

22 June 2022

**Public examinations into the Department of Communities**  
**Transcript - Opening Address by Counsel Assisting, Mr Anthony Willinge**

These examinations continue the Commission's investigation into serious misconduct, including misuse and misappropriation of funds, at what was then called the Housing Authority or Department of Housing.

The Department of Housing provided important services to the community including in relation to affordable housing. The availability of affordable housing was an important issue a decade ago, and remains so today.

The Department of Housing is now part of the Department of Communities.

One of the Corruption and Crime Commission's purposes under legislation is to improve the integrity of the public sector and reduce the incidence of misconduct in the public sector. The Commission can fulfil this purpose by investigating matters related to serious misconduct in the public sector.

On 16 November 2021, the Commission released a report entitled *Exposing Corruption in the Department of Communities*.

That report outlined the Commission's investigation into Paul Ronald Whyte who, in 2017, was acting Chief Executive Officer of the Housing Authority when it became part of the Department of Communities.

Mr Whyte was an Assistant Director General at the Department and was part of its corporate executive.

He was also an inveterate gambler who stole a very significant amount of money from the State.

For ten years, from around 2009 until 2019, Mr Whyte used his corporate credit card and electronic funds transfers to make payments to companies which were not providing any services to the Department.

In all, Mr Whyte stole more than \$22 million from the State.

The Commission has received further information and continues to investigate.

Of particular interest to the Commission is:

- how was it that a person in such a senior position was able to systematically defraud the State to so great an extent over such an extensive period?

and

- whether there were other matters relating to the operation of the Department and its governance that contributed to, or enabled, Mr Whyte's corrupt conduct?

These questions are important because this Commission has another additional purpose under its legislation. The Commission strives to increase the capacity of public authorities to **prevent** serious misconduct from occurring in the first place.

It is important to identify corruption that has occurred but also to understand the governance systems in place that may have allowed it to commence and continue.

These examinations are part of the Commission's ongoing investigation.

### **Today's examination**

On 23 May this year, Mr Lorne O'Mara was publicly examined. Mr O'Mara was an accountant and former CFO at the Department of Housing.

Mr O'Mara gave evidence about the culture in the Department under former Director Generals and changes made in the Department when Mr Grahame Searle became the Director General in around 2009.

These changes included the creation of a new corporate executive with four General Managers, one of whom was Mr Whyte. Mr Whyte reported directly to Grahame Searle, the Director General.

Mr O'Mara also gave evidence about Paul Whyte's areas of responsibility. Mr O'Mara was critical of the fact that Mr Whyte's responsibilities included oversight of both commercial spending and finance. In Mr O'Mara's view, the same General Manager should not have had responsibility both for spending - and financial controls on spending. This created an obvious risk.

Mr O'Mara gave evidence that General Managers including Paul Whyte had a discretionary element in their budget.

He also gave evidence about the use of corporate credit cards in the Department.

Mr Whyte used his corporate credit card to defraud the State by repeatedly making payments to a company called Boldline which was not, in fact, performing any services for the Department.

One of the people who approved Paul Whyte's credit card expenditure was the Director General, Mr Searle. Mr O'Mara gave evidence that he would have been concerned about the payments to Boldline given the lack of supporting information. Mr O'Mara also gave evidence that Mr Searle should have been asking Paul Whyte about what the payments to Boldline were for.

A number of other former employees have since been examined in private about various matters of concern regarding events at the Department at the time and the governance of the Department.

Today, Mr Grahame Searle will be examined.

Mr Searle was the Director General of the Department of Housing from about 2009 – and was Director General during the time Paul Whyte stole more than \$22m from the State.

Government Departments provide important services for the benefit of the community.

The Director General and other leaders in Government Departments have an important role to play. They help set and maintain the culture of the Departments they lead. They are stewards of money which is intended to be spent on important public works. They are ultimately responsible for integrity and governance frameworks - and they have obligations to report, and act on, alleged misconduct.

Mr Searle will be examined about a number of matters including:

- The creation of the new corporate executive
- The recruitment of the corporate executive including Paul Whyte
- Mr Whyte's responsibilities including for commercial spending and finance
- Mr Searle's approval of Mr Whyte's corporate credit card expenditure
- Whether a failure to follow or enforce good governance practices created an environment or culture which enabled serious misconduct to occur
- Whether a failure to follow Department policies enabled Mr Whyte to receive a financial benefit from the misuse of his corporate credit card; and
- Other matters concerning the governance of the Department.

It is proposed to examine Mr Searle in public about a number of matters.

However, some of the matters to be raised with Mr Searle relate to evidence given in private examinations and it may be more appropriate, at this stage, to examine Mr Searle in private about those matters.

Accordingly, after various matters have been raised with Mr Searle in the public examination, leave will be sought to continue Mr Searle's examination in private.