



ICAC: NSW Police Minister Mike Gallacher resigns over corruption watchdog probe

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New South Wales Police Minister Mike Gallacher has resigned after being named in the latest Independent Commission Against Corruption (ICAC) inquiry.

NSW Premier Mike Baird accepted Mr Gallacher's resignation on Friday afternoon, saying it would constitute an "unacceptable distraction" for the Government.

The Premier is now facing the possibility of reshuffling his front bench less than two weeks after it was sworn in.

Mr Baird has appointed Attorney-General Brad Hazzard as acting Police and Emergency Services Minister and says further ministerial announcements will be made in due course.

The ICAC heard allegations Mr Gallacher was involved in a plot to hide a developer's involvement in payments to an alleged Liberal Party slush fund.

The inquiry also heard claims Mr Gallacher and former energy minister Chris Hartcher hatched a plan to hide donations from a development company controlled by mining magnate Nathan Tinkler to a business called Eightbyfive.

Mr Gallacher, a former police officer who has been in the NSW Parliament since 1996, says he has spent his "entire life fighting corruption and crime" but he would stand aside for the well-being of the NSW Government.

Mr Gallacher says he was first made aware of the allegation on Friday morning, and he is "disappointed" in the way it came to light.

"My understanding is that normally witnesses are afforded an opportunity to be appraised of the allegation ... the first I heard of it was [Friday morning]," he said.

"I don't even know what the allegation is - all I've heard this morning is that I have had a corrupt, long-standing relationship.

"I'm yet to see what the allegation is but I do not intend to have the Premier and the Parliamentary Party to be diverted by this."

Mr Gallacher would not answer questions regarding what he knew about Eightbyfive because the matter is before the ICAC.

He would not speculate whether he would return to the ministry if he is exonerated.

Gallacher had to go, says Premier

Mr Baird, who has promised to "clean up" NSW politics after taking over from Barry O'Farrell - also brought undone by an ICAC inquiry - says "serious allegations" have been made against Mr Gallacher.

"Accordingly, I have accepted his resignation. I make no judgments on the allegations but the serious nature and the ongoing distraction ... leaves us with little choice but to accept the resignation."

In NSW property developers are banned from making political donations and Eightbyfive was allegedly set up as a slush fund for prohibited donors to secretly funnel money to MPs.

The inquiry previously heard the alleged slush fund was set up by Mr Hartcher's staffer Tim Koelma.

The ICAC is probing allegations Mr Hartcher and two other state Liberal MPs, Chris Spence and Darren Webber, "corruptly solicited, received and concealed payments from various sources" in return for favours.

[NSW ICAC's political scalps](#)

The federal Member for Dobell, Karen McNamara, has denied that she requested a donation cheque be written to Mr Webber instead of the party while working as his campaign manager.

Counsel assisting Geoffrey Watson asked: "Did you want to keep the money for the local campaign?"

She replied: "No, I did not."

Ms McNamara has told the inquiry she now believes Mr Webber and Mr Spence lied to her when discussing how much money was raised during election campaigns.

She says Mr Spence told her that \$300,000 had been raised for the Wyong and Entrance campaigns.

Ms McNamara was shown a financial disclosure declaration, signed by her, showing just over \$11,000 in the Wyong account.

She says Mr Webber and Mr Spence told her other money was going through the Terrigal account.

"Mr Webber kept to himself and was a difficult candidate to work with," she told the inquiry.

Mr Watson told the hearing that a usual campaign amount was usually around \$10,000 to \$15,000.

Co-founder of Buildev grilled by commission

On Friday, the co-founder of development group Buildev, Darren Williams, stepped into the witness box where he was grilled about his role in payments made by Mr Tinkler's Hunter Valley horse stud Patinack Farm to Eightbyfive.

Counsel assisting Geoffrey Watson SC suggested to Mr Williams that Buldev wanted to influence Mr Hartcher, but used Patinack Farm to hide any attempts to do so.

"The idea was that if you could use a name like Patinack Farm it would hide the fact that Buldev was involved," Mr Watson said.

"I want to suggest this was a plan you worked up with two politicians."

He then suggested those politicians were Mr Hartcher and Mr Gallacher.

When Mr Williams replied "No", Mr Watson told him: "By the end of this ... you are going to regret having given that answer."

The inquiry was then shown phone records showing extensive contact between Mr Hartcher and Mr Williams.

Mr Williams was unable to explain why they were speaking so often.

Text messages between Mr Gallacher, Mr Hartcher and Mr Williams have also been tendered to the ICAC, referring to a meeting with Mr Tinkler.

Mr Hartcher said he had organised it in a private room so "it couldn't be overheard".

Mr Gallacher's barrister Arthur Moses SC objected to the allegations being sprung on him without notice.

The inquiry was told Mr Gallacher would have wanted to inform Mr Baird if he was going to be accused of wrongdoing.

Mr Watson said new evidence had come to light in the past 24 hours that may require the public hearing to be adjourned so further investigations could be carried out.

The ICAC has been told Mr Gallacher has given a sworn testimony to investigators.

Liberal Party official questioned fundraising figures

The ICAC also heard evidence on Friday from Hollie Hughes, who is a member of the Liberal Party state executive.

She told the inquiry that Mr Webber's campaign director for the seat of Wyong claimed to have raised \$100,000 when the official record was only \$12,000.

Ms Hughes said Ms McNamara spoke about raising the money while running for preselection for the seat of Dobell.

Ms Hughes questioned the discrepancy in the figures.

She said after questioning it the then-finance director, Simon McInnes, told her he would not have given her the official figures if he knew she was going to use them for that reason.

An unsuccessful candidate for preselection, Matthew Lusted, then told Ms Hughes he had written a cheque for \$5,000 as a donation for the Liberal Party, but was concerned it had not gone to the party.

He told her he had written it to Eightbyfive.

Ms Hughes said it was the first time she had heard of it and it was "such an unusual thing".

She said she investigated Eightbyfive and was concerned the business did not appear to be registered.

She told Mr Lusted to get the documents and get on a plane to see Bill Heffernan.

Ms Hughes was shocked when asked if she had heard that the chief fundraiser for the party, Paul Nicolaou, was getting a cut of the money he raised.

She said she was not aware of that.

The inquiry continues.