: You know -

Mr T.R. SPRIGG: It is very difficult to get details of this sometimes. You know, there has been so much in this that – yes, once one person and then three or four independent of those tell you about it, there has to be an issue there in my view; and that is what alerted me - put up my antennae.

Hon KEN TRAVERS: So, the second point that you list is the unauthorised funding of the program. What detail can you provide us with about that matter?

Mr T.R. SPRIGG: The then Minister for Education and Training, the now Premier, said this was not authorised, and yet funding went to the program. We know that; that has been admitted. That is the unauthorised funding.

Hon KEN TRAVERS: That is all you can provide us?

Mr T.R. SPRIGG: I do not know what else there would be that I could provide you with. That is a statement of fact.

Hon KEN TRAVERS: Up to 50 employees of Hurson are still owed wages and superannuation. What is the -

Mr T.R. SPRIGG: Yes. I have got names and numbers of those.

Hon KEN TRAVERS: Is that an exhaustive list?

Mr T.R. SPRIGG: No, it would not be.

Hon KEN TRAVERS: So, there could be others that -

Mr T.R. SPRIGG: Absolutely. Yes.

Hon KEN TRAVERS: So, if we were to pay those 50, would there be the potential for an allegation of favouritism because those 50 got paid and the others were not?

Mr T.R. SPRIGG: The estimate that I have of 50 comes from a core group of about 20 who tell you about the others. So that is why it is an estimate; but I would suspect that maybe 50 would nearly cover it.

Hon KEN TRAVERS: Do you have the details of -

Mr T.R. SPRIGG: I have the detail of about 20 of them, and their estimated amount of money that they are owed.

Hon KEN TRAVERS: All right. Are you happy to provide that to the committee?

Mr T.R. SPRIGG: Absolutely.

Hon KEN TRAVERS: And also the details of their superannuation payments?

Mr T.R. SPRIGG: Yes. I have a table that that is on.

Hon KEN TRAVERS: The other point was that children formerly in the program have become recidivist. You have talked about Stan Perry -

The CHAIRPERSON: Penny.

Hon KEN TRAVERS: Perry.

The CHAIRPERSON: Penny. Are you reading it off there?

Hon KEN TRAVERS: Yes.

The CHAIRPERSON: It is Penny, I think.

Hon KEN TRAVERS: Penny. The letterhead said Perry - sorry. So, do you have other examples, apart from Stan?

Mr T.R. SPRIGG: I have not been given names, no. The workers that were within the program - Nikki Wright for example has had people staying at her place who have come off the streets and were in this program at one stage.

Hon KEN TRAVERS: Is it not likely that the children that were in these programs may become recidivist because they were already there in the first place?

Mr T.R. SPRIGG: Absolutely, but it does not make it right that they have.

Hon KEN TRAVERS: No, it does not make it right; but I am trying to work it out. So Stan is the only one that you have?

Mr T.R. SPRIGG: My contention is that if the program worked in the way that it was supposed to work and so on, there would be very little chance of these kids becoming recidivist.

Hon KEN TRAVERS: How was it supposed to work?

Mr T.R. SPRIGG: It was my understanding - and in reading the MITS stuff and so on - it was to give the kids life skills. Most of them missed most of their schooling, and had not been at school for very long, so it was to get some schooling and get some life skills. Stan Penny himself was doing a plastering apprenticeship and was apparently coming along quite well. His story is that he actually fell out of favour with Michael Carton and was not allowed to go and visit his mother and things like that. As a result, he was more or less booted out of the program. I am told that that happened with others as well. The objectives of the program as mentioned by the Premier - it sounded like a great idea. As I have said in the house, governments of all persuasions look at these problems and say, "It's too hard for us. Someone come up with an idea and we will give you some money for it, and you fix it." In some way it is a way of absolving responsibility. I am not pointing the finger at this government about that; I think it is governments of all persuasions who have been guilty of that at different stages, when these problems occur. I think it was no doubt exactly the same in this instance - it seemed like a good idea at the time. The idea was to give the kids life skills so they could go and get jobs and earn money and break the drug habit that a lot of them were in. Who would not condone that sort of program?

[4.00 pm]

Hon KEN TRAVERS: You have also mentioned that people were intimidated. Who do you think was intimidating them?

Mr T.R. SPRIGG: The first person I mentioned, **BLANK**, when she first contacted me by email, and I contacted her back, she said, "I don't want to say too much about this. I think I'm, you know, going to put my job at DET in jeopardy. I'm working at Sevenoaks college now." It took me a long while to assure her that we had to work on this - it was a bigger issue than just her. I must say that the person who showed the most courage in this as a whistleblower was **BLANK**. She has seen at first hand what happened. She was intimidated herself. I think she has been affected psychologically. She could not work for six or eight months. She and her husband are in dire financial straits as a result of that. She is back working now; she may have overcome some of that. I think the process has been good for her in being able to come out and mention all the things that she has. She has been a bit of the - what is the term? - mother superior. She is the person a lot of people go to. She is a leader of the pack, if you like, here. I think she has been pretty important in making sure that we get to the bottom of what happened here, as Madam Chair mentioned, to make sure that it does not happen again and to hold people accountable for what they have or have not done.

Hon KEN TRAVERS: Are you putting your view to the committee that people who are owed wages should be paid those wages?

Mr T.R. SPRIGG: There are plenty of letters from government departments and ministers here saying that they are not legally bound to pay these wages. I have no doubt about that; that is absolutely true, but in my view they are very morally bound to pay those wages.

Hon KEN TRAVERS: Why is that?

Mr T.R. SPRIGG: If people gave up their jobs and were recruited to this program, and then were exploited by a conman, which is what I think probably Michael Carton is, someone, someone, should compensate them.

Hon KEN TRAVERS: Should everyone who is exploited by a conman be paid by the government?

Mr T.R. SPRIGG: I am not saying that at all. The finance brokers scandal would be one example where people have been paid something. It was not much, I know, but it is an example. Government money, taxpayers' money, has been paid there.

Hon KEN TRAVERS: They have been given a part-payment as part of a court settlement.

Mr T.R. SPRIGG: Yes.

Hon KEN TRAVERS: I am going to trying to get to what you think should be the recourse. Should the state pay these people?

Mr T.R. SPRIGG: I firmly believe that.

Hon KEN TRAVERS: Should they be paid out their salaries in full? What is the basis of saying that?

Mr T.R. SPRIGG: Because they did the job on the basis of a program. While it was done illegally, if you like, they did the job in good faith in a program they thought was backed or guaranteed by the government.

Hon KEN TRAVERS: What evidence do you have that the government knew that what was occurring at the time was happening?

Mr T.R. SPRIGG: Some of the payments that came out of the Swan District office of the education department would give some indication that that is the case. Some of the letters that ministers have written would give some indication that that is the case.

Hon KEN TRAVERS: Is that not a sign that the government has paid some money as an act of good faith?

Mr T.R. SPRIGG: If they paid some money, why not pay the lot? It is a fair question.

Hon KEN TRAVERS: I guess the question is: are they partly or fully responsible for it?

Mr T.R. SPRIGG: I think they are fully responsible.

Hon KEN TRAVERS: And why?

Mr T.R. SPRIGG: If you are paying Joe Bloggs here, why are you not paying Mary Smith there? Why does this person get the money and that person not? The rescue package paid that one; it did not pay that one - that is unfair.

Hon KEN TRAVERS: Until you can give us the evidence of who has not been paid, as well as when the money they are owed was incurred as well -

Mr T.R. SPRIGG: I have got that. It is all on the table.

Hon KEN TRAVERS: From the time the original rescue package was put in place, is it appropriate that people be paid after that time, or should they have realised that there was a problem with the program?

Mr T.R. SPRIGG: The government at various stages was answering questions within the house, and the Legislative Council as well, suggesting that this program had closed last October. It actually went through to December and the rescue payments were made back in June. So, a lot was happening after the rescue payments were made.

Hon KEN TRAVERS: What part of the program was operating after October?

Mr T.R. SPRIGG: People were still on Balga Senior High School grounds; they were still in the units up in Joondalup. It was still actually going on when we were told that it had been closed. Yes; we were told it had been closed.

Hon SHEILA MILLS: We have had evidence that - you keep going on about an unauthorised scheme. Have any of your colleagues such as John Day, Chris Ellison and Michael Keenan who have been out to the program thought it was a good deal? Have they made that known to you?

Mr T.R. SPRIGG: I am not aware that John Day has been. No, I am not aware that any of those people - Chris Ellison had had something to do with it: he had some mention of it, and there was some commonwealth government money, I believe a small amount, that I think Chris Ellison probably had to authorise to go to the program. I think it was to do with the accommodation side of it in Joondalup. At some stage he apparently had authorised it - sorry, not authorised it - he had backed the program, if you like, verbally. I think he had a meeting or somebody in his office had a meeting with Michael Carton because, once again - and the reason I know that is that some of the employees have said to me when they fronted Michael Carton, he said, "Oh, no; Chris Ellison is all behind this", "the federal government" and so on. It is a bit anecdotal, but -

Hon SHEILA MILLS: There was a \$500 000 ministerial grant.

Hon PETER COLLIER: They applied for a grant.

Mr T.R. SPRIGG: I am not sure it was all paid, though.

Hon PETER COLLIER: No.

Hon SHEILA MILLS: Are you not aware of -

Hon PETER COLLIER: They applied for a grant.

Mr T.R. SPRIGG: Yes. They applied for a grant. No, I have not - no.

Hon KEN TRAVERS: I have a couple of questions. You outlined a range of allegations today. What action have you taken on each of them?

Mr T.R. SPRIGG: I have been pursuing this through the Parliament for the last 12 months on the basis of doing exactly what I said - that is the three things that have to happen. One is to find out why the thing happened with the unauthorised funding to try to get the money for the people who are owed the money, which, as I have said, I believe the government morally should pay, and also to try to do something about the kids and get them into some sort of program and get them off the streets and stop them becoming recidivist drug users and criminals.

Hon KEN TRAVERS: You mentioned a whole range of other actions that would be related to not just those matters.

Mr T.R. SPRIGG: Such as?

Hon KEN TRAVERS: Tax problems.

Mr T.R. SPRIGG: Tax is a wages thing; it is the same thing. Tax, wages, superannuation - I would put them in the same category.

Hon KEN TRAVERS: There are appropriate authorities to take up non-payment of taxes with.

Mr T.R. SPRIGG: I understand the ATO is quite aware of all that. It has been taken up by the workers themselves.

Hon KEN TRAVERS: You have not done anything on that?

Mr T.R. SPRIGG: [Indicating in the negative.]

Hon KEN TRAVERS: The drugs on the school - the sexual issue?

Mr T.R. SPRIGG: When there are allegations, and they would be criminal matters, of course - I must admit I have had some discussions with people at the CCC about this. I have been a bit

disappointed that things have not happened there. I would have thought there should have been some criminal charges laid by now. I understand all the investigative processes and so on, but then you hear stories about maybe some agencies do not have sufficient resources to do this thing, and you have got to wait your turn, basically. I thought for a while with this matter, "We've just got to wait our turn."

Hon KEN TRAVERS: What about the issues regarding Stan Penny?

Mr T.R. SPRIGG: I have been working to try to help Stan Penny get back into a program. At this stage he has not gone back to drug taking, as I understand it. We are monitoring him carefully with **BLANK** help as well. We think here is maybe one young boy we can actually help.

The CHAIRPERSON: Thank you very much for your time this afternoon. If you have any corrections or feedback on the transcript, let us know. If you could provide us with that information -

Mr T.R. SPRIGG: Sure.

The CHAIRPERSON: - particularly regarding the claims for wages and superannuation.

Mr T.R. SPRIGG: I have a list of that.

The CHAIRPERSON: Who is owed what and who is not.

Mr T.R. SPRIGG: That is right. There are phone numbers and addresses - should I delete those?

The CHAIRPERSON: We do not need that information.

Mr T.R. SPRIGG: Names and amounts is what you need?

The CHAIRPERSON: That would be useful. Thanks very much. Great. If there is anything else you think would be the useful, please forward it to us.

Mr T.R. SPRIGG: Thank you, very much.

Hearing concluded at 4.09 pm.
