

IN-CONFIDENCE

Parliamentary Commission of Inquiry
G.P.O. Box 5218,
Sydney, N.S.W. 2001.

FILE No.

C.16 /

ARCHIVAL ACTION

FORMER PAPERS

LATER PAPERS

TITLE

ALLEGATION No. 3.

Related Papers

[illegible]

FILE No.

C.16

REFER TO
Allegation

40.

MINUTE

TO: Fergus Thomson

FROM: David Durack

Re: J Mc Anderson - Expenses

I refer to the attached documents received from Mr J Mc Anderson on 29 July 1986 in relation to his expenses in assisting the Commission.

The history of Mr Anderson's involvement with the Commission is as follows:

1. On 19 June 1986 Anderson rang S Charles from Auckland, New Zealand, and advised he had information which the Commission may find useful.
2. On the same day after discussions were held within the Commission Mr Anderson was contacted in Auckland and arrangements were made for Mark Weinberg and I to travel to Auckland to meet him on the following Wednesday the 25 June 1986.
3. The arrangements referred to above had to be aborted on 24 June 1986 due to an indication by representatives for the Judge that they would challenge rulings made in the Commission that day. Undertakings were also given that investigations would not proceed until determination of that challenge. Mr Anderson was advised by yourself of that occurrence and he indicated he could contact the Commission the following week and would either return to New Zealand then or stay in New Zealand until that time.
4. On 30 June 1986 I contacted J Mc Anderson in Auckland with the intention of setting up a new meeting time in Auckland following the High Court decision on 27 June 1986 which in effect meant that investigations could proceed. Anderson advised me that he felt he had been in New Zealand too long and therefore thought it best if he came to Australia to see us (in fact this would be doing what was least expected by his enemies - according to him). He further advised he could probably reach Sydney on Wednesday or Thursday of that week and would advise me of his arrival.

5. On 3 July 1986 Anderson advised me of his arrival and a meeting was arranged for 9.00 a.m. the following day at ADC House. The meeting that was arranged took place on 4 July and Mr Anderson was interviewed from approximately 10 a.m. - 12 noon.

NOTE: At this stage Mr Anderson had not specifically raised the subject of expenses but I had mentioned to him on the 30 June that his "reasonable" expenses in coming from New Zealand to meet us would be paid.

6. At the conclusion of the meeting on 4 July 1986 Mark Weinberg and I requested that Mr Anderson make some enquiries re other people that could corroborate his evidence and assist our enquiries generally. (This was after Anderson had indicated that these people would be available after he had spoken to them.)
7. It was envisaged that the next meeting with Anderson would occur on Monday 7th or Tuesday 8th July 1986. Apparently during my absence in Singapore a further meeting was arranged and this was to take place on Thursday 10 July 1986 at the Wynyard Travelodge. Due to a misunderstanding on Anderson's part this meeting did not take place and a meeting was then arranged for Sunday 13 July 86 at Anderson's wife's home.
8. The meeting referred to above took place and Anderson was interviewed between 5.00 p.m. and 7.15 p.m. At the conclusion of this interview Anderson indicated that he would be leaving Australia in the near future but still had some business of his own to attend to re Saffron paying monies to him. No further requests were made of Anderson save for him contacting us and advising of his departure.

I now turn to what would be reasonable in relation to reimbursing Anderson for his expenses:

- firstly he would be entitled to an economy airfare from Auckland to Sydney as per the arrangements made. (It is difficult to see how any further plane fare would be payable. However, Anderson claims that he came from Manila to Auckland purely for the purpose of contacting the Commission - this is after learning in Manila of our wish to speak to him);
- secondly in relation to other expenses I believe Anderson would be entitled to a daily figure for

accommodation etc. from Thursday the 3 July 86 to Sunday 13 July 86. I say that this period would be appropriate as it covers his arrival in Sydney and the period up to and including the second conference with him on 13 July. (We did request him to follow up matters after the meeting on 4 July and it was not until 13 July that these matters were completed!)

NOTE: There is some reason to think that some entitlement would also be applicable in relation to Anderson's stay in Auckland after we aborted the meeting scheduled to be held on 25 June 1986.

I would appreciate it if further contact with Anderson was now dealt with by D Smeaton as I do not think I can take the matter any further.



D Durack
Instructing Solicitor

30 July 1986

*I agree that this is an accurate statement
of events.*

*and being
Junior Counsel Amisteg*

The JourneyMasters PTY. LTD.

(INCORPORATED IN N.S.W.)

STATEMENT

21 April, 1986

RE : MR J. ANDERSON

To cost of First Class Circle Pacific Airfare:

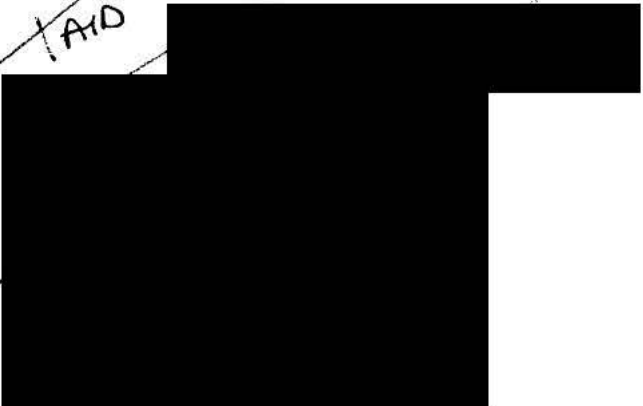
SYDNEY-MANILA-HONOLULU-SYDNEY on 26 April, 1986

\$3177.00

Due & Payable

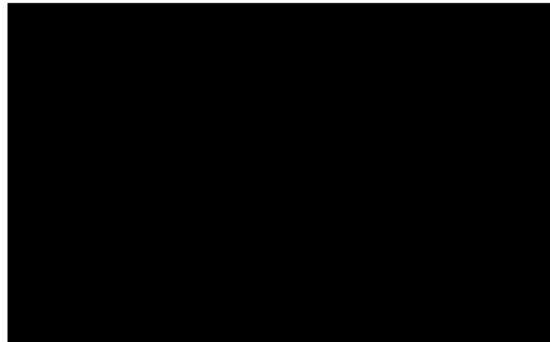
Thankyou

PAID 20/4/84



I James Cheung

I have spent. US \$2.200



Mr Abraham Gilbert Saffron

Dear Mr Saffron,

Re: Parliamentary Commission of Inquiry

I refer to the summons which has been served on you pursuant to section 11(1) of the Parliamentary Commission of Inquiry Act and note that your attendance is required on 5 August 1986.

However, I would appreciate it if you would contact the Commission and advise a telephone number upon which you can readily be reached in order that a date other than the 5 August 1986, for your attendance, can be communicated to you.

Yours sincerely,


J F Thomson
Secretary

25 July 1986

COMMONWEALTH OF AUSTRALIA

Parliamentary Commission of Inquiry Act 1986


SUMMONS TO APPEAR BEFORE THE COMMISSION

Mr Abraham Gilbert Saffron


I, Sir George Hermann Lush, a member of the Parliamentary Commission of Inquiry appointed under the Parliamentary Commission of Inquiry Act 1986 hereby summon you, pursuant to sub-section 11(1) of that Act

- (a) to appear before the Commission at the hearing to be held in the Hearing Room, 8th Floor, 99 Elizabeth Street, Sydney, on Tuesday 5 August 1986 at 10.00 a.m. to give evidence in relation to the matters into which the Commission is inquiring; and
- (b) to attend from day to day unless excused or released from further attendance.

Dated 25 July 1986


.....
Presiding Member

NOTE

RE: MEETING WITH J ANDERSON

22 JULY 1986 11.30 PM - 12.10 PM

Attending: M Weinberg J McC Anderson
D Durack

Anderson mentioned two other possible witnesses who could testify as to a relationship existing between A Saffron and the Judge:

1. Ron Mercier (Mercier Publishing - Auckland New Zealand)
 - Mercier had mentioned to Anderson that he had attended a birthday party at Kensington and had observed the Judge and A Saffron being in attendance (no date given etc)

NOTE: The NCA have interviewed Mercier - possibly re Luna Park

2. Tim Theeman (presently living in Manila)
 - Anderson believes that Theeman may know a lot about Murphy and Saffron as he was around in Kings Cross etc at the relevant time.
 - Anderson further mentioned that a contract has been put out on Theeman's life - the NCA are interested in Theeman.

Anderson also mentioned that he had spoken to certain police officers about the Saffron/Murphy relationship well before he gave evidence before the NSW Prostitution Inquiry - names mentioned were Vic Anderson (Victoria) and Ray Phillips - also mentioned of the Australian Bureau of Crime Intelligence.

Anderson indicated he would contact us on his return to Manila (possibly leaving Wednesday or Thursday of this week) but if we needed to contact him we should contact D CRAFT at the Australian Embassy in Manila (he will be able to come back to give evidence on a week's notice).

D. Durack
2828A

MEETING WITH SUPERINTENDENT KEN DREW, CHIEF OF STAFF
TO THE NEW SOUTH WALES POLICE COMMISSIONER

At 2.30 on 16th of July, 1986 I met with Superintendent Drew at the 20th Floor of the Police Headquarters Building in College Street, Sydney. Also present were Patricia Sharp, Sergeant R Clarke of the Licensing Squad and Detective Sergeant R Lynch of the Breaking Squad.

I briefly outlined our function and said that we were seeking the co-operation of the NSW Police in relation to a number of allegations that had been made in relation to His Honour Mr Justice Murphy. We discussed briefly various provisions of our act.

As an opening gambit I suggest that the NSW Police Force must have collected a considerable body of intelligence on Abraham Saffron over the years. I asked whether any link between Saffron and His Honour had been uncovered at any time by the NSW Police. Superintendent Drew said that apart from what James McCartney Anderson had told Sergeant Warren Molloy (as to which see later) no link between Saffron and His Honour had come to light. That was confirmed by Detective Sergeant Clarke who from the early 1980's has been the Officer in Charge of the general licensing in the Kings Cross region; and by Detective Sergeant Lynch, who has been responsible for investigating the activities of Todor ('the Torch') Maximovich over the last few years. Sergeant Clarke said that Warren Molloy had a far more detailed knowledge of Saffron's operations because of his position as Special Licensing Sergeant in the Kings Cross region up until the time of the Bill Allen affair. Both Clarke and Molloy had at various times closed down The Venus Room, and Molloy is alleged to have a very detailed knowledge of the ins and outs so to speak of that establishment. Moreover, Molloy has been entertaining James McCartney Anderson in recent times. Apparently Anderson thinks that Molloy is a "good bloke" and is supposed to be singing like a canary to him. Molloy is overseas

until the 29th of July. Superintendent Drew is to arrange for us to meet Molloy as soon as possible after his return. He is also to arrange for us to see the people in charge of the Vice and Drug Squads in the late 70's early 80's. We were told that the Former Head of the Vice Squad, Ernie ('the good') Shepherd, may be able to tell us something about suggestions that Saffron procured females for His Honour. We were also told that the Vice Squad has been conducting a rather lengthy investigation into allegations that Phillipino girls were imported under some racket involving Morgan Ryan to work as prostitutes in The Venus Room. Details of that investigation are to be made available to us.

I then thought I would stir up the waters a bit by asking whether it had ever been explained of why when the NSW Police were busily tapping a fairly large number of known or suspected criminals in Sydney noone bothered to tape Abe Saffron's phone. There was an outbreak of mumbling by the police in the room at that juncture and I get the distinct impression that something very suspicious occurred at senior levels within the NSW Police Force to prevent such a tap being placed on Saffron's phone.

I then mentioned the statements by Egge to the Stewart Commission in relation to Luna Park and Central Railway, and the fact that very few of the other police examined by Stewart had been asked about those allegations. I gave him the attachment from the recent Stewart letter which listed all of the NSW Police Officers who'd worked for the BCI/TSU and asked Superintendent Drew to obtain for me the present location of each person listed therein. Superintendent Drew said he would do this (he complained of the logistics involved). He mentioned that the Police Commissioner had instructed police generally not to give evidence to other agencies without first being cleared by him. Superintendent Drew is to arrange clearance by the Police Commissioner. In any case, until that clearance is forthcoming, Superintendent Drew felt that none of the police would speak to us given that that instruction that is about not

speaking to outsiders had been drummed into them. I also asked Superintendent Drew to obtain, or at least locate, all of the diaries and notebooks of all of the people mentioned in that list for the relevant periods. He felt that those diaries may be with the National Crime Authority, but undertook to make enquiries. I specifically asked for the present location of [REDACTED] and Drew mentioned that he understood that [REDACTED] boat has recently been destroyed in a mysterious fire and he was not sure where he was presently hanging out.

I then said that with all of the information that was being gathered by the TSU/BCI there must have been some form of intelligence record created for each piece of information thus received. That is I felt it was an available inference that files would of been created within the BCI on His Honour if His Honour had been mentioned in any information gathered by the BCI/TSU. I asked Superintendent Drew to make inquiries to ascertain whether any such records exist and if so to obtain same. He felt that if any records had existed that they would have been destroyed. However he undertook to make the inquiries.

I then mentioned the evidence of Egge before the Stewart Commission concerning the Milton Morris allegation. In particular I mentioned Egge's statement that following the interception of a telephone conversation between His Honour and Morgan Ryan, wherein it was suggested that His Honour had set up a meeting between Morgan Ryan and Milton Morris on the steps of Parliament House, the BCI/TSU had staked out the steps to observe said meeting. I asked for all of the records of the BCI/TSU relevant to any such inquiry. I asked whether any stakeout might have been done by the Observation Squad, the BCI itself, or some other organisation and asked that all relevant records be checked. Superintendent Drew undertook to make those inquiries.


I also asked for all of the running sheets of the BCI/TSU for the period 1978 to 82 at least. Superintendent Drew believed

that these had been destroyed by Mr Blisset in the early 1980's following the disclosure about the existence of The Age tapes. However he undertook to make inquiries to see whether any of the running sheets still existed. I then turned to the matters disclosed in the second chapter of the second volume of the Stewart Commission Report. I asked whether any investigation had been carried out into any of the allegations raised by Stewart. Superintendent Drew told me that a Task Force had been established to thoroughly investigate all of the allegations. That Task Force is headed by Detective Superintendent Stephenson. Its establishment was delayed by Justice Stewart in handing over the relevant information, but now appears to be in full swing. All of the Stewart information is being fed into computer and I understand that police have begun their inquiries. Highest priority is the Cessna Milner Matter. Also high on the list is the alleged involvement of His Honour, Ryan, Saffron, the Yuens, and police in the Dixon Street Casinos matter. It will also appear that some further investigation has been conducted into the Lowe and Shaw attempt to influence Lewington. Superintendent Drew indicated that nothing had come of this investigation. Superintendent Drew then introduced me to Detective Superintendent Stephenson and told Superintendent Stephenson that he was to co-operate fully with our inquiry. I understand from what Superintendent Drew told me that this Commission will have full access to the ongoing investigations by the NSW Police into the various allegations raised by Justice Stewart. I intend meeting with Superintendent Stephenson at some date in the not too distant future, when the NSW Police inquiries have achieved some headway.

Finally, I mentioned the Morosi break-in in February 1975. After briefly outlining the charges brought (namely larceny and illegal use of motor vehicle) Superintendent Drew expressed his disbelief that such charges would have been laid in those circumstances - invariably, no matter what the amount involved, charges of break enter with intent are brought; moreover the charge under the Motor Traffic Act is "part of ancient

history". I asked Superintendent Drew to make inquiries to find out whether the break-in was ever reported to the NSW Police and if so, I asked him to obtain any of the files and papers that may still exist within the Police Archives relevant to that matter.

Superintendent Drew is to get back to me in the next couple of weeks in relation to all of these matters and in particular, to set up the meeting with Molloy and the other people previously mentioned.

Signed: 

Andrew Phelan

16.7.86

0110M

Permy
Paragraph 18 - Pergery Allegation

*extract from memo
6 from A. Wells dated
4/7/86.*

Francisco or the name Francisco I assume to be that of a policeman who gave evidence before the Stewart Commission. Whilst I have met Francisco, I cannot throw any light on this particular aspect.

However, the folder described Bird McMahon was a matter I dealt with. I notice you use the term bizarre treatise when referring to the written material apparently produced by Fletcher. I suggest strongly we treat this matter as completely bizarre. I visited a (class) house in Newtown in an attempt to locate Mr Fletcher, however he and Anna McMahon were birds that had flown leaving a lot of debts behind. Whilst living at Newtown they had gone to considerable efforts to upgrade the premises but unfortunately their efforts had gone unappreciated by the managing agent. Apparently he had no taste for walls painted in gold paint and the branches of trees strewn throughout. Indeed the then current occupants of the premises who resembled something out of the Young Ones had been bemused by the fact that agents of a TV rental firm had repossessed their TV mistaking it for the TV of Mr Fletcher which from documentation Fletcher had left in the premises, he had sold at a hock shop. It was also of note that in some mail that had been delivered to the premises Mr Fletcher had made a bid for immediate media fame by offering to commit a public suicide for Mike Willesee. Unfortunately his offer had been turned down, with thanks, obviously in fear of arguments over residuals.

As to the name Minter, a former Assistant Private Secretary to Murphy, this may refer to June Walters who had been Murphy's Private Secretary about that time and a person who declined to most firmly to make any comments.

I understand Journalist, David Halpin did provide an unsigned statement. I had no contact with him personally.

RECEIVED - 4 JUL 1986



National Crime Authority

CENTRAL OFFICE
GPO Box 5260, Sydney, NSW 2001
Telephone (02) 265 7111
Telex 23575

3 July 1986

The Secretary
Parliamentary Commission of Inquiry
8th Floor ADC House
99 Elizabeth Street
SYDNEY NSW 2000

Dear Sir,

I refer to the meeting of 17 June 1986 between Sir George Lush and Mr Justice Stewart, which was also attended by representatives of your Commission and the Authority, regarding information held by the Authority touching upon Mr Justice L.K. Murphy.

The following information is furnished pursuant to the notice dated 30 June 1986 issued under section 13(1)(a) of the Parliamentary Commission of Inquiry Act 1986 and the Commission's requests made pursuant to section 13(3).

1. Relationship between Murphy J. and A. Saffron

The only material on hand which was not supplied to the DPP, apart from that emanating from Mrs Opitz (see 2 and 4), is that contained in an interview by Authority investigators with James West, a former part-owner of the Raffles group. The relevant pages of the record of interview are enclosed as Attachment A. West lives at [REDACTED] in Western Australia.

2. Mrs Rosemary Opitz

Mrs Rosemary Opitz has told Authority investigators that she is prepared to talk to the Parliamentary Commission provided she is introduced to it by Authority Investigators Baker and Reid. She also requested that she not be interviewed at her home and that Baker and Reid be present at any interview. No undertakings as to those conditions were given to her. Opitz has told the investigators that she was introduced to Murphy J. at Saffron's premises at [REDACTED] 10 or 12 years ago.

3. James McCartney Anderson

The Authority understands that you have made arrangements to interview this person in New Zealand.

4. Anna Paul

All that is presently known of Anna Paul is information provided by Opitz that Paul was a girlfriend of Murphy J "in the period between his first and second marriages". According to Opitz, Paul is now a resident of England but was recently and may still be in Australia. Again according to Opitz, Paul would be able to confirm the fact that Murphy dined on a number of occasions with Saffron. The Authority is not in a position to arrange an introduction to Paul. It is a matter that the Commission might take up directly with Opitz.

5. Steven Leslie Bazley

The Authority is not in a position to introduce the Commission to Bazley nor is it aware of any information from or relating to him which touches upon Murphy J.

6. 'Age Tape' Witnesses

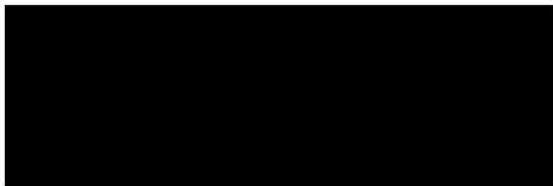
Enclosed as Attachment B is a list of persons who were attached to the New South Wales Police Bureau of Crime Intelligence and Technical Survey Unit during the periods when Morgan Ryan's telephone conversations were subjected to illegal interception. Some of those persons gave evidence to the Royal Commission regarding conversations involving Murphy J and those are identified in the Attachment. Others who were not questioned regarding the matter may be able to give evidence of such conversations.

7. Specific allegations

Enclosed as Attachment C is a document referring to information obtained by the Authority from the Royal Commission which relates to the 7 items referred to in the schedule to the letter of 25 March 1986 from Mr Justice D.G. Stewart to Mr Justice L.K. Murphy.

Please contact me if you require any further assistance in relation to these matters.

Yours faithfully,



D.M. Lenihan
Chief Executive Officer

-19-

- JW But er, I fell out with him because he wanted me to do a few bloody things for Abe, and I wouldn't do them, and I wouldn't be in them, no way.
- 197 IR Can you tell us what they were?
- JW No, I don't think I should really.
- 198 IR OK.
- JW No, it was to do with the police force, and I respect the police anyhow.
- 199 Mm. Is he still alive, this Bill Nielson?
- JW Yeah.
- 200 IR Still a policeman?
- JW No, he ... he was retired. He retired er ... Inspector CIB.
- 201 IR Mm. Do you know if Abe Saffron had a replacement in the Police Force for him?
- JW I don't know about that, I wouldn't, I would not be one little surprised about it.
- 202 IR No, but you don't know of it.
- JW No, I don't know if it Ian, no.
- 203 IR Sure, Probably none of us would be surprised, but if we don't know, we don't know.
- JW Yeah, that's true, quite true, yeah.
- 204 IR OK.
- JW Well, Murphy is a, you probably know, Murphy's Abe's man, that's for sure.
- 205 IR Which Murphy?
- JW The magistrate that's up now in all the bloody court
- 206 IR Oh, Lionel Murphy.
- JW Yeah, whatever his name is, I don't
- 207 IR Er, the Judge.
- JW Yeah, the Judge.
- 208 IR Yeah, right. How did that knowledge come to you?

JW I met him over there with Abe. I used to go a year.
Met quite a lot of people to

209 IR Was that Lodge 44?

JW Yeah, Lodge 44, that's, that's the headquarters.

210 IR Yeah. Did Abe ever talk of his association with Murphy?

JW Oh yes, that's for sure he did, yeah. I met quite a lot of
the chaps there that from America to. No doubt
he's involved which, I don't think I've got to tell
you know that anyhow don't you?

211 IR Oh, yes.

JW See what I mean Ian

212 IR Yes, we know it, for sure. Um, but we need, we need
specifics.

JW Mm. Mm.

213 IR Can you tell us who those people from America were?

JW No, I couldn't tell you. I know they were top Mafia men,
anyhow.

214 IR Do you know their names?

JW No, off hand I don't, no.

215 IR No, OK. Are you prepared to tell us of what Abe said of
his relationship with Murphy?

JW Oh, not really, because er, I didn't know Murphy that well,
I met him there with Abe, a few times, and um what
they did between themselves, I think Abe pays him and
that's it. You know he's involved in all the
gambling around bloody Kings Cross don't you?

216 IR Mm. Did it concern you being in business with such a man?

JW Yes, it did concern me pretty bloody badly too to,
well I rather respect my family but he didn't like it
very much at all.

217 IR Did it ever annoy him that you were more straight than he
might desire?

JW Yes, yes it did. Because I think he thought he could
wanted to convert me.

218 IR Yes.

The following is a list of witnesses before the Royal Commission who were attached to the BCI and TSU during the periods that Ryan's telephone conversations were intercepted:

BCI

Anderson	Robert Charles
Aust	Bernard Frederick
Beaumont	Gary William
Brett	Mark Christopher
Cahill	John Edward
Calladine	Anthony Mervyn
Carrabs	Vincenzo Gino
Chambers	Warren Thomas
Champion	Alan Maurice
Choat	Jennifer Anne
Crawford	Ross Maxwell
Donaldson	Leonard Stuart
Dunn	Barry Wentworth
Durham	John Bruce Robert
Egge	Paul Leonard
Finch	Ian Charles
Foster	James Frederick
Francisco	John
Gilligan	Dennis Martin
Harvey	Rodney Graham
Jones	Albert John
Lauer	Anthony Raymond

McDonald	Kevin Edward
McDowell	Geoffrey Neil
McVicar	Brian Roy
Meadley	John Bradford
Morrison	Ross Page
Ogg	Michael Kevin
Owens	Geoffrey Richard
Palmer	John Ferdinand
Pryce	Bruce David
Rudd	Allan Leonard
Schuberg	Geoffrey Esmond
Shelley	Geoffrey
Shepherd	Robert Charles
Slade	George Walter
Sweeney	John Peter
Tharme	Michael
Treharne	Robert Ian
Vickers	Geoffrey William
Walter	Paul Thomas
Wares	Ian Neville
Whalan	Peter David
Wiggins	Ronald David
Williams	Terrence John
Withers	John Fenton
Wooden	James Edward

TSU

Brown

[REDACTED]

Huber

Johnson

Kilburn

Lewis

Lowe

McKinnon

Slucher

Smith

Stanton

Kevin Robert

[REDACTED]

Kerri Lynne

Richard Anthony

Roger

John Darcy

Paul Thomas

Warren James

Regby Francis

Grahame Phillip

Warren Sydney

Information available from the Royal Commission material
supporting the seven items referred to in the Schedule to the letter of
25 March 1986 from Mr Justice D.G. Stewart to Mr Justice L.K. Murphy

Item 1, Robert Yuen: Casino

This matter is dealt with in detail in Volume Two of the Royal Commission Report at paragraphs 2.31 to 2.51. The references to the source material are in endnotes 40 to 60 on pages 88 to 89. Most of the material has been provided to the Parliamentary Commission. The balance of the material is available for inspection.

Item 2, Luna Park Lease

This matter arises from the supplementary statement and evidence of P.L. Egge which have been furnished to the Parliamentary Commission. Some background information was obtained by the Royal Commission. The facts appear to be as set out below.

On 27 May 1981 the New South Wales Government granted a lease of Luna Park for a term of 30 years to Harbourside Amusement Park Pty Ltd. Luna Park had been occupied for some years by Luna Park (NSW) Pty Ltd, initially pursuant to a lease and later on a tenancy from week to week, until 9 June 1979 when a fire occurred at Luna Park resulting in several deaths. There had been discussions between the Premier's Department and Luna Park (NSW) Pty Ltd concerning a new lease for the area, but no decision had been reached by the time of the fire. After the fire, tenders were invited for the future lease of the area. Originally the tenders closed on 23 November 1979 but on 17 January 1980 the NSW Government announced that all six tenders received had been unsatisfactory but that negotiations were continuing with the Grundy Organisation, which had come closest to meeting the Government's requirements. (TI/384)

On 12 March 1980 an advertisement appeared in newspapers calling for further tenders, the closing date for which was 17 June 1980. An interdepartmental committee was established to assess the tenders. The committee eventually

recommended that the tender, then in the name of Australasian Amusements Associates Pty Ltd, should be preferred. The Directors of Australasian Amusements Associates Pty Ltd included Sir Arthur George and Michael Edgley. The company experienced difficulty in obtaining registration under the name proposed and indicated that a new name would be chosen. In the meantime Australasian Amusements Associates Pty Ltd operated through a shelf company named Balopa Pty Ltd. The name of the company was subsequently changed to Harbourside Amusement Park Ltd which entered into the lease for the area. In 1981 the return of Particulars of Directors lodged at the Corporate Affairs Commission showed that on 7 October 1981 David Zalmon Baffsky a solicitor, was appointed as a director of the company. Baffsky is a member of the Sydney firm of solicitors, Simons and Baffsky, who regularly act for Saffron's companies. In 1982 the return of Particulars of Directors for the Company showed that Samuel King Cowper, a nephew of Saffron, had been appointed Secretary to the company. (TI/384)

There is no apparent reference to these matters in the documentary material, including available transcripts of tapes, or the tapes resulting from the interception of the telephone conversations of Ryan which were obtained by the Royal Commission. Sergeant P L Egge said that he recalled that Ryan had been involved in influencing the grant of the lease. In his supplementary statement Egge said: (Ss.342-343)

There is another matter which relates Saffron which I can't recall. I think this matter was also referred to on the transcripts that I do not precisely recall. After the fire at Luna Park a lease was to be granted the Reg Grundy Organisation. A draft lease was sent to the Grundy Organisation. Saffron then rang Ryan and said that he wanted the lease. Lionel Murphy was contacted by Ryan and requested to speak to Wran. So after this there was an announcement by the NSW Government that the lease was to be reviewed. The lease was then granted to a company which had a name like "Harbourside" of which Sir Arthur was the "front man". Based on the information which I gained from the transcript I believe that this was a Saffron owned or controlled company. Saffron's companies were incorporated by the same firm of solicitors. I cannot now remember a name of the firm. Some of these matters would not find their way onto the CIB dossier on Saffron as they were regarded as "too hot".

When giving evidence before the Commission, Egge said that the source of the information contained in his supplementary statement was the transcript of conversations intercepted on Ryan's telephone.

(E.854) He also said:

Well, in relation to it, Abe Saffron rang Morgan Ryan and said he would be interested in gaining the lease for Luna Park and Morgan Ryan said to Abe that it is going to the Reg Grundy organisation and Abe said, "Well, I want the lease". As the result of the conversation Morgan Ryan again got in contact with Mr Justice Lionel Murphy ... Mr Justice Lionel Murphy said, "leave it with me" and then after a short time Mr Justice Lionel Murphy rang back Morgan Ryan and said that he had spoken to Neville - only refer to as Neville - and said that he's going to try and make some arrangements for Abe to get the lease and either the next day or shortly therein after Mr Wran said that the Government is going to review the lease to Luna Park and a decision on the lease would be made by the Government within seven or fourteen days. I'm not sure of the period. (E.854-55)

When asked for the name of the solicitor to whom he was referring in his supplementary statement as regularly appearing for Saffron, Egge said that he could not remember clearly, but that the name Baffsky was familiar. Egge's allegation that Sir Arthur George was the 'front man' for a company in which Saffron had an interest was based, according to Egge, upon information contained in a BCI file that Sir Arthur George had been seen in Saffron's company and upon Egge's own research which he said he conducted into companies in which Saffron had a silent interest. In his original statement (S.538-545) Egge had explained that on his transfer to the BCI on 14 September 1979 he was utilised as a collator and analyst. Among the material available to him was a file of about 500 pages of transcript of intercepted telephone conversations involving Ryan, to which he frequently had reference as it 'formed the basis of Organised Crime in NSW'. It should be noted that although it may appear on a reading of Egge's evidence that he actually heard some telephone conversation as they occurred, this was not the case. (see E854)

The information provided by Egge emerged after the majority of material witnesses had given evidence and the Royal Commission did not recall those witnesses to establish whether they had any recollection of the conversations described by Egge. Two witnesses who followed Egge, however, said they recalled similar conversations.

Sergeant R I Treharne recalled similar but not identical conversations which he said he had listened to on tapes resulting from the interception of Ryan's telephone conversations. He had joined the BCI in January 1980 and had attended the offices of the TSU from time to time to transcribe tapes of conversations intercepted on Ryan's telephone service.

(S.428-9, Ss.251) When he gave evidence and was asked whether he remembered any such conversations as described by Egge, he said that he recalled that there was 'a fair amount of discussion as to gaining control of that lease'. He said that the discussion was between 'Saffron, Morgan Ryan and Jury - although I am unsure (of) Jury's participation'. (E.1011)

His comment on Eric Jury arose because he had referred to him earlier as being a party to suspicious conversations with Ryan. Treharne was unable to recall the conversations relating to Luna Park with any precision and said 'I know there were a number of conversations about it and Morgan Ryan felt that he could swing the lease'. He was unable to recall any other person with whom Ryan spoke by telephone concerning the Luna Park matter. (E.1012)

The other witness who said that he recalled the matter was former Sergeant M K Ogg who left the NSW Police to conduct his own business in 1982. Ogg had been a member of the BCI from February 1975 (Ss.319-324) and had typed transcripts of the intercepted telephone conversations of Ryan. Ogg said that he recalled conversations involving Ryan and the lease of Luna Park. He said he had either heard tapes or had read transcripts of the conversations. His recollection was that Ryan was trying to make representations to get the lease for a friend of his. He said that the friend's name was 'Colbron or something like that'. Although he was unable to be precise, he said that he had a 'feeling' that Ryan had made representations to Mr Justice Murphy. When asked for his recollection of any conversations, he said:

I cannot possibly actually recall the exact conversation on what he was going to do but I remember along those lines that were going to try and get the government to agree to this Company receiving the favour and getting the license for Luna Park.
(E. 1208)

'Colbron' may have been a reference to a solicitor, Warwick Colbron, who practised as Warwick A J Colbron, Hutchinson and Co at Bilgola Plateau. (Warwick A J Colbron, Hutchinson and Co were involved in attempts to procure a contract for the redevelopment of the Central Railway site (see Item 3).) After the tenders for Luna Park were first called, the tender from the Grundy Organisation was given qualified approval and negotiations that followed were conducted in the main on behalf of the organisation by Colbron. Correspondence was received by the Minister for Public Works from him on 16 April 1980 confirming that the group would be retendering. He again wrote on behalf of the Grundy Organisation on 23 May 1980, but when the successful tender, which was then in the name of Australasian Amusements Associates Pty Ltd, of June 1980 was received by the Government, Colbron was shown on the development proposal documents as one of 'The Development Team'. (TI/384).

If the conversations occurred, it is probable they would have taken place in January, February, March or April of 1980, for which period the Ryan transcript material is obviously incomplete. The major part of the material available for that period is the summaries prepared by Sergeant B R McVicar. The summaries commence with a reference to conversation on 7 February 1980 and then appear to be continuous until 24 February 1980, whereupon there are no references to any conversations until 9 March 1980, from when they appear to be continuous to 10 May 1980. McVicar was not recalled to give evidence of his knowledge of any such telephone conversations. Former Sergeant J B Meadley, who spent considerable time while he was attached to the BCI involved in surveillance of Ryan and who had heard tapes of Ryan's telephone conversations at the TSU from time to time, had no recollection of hearing any references in the Ryan conversations to Luna Park. (E.1083)

Documents obtained by the Royal Commission from NSW Government Departments relating to the lease are available for inspection.

Item 3, Central Station

This allegation also arises from the supplementary statement and evidence of P.L. Egge, copies of which have been furnished to the Parliamentary Commission. The Royal Commission conducted some preliminary inquiries into the matter. The facts appear to be as outlined below.

In 1977 the Public Transport Commission of NSW invited proposals for the redevelopment and modernisation of Central Railway Station. The closing date for submission of proposals was 7 September 1977. On the following day the general manager of the Property Branch of the Commission, A T Clutton, submitted a report on the proposals for consideration by the Commission. He advised that the proposal submitted by Commuter Terminals Pty Ltd was the preferred of only two proposals which in any way approached the requirements of the Commission. On 12 September 1977 the Commission decided to deal exclusively with Commuter Terminals for a period of 12 months with a view to negotiating a firm lease, subject to satisfactory evidence being produced that funds were available for its proposal. (TI/0372)

On 25 October 1977, the Premier of NSW, the Hon. N.K. Wran, Q.C., M.P., wrote to the Minister for Transport, Mr Peter Cox, stating that he was in agreement with the desirability of proceeding with plans to modernise and redevelop Central Station. In the letter he suggested that any public announcement not refer to the identity of the potential developer. Mr Wran agreed also with the proposal by Mr Cox that the project be considered by a committee of officers representing the Public Transport Commission, the Ministry of Transport, the Premier's Department and the Treasury. He also said that he preferred to wait until the committee had the opportunity of making recommendations before negotiations with Commuter Terminals commenced. (TI/0372 Folio 7)

The interdepartmental committee had several meetings in 1978. On 18 August 1978 the Minister for Transport advised the Premier that the interdepartmental committee recommended that the Commission be authorised to pursue the matter further with Commuter Terminals to establish the full extent of the company's proposals. On 31 August 1978 the Premier agreed with this recommendation.

On 13 September 1978 Clutton wrote to Messrs Warwick A J Colbron, Hutchinson and Company, the solicitors who had submitted the proposal on behalf of Commuter Terminals Pty Ltd, advising that authority had been given to pursue the matter further with the company. Contact between Clutton and Colbron is recorded in the diaries of Clutton obtained by the Nugan Hand Royal Commission (#009547). In 1979 and 1980 discussion continued with Commuter Terminals Pty Ltd, but in the meantime the interdepartmental committee had resolved that the Public Transport Commission should undertake a modified program of refurbishment. On 18 September 1980 the State Rail Authority wrote to Messrs Warwick A J Colbron, Hutchinson and Co to inform them that it had been decided that the Authority itself would undertake a program of restoration at the station. In the end result, Commuter Terminals Pty Ltd received no contract for any part of the work eventually carried out. The proposal of Commuter Terminals Pty Ltd disclosed that it was merely a corporate vehicle to unify a group comprising John Andrews International Pty Ltd, A W Edwards Pty Ltd and Warwick A J Colbron, Hutchinson and Company. (TI/0372 Folio 52)

When giving evidence Egge told the Commission that he recalled this matter because it was discussed in the conversations contained in the transcripts of Ryan's intercepted telephone conversations. He said:

there was no announcement of anybody getting the contract but Abe rang up and said to Morgan Ryan that he would like the contract to remodel Central Railway Station. Apparently tenders were being called for the remodelling of Central Railways Station and Morgan Ryan got in contact with Mr Justice Lionel Murphy and arrangements were made for Abe Saffron to get the contract ... Morgan Ryan contacted - after receiving the phone call from Abe Saffron he contacted Mr Justice Lionel Murphy and Mr Murphy said "leave it to me" and I am not sure whether it was a short time or a week later or a day later or when that Mr Murphy rang back and said that the contract would go to Abe Saffron. (E.858)

Egge stated that he was confident that the particular incident could be corroborated by other police who had had access to the tapes or transcripts. A number of police witnesses who had been involved in the Ryan interception had already given evidence and they were not recalled in order to ascertain their particular knowledge of any such conversations. However, Sergeant R I Treharne, who gave evidence after Egge, said that he recalled similar conversations which he had heard at the time on tape recordings of Ryan's intercepted telephone conversations. Although Treharne had made no reference to the matter in his statements, when asked while giving evidence whether he remembered any conversation conducted on Ryan's telephone concerning a contract for the renovation of Central Railway Station, he said:

Similarly, there was a matter of discussion between some close associates of Ryan including Saffron and I believe there was an intention by Ryan to speak to somebody to persuade the Premier to assist in that regard, and I think it was a redevelopment of the Central railway site and they wanted to gain control of the leasing. (E.1012)

Treharne said that his recollection of the outcome of the conversations was that they were not successful, although he could not be sure of that. When asked whether he could recall any other subject being discussed on Ryan's telephone, which had not appeared in the material which had been shown to him, Treharne said:

Only my recollection of him talking in general terms to Mr Justice Murphy and either asking him to inquire through his contact with the Premier of a particular item, or that Morgan Ryan would bump into the Premier at the races and perhaps talk to him, but I have no recollection of what the actual matter was (E.1012)

In Volume TIC, the summaries prepared by Sergeant B R McVicar, at page 180 in an entry noted as being from a tape of 31 March 1980 the following appears:

Morgan rings Eric Jury ... Morgan will be seeing 'Nifty' in a week (Nev Wran) talk about Nifty having a son which they did not know about. Talk about the big Central Complex and a solicitor doing the submission, Solicitor's name is Colbron, Morgan will help to get it through for a fee. Talks about Sir Peter Able trying to get in on the act. Worth reading in full see page (1) tape 95. (T1C/180/42)

In an entry said to be from a tape of 3 April 1980 in the same material the subject seems to be mentioned again:

Lional Murphy rings Morgan. They talk about the new Central Railway Complex, Lional is very guarded with his talk and during the talk Commuter Terminal Pty Ltd is mentioned together with the word champagne. Worth reading in full (page 2) tape 98. (T1C/182/66)

An entry for 5 April 1980 records 'Eric Jury rings Morgan Ryan and they discuss in length the new Central Railway Complex. Also the company involved'. (T1C/183/50)

In the entries for the following two days, references are made to conversations between Ryan and Jury which may relate to the same subject. In an entry for 6 April 1980 the following appears:

Morgan rings Eric Jury. Discuss meeting between Morgan and Wran at the races and his warm reception. Further that Wran might see Morgan again at the races. Talk about some business deal that "Abe" will have to say in the background complain about Abe being a slow payer. They agree Wran is not a crook, not game, Wran worked out a deal with Murdock for his support. (T1C/183/73)

In an entry for 7 April 1980, the following appears:

In from Eric Jury to Morgan, race talk, Morgan met Wran at the races and he is now overseas. Eric wants Morgan to get onto Wran about the inquiries to which Morgan replied that everything was all right. (T1C/184/14)

Again in an entry for 8 April 1980 the matter could have been the subject of discussion between Ryan and Jury, in that the entry is in the following terms:

Into Morgan from Eric Jory, they talk about Morgan getting into Nifty Nev (Wran) about the contract. It's suggested that Nifty drop the matter if their mob does not get the contract. (T1C/185/12)

There do not appear to be any further references in the material to conversations concerning this matter.

It should be noted that the Royal Commission expressed reservations concerning the reliability of the McVicar summaries (Volume One paragraph 14.72; Volume Two paragraphs 2.60, 2.84, 2.105, 2.267) and the evidence of Egge (Volume Two paragraph 2.83). The Commission, in general, was not convinced that any of the transcript material in its possession was wholly accurate (see Volume One paragraphs 14.68-14.71).

Documents obtained by the Royal Commission from the State Rail Authority are available for inspection.

Item 4, Milton Morris

This matter is referred to in Volume Two of the Royal Commission Report at paragraphs 2.78 to 2.94. The source material is referred to in endnotes 89 to 108. Material which has not previously been provided to the Parliamentary Commission is available for inspection.

Item 5, Wadim Jegerow

This matter is referred to in Volume Two of the Royal Commission Report at paragraphs 2.72 to 2.77. The source material referred to in endnotes 81 to 88 has been furnished to the Parliamentary Commission.

Item 6, Lewington/Jones

This matter is referred to in Volume Two of the Royal Commission Report at paragraphs 2.296 to 2.303. The source material is referred to in endnotes 342 to 345. Material which has not been furnished to the Parliamentary Commission is available for inspection.

Item 7, D.W. Thomas

This matter arises from the statement and evidence of D.W. Thomas. It was not further investigated by the Royal Commission as it had little to do with the subject of the Royal Commission's inquiry and because of the considerations mentioned in the Commission's report at paragraph 2.43 of Volume Two. A copy of the statement and evidence of Thomas has been provided to the Parliamentary Commission.

RECEIVED - 3 JUL 1986

Stephen Charles, QC
Murphy Inquiry
8th Floor
99 Elizabeth Street
SYDNEY 2000

Please find attached as promised extracts from book by Narcotics Bureau Officer making a number of strong allegations about interference by Murphy.

Secondly, a David Fletcher of [REDACTED]

Phone Number: [REDACTED] knows a Aroha Bird who has written an account of her employment by Lionel Murphy. She was introduced by Morgan Ryan and knows of the Murphy relationship with Saffron and Biruta Hagenfelds.

Mr Durack
to see please
71

sum up situations and to get Murphy...
unnerved his senior staff by asking pointed and unexpected questions. They became nervous about approaching him. He didn't like being asked to approve the expenditure of money on an investigation whose results were so uncertain. As I have explained, a request to "show" or spend money had to go to the Minister when it involved over \$2000. Before Senator Murphy would pass such sums he wanted a

Extract from Weinberg/Phelan Memorandum
dated 3 July 1986 (full copy on File C51

ALLEGATION NO. 3 - ASSOCIATION WITH ABE SAFFRON

It is alleged that the Judge has had a long-standing association with Abe Saffron, a person of notoriously low repute. It is asserted that the Judge has been seen in Saffron's company on a number of occasions, and in a variety of different establishments. These include Lodge 44 (Saffron's headquarters) and the Venus Room.

A second allegation is made that the Judge was a silent partner in the ownership of the Venus Room to the extent of owning 5% of the shares in the managing company.

It is further alleged that there is a long history of the Judge receiving sexual favours from woman supplied by Saffron, or a known associate of Saffron's, one Eric Jury.

As to the suggestion of long association, it may be necessary to consider the status of the law of consorting in NSW. It seems inherently unlikely that the Judge's conduct, even if proved, would amount to consorting. It may be that one of the elements of this offence is that the person with whom one consorts must be a reputed thief. If this is a requirement, then plainly the offence of consorting could not be made out. As regards the second allegation (joint ownership of the Venus Room) it is likely that NSW law makes it an offence to be a part owner of a brothel knowing that the premises are being used for the purposes of prostitution. We should also examine the possibility of there being an offence of controlling a disorderly house (common law offence).

A final matter is the provision of women for sexual favours for the Judge. It is debatable whether this would amount to misbehaviour within the meaning of section 72. For what it is worth, our view is that it would fall short of such

misbehaviour. Such conduct could be regarded in some quarters as being scandalous or otherwise improper. But we believe that as a matter of law it could not amount to "misbehaviour" within the meaning of Section 72. The counter argument would be that the Judge's conduct is, in a sense, not "private". The Judge is putting himself in a situation where he might be subjected to threats of blackmail. In addition a number of people would know about his sexual conduct, and this would tend to bring the court into disrepute.

It is clear that even if these allegations do not amount to misbehaviour in themselves, they should be used as the basis for cross-examination of the Judge if he is required to give evidence. The allegations may also, of course, give colour to other allegations which might depend upon there being demonstrated an association between the Judge and Saffron in order to constitute misbehaviour. The witnesses to be spoken to in this regard are set out in the original memorandum prepared by M. Weinberg dated 15 June 1986 at page 7.

→ ^{Not} file

FILE NOTE

Today (25 June 1986) in the absence from Sydney of Mr Charles, Mr Weinberg and Mr Durack, I spoke with J McC A in Auckland (8 am Syd. time)

I explained that proceedings had been instituted in the High Court with the effect of suspending some of the Commission's operations, including the proposed visit to NZ. I apologized that he had been inconvenienced and asked if he would contact us, say, Tuesday next, reverse charge if he wished. I said we were anxious to speak with him, and could try to work out a later meeting. He said Auckland would be suitable for any such meeting. He said he would leave Auckland pro tem returning probably next Tuesday, when he would ring here. I told him of the time difference and said there would be someone here to receive a call from 8.00 a.m. Sydney time to 6 p.m. Sydney time.

J. T
J F Thomson
25 June 1986

✓ Mr Charles
✓ Mr Durack (copy taken)

Do see please.

JT
25/6



PARLIAMENT OF AUSTRALIA
HOUSE OF REPRESENTATIVES

PARLIAMENT HOUSE
CANBERRA, ACT. 2600
TEL. 72 1211

4 June 1986

The Hon. Sir George Lush QC
Presiding Member
Parliamentary Commission of Inquiry
8th Floor
ADC House
99 Elizabeth Street
SYDNEY NSW 2000

Dear Sir George,

At the outset of your deliberations upon the conduct of the Hon. Lionel Keith Murphy, and the matter of his possible misbehaviour within the meaning of Section 72 of the Constitution, I draw your attention to a speech I made in the House of Representatives on Monday, 2 June 1986.

Among other things, the speech dealt with evidence given in camera to the New South Wales Parliament Select Committee of the Legislative Assembly upon Prostitution.

In his response to my speech the Attorney-General, the Hon. Lionel Bowen MP, indicated that the matters raised should be referred to the Parliamentary Commission of Inquiry.

Accordingly I now do that and attach the Hansard record of my speech and also the response of the Attorney General. My speech and the relevant remarks of the Attorney-General will be found on Hansard pages 4395 - 4398 inclusive.

Yours sincerely,

Ken Aldred
MEMBER FOR BRUCE

Encl.

1 Note R. bid by phone to Sir George.
I am ack. by F to be Charles
for info?
J.F.
10/6

2 In Charles
Ref. for your info?

CORRESPONDENCE - MR K. ALDRED MP

3. Melina - to file ps
~~ALLEGATIONS - UNSUBSTANTIATED~~

J.F.
10/6

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The watchdogs have to be constantly watched. Nonetheless watchdogs are necessary. It is idle to say that security organisations can infringe liberty and so should be abolished, because the abolition of the security organisations would pose a much bigger threat to liberty than the organisations themselves—liberty from terrorism, liberty from political and commercial espionage, liberty from interference and destabilisation by foreign governments. Liberty and security go hand in hand. Without liberty there can be no security; without security there can be no liberty.

Mr ALDRED (Bruce) (9.01)—Along with my colleagues in the Opposition, I oppose the Inspector-General of Intelligence and Security Bill, the Australian Security Intelligence Organisation Amendment Bill and the Intelligence and Security (Consequential Amendments) Bill because they have been part of a long-running emasculation of the security apparatus of this country. That emasculation commenced back in 1973 with the Murphy raid on the Australian Security Intelligence Organisation and the former Director-General, Harvey Barnett, saying of that raid and its aftermath:

The Murphy raid of 1973 had left its mark. The staff was still demoralised. It had sent shock-waves around the world; a security service raided by its own Minister in the middle of the night.

It is well known that from that time there was great difficulty in getting ASIO trusted by other security services around the world, though generally throughout most of ASIO's history it had been well regarded. Before I detail some of the rundown in ASIO, I should specifically refer to one matter raised by the honourable member for Hotham (Mr Kent) in his speech on these ASIO Bills. That was in relation to the Hilton Hotel bombing in 1978. The honourable member implied that somehow ASIO had been responsible for setting up that bombing. Harvey Barnett, in his departing interview with the Melbourne *Herald* on 1 August 1985—from which paper I have just quoted—also made a fairly succinct statement on the Hilton bombing. The report states:

The anti-ASIO camp gleefully seized on the 1978 Hilton Hotel bombing during the Commonwealth Heads of Government Regional Meeting (CHOGM). Two garbos died.

"Our enemies said we did it to get more funds", Mr Barnett said. "They pointed out that six weeks later ASIO's budget was increased".

Mr Barnett continued:

"We found this offensive. They assumed there were people in ASIO prepared to murder to get more money to run their outfit."

That is a fairly clear rebuttal of the rather stupid piece of nonsense that was implied in the remarks of the honourable member for Hotham.

Returning to the central problem of the rundown of our security apparatus over the last few years, particularly under this Government, I also draw the attention of the House to some remarks by Mr David Barnett in an article which he wrote recently for the *Bulletin*. I gather that that article has since been the subject of considerable comment, including a protest against the article to the *Bulletin* by the Director-General of ASIO, Mr Alan Wrigley. It is interesting that Mr Wrigley, in his protest to the *Bulletin*, did not deny the accuracy of any of the comments made in the article by Mr David Barnett. The article appears in the *Bulletin* of 27 May. He said:

The Australian Security Intelligence Organisation's move from Melbourne to its new headquarters in Canberra is proving disastrous. Of the 350 people in the old St Kilda Road HQ, only about 30 have said they intend to make the transfer. Another 15 have indicated they may do so. The move is to be completed before the end of the year.

That is a very disturbing development, because, as I understand it, the bulk of the people being lost are the seasoned hard-core professionals in the organisation who will be extremely hard to replace. One of the great and very real dangers in such a mass exodus from the Organisation and, of course, subsequent mass replacement with great rapidity without much of the normal scrutiny being applied is that in replenishing the numbers of people involved the Organisation may well be infiltrated. In terms of loss of people and their replacement, it puts ASIO in a very vulnerable situation. Mr David Barnett, in his article, continues:

ASIO moral has suffered also because the government has reduced ASIO's role and proposes even further restrictions.

ASIO still exists as a liaison service with overseas security organisations, and maintains its responsibility for vetting recruits to the public service, but it has been taken off surveillance of communist organisations and other extremist groups.

That is a very interesting observation, because in another article in the *Bulletin* of a little earlier, 13 May, Mr Barnett addressed the same problem in relation to both the State special branches and ASIO. At page 44, he says:

The closing of state special branches and the shacking of the Australian Security Intelligence Organisation by former Attorney-General Senator Gareth Evans have left all police forces with limited ability to anticipate threats.

This applies to major drug dealers as well as potential trouble makers. The occasional drug busts made at Australian airports are usually the result of information supplied from overseas forces.

There is no surveillance of the large Arab community and Libyans come and go with no attempt to keep track of them.

I also understand that, generally, surveillance of Soviet personnel, in particular KGB activities in Australia, has also been substantially scaled down. Not only are we seeing a substantial reduction in the Organisation's manpower but we are also seeing a very severe contraction in the range of responsibilities that previously it exercised. Some very real consequences flow from that. One is in assessing threat. Mr Barnett, in his article of 13 May, went on to say:

Federal police—

Of course, they are one of the client organisations which receive ASIO intelligence—

fear that as the result of decisions to put civil rights ahead of security considerations, there is now the potential for a serious incident.

That is so because they do not have the intelligence information that they used to get on threats against very important people. That is only one form of threat. Other forms of difficulties can arise on a broader scale. I return to Mr Barnett's article of 27 May, in which he states a further comment which gives one grave concern for the future. He said:

It could be five or 10 years before the organisation is built back to strength, provided a government has the will to do this. The intensive recruiting campaign required renders ASIO especially vulnerable to penetration by a mole, as happened 11 years ago.

In these Bills, in a sense we are seeing the final nail in the coffin of the Organisation. This Government has run a process of emasculation over a considerable period, which was started under the previous Whitlam Government and has now been taken further with these Bills. With the rundown in manpower and operating capability and the loss of morale and purpose, we are in a most parlous situation. I have to liken it in many senses to the destruction of the security agencies and their substantial weakening in the United States of America under the Carter Administration. It was only because of very positive action by the Reagan Administration, upon its election to office, that the viability and cohesiveness of the American security agencies were restored. We are looking at a very difficult situation for our security agencies because of what has been done over a period of years. On return to government we may be faced with the task of virtually creating an entirely new organisation because of the extent to which ASIO has been so substantially run down.

ASIO has been run down at a time in our history when, despite the comments of some

honourable members opposite, we are facing a larger degree of danger in many areas, with the Soviet penetration in the Pacific and various extremist groups building up in this country—again because of lack of proper vetting in many cases; in relation, for instance to the Libyan community, which has connections with the Gaddafi regime back in Libya, which has been funding much of the terrorist activity in the South Pacific and elsewhere.

The other area of which one has to be increasingly aware is that increasingly one is seeing a correlation between the major crime syndicates of this country and espionage. This matter was first alluded to by Mr Douglas Meagher, QC, counsel assisting the Costigan Royal Commission on the Activities of the Federated Ship Painters and Dockers Union. He made certain pertinent comments about that some years ago. Since that time we have seen certain other evidence come forth which substantiates the propositions that Mr Meagher put forward some time ago.

It is interesting in that regard to look at some of the material put forward to the New South Wales Parliament Select Committee of the Legislative Assembly upon Prostitution. Honourable members may recall that that report was published in April of this year. It drew together the deliberations of that Select Committee upon Prostitution in New South Wales and a considerable body of work. When one goes to the substance of the report one finds many things that are really quite disturbing. One of the areas that the report highlights very clearly is the way in which prostitution is tied to illegal immigration rackets and to the falsification of passports. In that regard I would particularly like to turn to the evidence put before the Committee on 15 November 1983 by one James McCartney Anderson. As is well known, Mr Anderson was previously an associate of Mr Abe Saffron, a well recognised major crime figure in New South Wales. Mr Saffron and Mr Anderson parted company some years back, but that in no way negates the validity of what Mr Jim Anderson said to the Select Committee upon Prostitution. There are some very pertinent comments from him which highlight the very point I made about the link between major crime and espionage. In his session before the Select Committee, Mr Anderson said:

But it is not what you know, it is who you know, and this is where the likes of the Saffrons in Australia are diabolically dangerous to the security of your country, never mind anything else. The greatest security risk that Australia faces is the corruption that exists in New South Wales and other States, only this one more than

Inspector-General

others. You could see problems at all.

The next question

By using Mata Hari
Mr Anderson's an

Using ladies to control
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The answer was:

In the Venus room

The next question

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The answer was:

Yes, in the Venus
Asian ladies. That is

Mr Griffiths—
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others. You could start a spy ring here without any problems at all.

The next question to Mr Anderson was:

By using Mata Hari type spies, you mean?

Mr Anderson's answer was:

Using ladies to compromise politicians, members of the armed forces; it is nothing new. But for some reason or other Australian politics find it very difficult to comprehend that it could happen here. This is why the drug scene got out of control because nobody thought it could happen in Australia.

I will go on in a minute with some other comments from Mr Anderson's presentation to the Committee. It is interesting that in making that presentation Mr Anderson offered to appear again before the committee but the Committee did not take up that offer. I find that rather disturbing. The Committee's report states that the Committee did not call him back again, but the reality is that it did not seem to want to have him back again because of some of the things that he had to say. In further evidence to the Committee, Mr Anderson said:

Prostitution is one of the wedges—a very important wedge—in opening doors and carrying favours, if you want to put it that way, and in gathering information and material that would make the person you are trying to negotiate much more susceptible to your wishes.

He specifically goes on to talk about some of the people whom he has seen compromised in these circumstances. Mr Dowd asked Mr Anderson:

Have you been present at conversations with Mr Saffron and any other people you have mentioned?

Mr Anderson's answer was:

I have been present when Mr Saffron was talking to what-you-call-him, Mr Murphy. I was present in the Venus room.

The question then was:

In the same room?

The answer was:

In the Venus room

The next question was:

Were you present in the same room when Mr Saffron was talking to Mr Justice Murphy?

The answer was:

Yes, in the Venus Room. He came down with some Asian ladies. That is Mr Murphy's weakness, incidentally.

Mr Griffiths—I take a point of order, Mr Deputy Speaker. I do not wish to curtail debate but the honourable member for Bruce is well aware that by making references to the High Court judge about whom he is speaking he runs the very grave danger of offending Standing Orders in so far as they relate to the sub judice

provisions. I ask the honourable member, out of decency if nothing else, to bear that in mind. If he believes that the matters that he has raised have any merit, there is a time and a place for them, and they are clearly after the proceedings instituted by this Parliament have been completed.

Mr DEPUTY SPEAKER (Mr Mountford)—The point of order is upheld.

Mr ALDRED—I have already taken advice on this and I point out that the Parliamentary Commission of Inquiry looking into the circumstances surrounding Mr Justice Murphy is not a court of law and the matters are therefore not sub judice.

Mr DEPUTY SPEAKER—I ask the honourable member to desist and to stay within the terms of the legislation being debated.

Mr ALDRED—I think I have highlighted the principal links between major crime and espionage. While addressing these matters. I seek leave to table Mr Anderson's evidence given before the Select Committee upon Prostitution.

Leave not granted.

Mr ALDRED—It is fairly obvious not only that this Government is intent upon finishing off the security organisations of this country with these ASIO Bills but also that it does not want to hear the truth about many of the potential dangers that face us. Although the attempt to suppress this document today may have succeeded, I add that not only is the same document in the hands of the Select Committee; I gather the same document is being studied with great interest by the National Crime Authority. The extent to which the Government will be able to sit on this document and suppress it will be very limited.

I draw my remarks to a close by pointing out that, upon return to government, the Opposition will have on its hands a very major task in rebuilding the security apparatus that the Labor Party has dismantled at both Federal and State level. That will apply not only to rebuilding ASIO, or possibly even a new organisation if we find that Organisation has been completely debilitated, but also to re-establishing and rebuilding at State level the various State special branches.

Mr LIONEL BOWEN (Kingsford-Smith—Attorney-General) (9.18)—in reply—I thank all honourable members for their contribution. I am aware that we will go into Committee to discuss a number of amendments. There will be further deliberations at that point. Let me say at the

outset, in answer to the honourable member for Bruce (Mr Aldred) who was anxious to mention a few matters, that it is valid, as was said by interjections, that flawed, that if there is any evidence of some conduct that he feels is likely not to be disclosed here—which it cannot be—it can certainly be disclosed to any existing commission. I do not understand why he wanted to do it now other than to try to prejudice the opportunity for the Parliamentary Commission of Inquiry to have an impartial hearing without this sort of evidence being introduced. I am also aware that the person who apparently made those allegations is rather notorious in another sphere.

As the honourable gentleman is so anxious to venture into what might be happening with the international agencies, he might look at what happened with the Nugan Hand Group and see the widespread ramifications of that, agency; these were not limited to Sydney, New South Wales or Australia but also overseas, particularly as they related to the movement of large amounts of money and a possible relationship with international crime. Certainly, on some issues, intelligence agencies at times become more interested in money than in intelligence. That would not apply in Australia, but serious allegations have been made particularly in relation to the Nugan Hand operation. Obviously the honourable member was not able to grapple with that, perhaps because he had not addressed his mind to it. I advise him in the future not to take so much notice of everything he reads in the *Bulletin* or what is written by somebody—I think this is the case here—who has no association with an intelligence agency, even though he might have had some association with a former Prime Minister.

The honourable member spent a lot of time addressing his remarks to what he called the low morale of ASIO. I find ASIO to be a first class organisation and it is a pity that the accusation is now being made that there is a morale problem because the agency is obliged to move from Melbourne to Canberra. For perhaps understandable reasons, a large number of personnel do not wish to move from Melbourne to Canberra. There might be valid reasons for that, other than just morale. Any low morale may have existed for some considerable time, whereas the move to Canberra has been discussed only in recent months. So there is no question of a lack of morale; it is a question of people, for personal and family reasons, because of housing commitments and what have you, not wishing to make the move to Canberra. I hope that is clearly understood, because in Mr Alan Wrigley,

the new Director-General, we have a first class person who is very interested in the welfare of the Organisation. Those who are prepared to remain in the Organisation, as most are, are doing a magnificent job. The issue is purely one of having to move from Melbourne to a new building in Canberra, situation which of course was created under the auspices of the previous Government—we understand that—in accordance with Mr Justice Hope's recommendations that it would be better for the headquarters of the agency to be here. It is no worse and no better than that.

While we are talking about morale, the honourable member might address himself to the fact that over a long period, particularly when the previous Government was in office, personnel had no clear terms and conditions of employment. Is it any wonder that there was some problem with morale when employees had no contractual terms? There was not included in their conditions any suggestions of when they might be able to get termination payments. At one stage they were threatening litigation in the High Court of Australia, not because of our action but because of the inaction of those opposite when in government. That is what the morale problem relates to honourable members opposite were in government at the time. So I hope we do not hear any more about this question of morale being related to the present situation in Melbourne. Mr Wrigley is confident that a large number of personnel will be moving to Canberra and remaining with the Organisation. We will welcome them.

Having said that, let me address a few of the remarks of earlier speakers, particularly the honourable member for North Sydney (Mr Spender), who I note with surprise did not oppose the establishment of the Office of Inspector-General of Intelligence and Security. Nor should he; it was recommended by Mr Justice Hope as well. But the honourable member for Menzies (Mr N. A. Brown) thought that the creation of the Office was the wrong thing to do, so there is a bit of a conflict there and I hope they can understand each other's submission. Clearly it is the Government's view that, where we have an intelligence agency and it is acting in accordance with its charter, there is no problem about having an Office of Inspector-General. In fact, it adds weight to the situation. Again, from the point of view of the contentious matter of the Parliamentary Joint Committee on the Australian Security and Intelligence Organisation, it could be argued that perhaps this surveillance responsibility should not be given to a commit-

tee, but surely we should have the committee's members in the parliament. They might be in their favour to be there, but they just walk into the house; they had to have a vote of Australia.

Mr Spender—Pres

Mr LIONEL BOWEN: Perhaps even more right, at this point I want to make a point limited in what it covers, as to how it affects the Committee's functions now allowed to review the obtaining or collection of foreign intelligence, or review an aspect of collection that does not involve an Australian citizen or not to review a matter of collection methods or is operationally sensitive in originating inquiries concerning the activities under section 92K, to indicate to prevent even the Committee. So that some extraordinary because we have a committee. We ought to go to a Parliament, because to ask questions of matters here at all, a similar function as that it might think would give added strength because the Director would be there to see everybody would be

So I do not think in what has been put that the Opposition parliamentary committee. I am in position would be the Committee and I have to do they will see that ASIO is to be applied a tremendous amount of no credit or recognition operations right through the operations of both the right—and terrorist and limb in this country. So in that respect very important role

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tee, but surely we should consider the fact that the committee's members would be members of parliament. They must have had something in their favour to be elected here. They did not just walk into the House because they wanted to; they had to have the support of the people of Australia.

Mr Spender—Preselection, first of all.

Mr LIONEL BOWEN—Preselection is perhaps even more rigorous than selection. The point I want to make is this: The Committee is limited in what it can do, and we have safeguards as to how it may operate. For example, the Committee's functions are limited as it is now allowed to review a matter that relates to the obtaining or communicating by the Organisation of foreign intelligence; it is unable to review an aspect of the activities of the Organisation that does not affect any person who is an Australian citizen or a permanent resident; it is not to review a matter that relates to intelligence collection methods or sources of information that is operationally sensitive; it is not to be involved in originating inquiries into individual complaints concerning the activities of the Organisation; and under section 92K, the Minister can issue certificates to prevent evidence from being given to the Committee. So I am not at all concerned that some extraordinary problem may come about because we have created a parliamentary committee. We ought to realise that because we have a Parliament, because we have an opportunity to ask questions without notice or raise any matters here at all, the Committee should have a similar function and be able to discuss matters that it might think are of some importance. That would give added strength to the Organisation because the Director-General or somebody else would be there to answer those questions, so everybody would be so much better informed.

So I do not think that there is a lot of weight in what has been put in regard to the problems that the Opposition sees in having a parliamentary committee. I am sure members of the Opposition would be anxious to joint in that Committee and I have no doubt that when they do they will see that the valuable work done by ASIO is to be applauded. The Organisation does a tremendous amount of work for which it gets no credit or recognition. There are extremist operations right throughout the world—operations of both the extreme left and the extreme right—and terrorist influences can endanger life and limb in this country. In fact, that has happened. So in that regard the Organisation has a very important role to play in this country. So

it is important when we talk about the value of the Organisation to remember that it does relate to internal security and to all the the difficulties inherent in the gathering of intelligence. As one who now has some knowledge of those terrorist activities, I can say that they are not declining. Regrettably, they are increasing. That is a problem for the world. So everybody has a role to play in order to give added support to the Organisation, which is of great significance to the democratic future of Australia.

I do not see why, when we talk about the issue of the Inspector-General, we ought to be talking generally about a sunset clause or human rights violations, as the Inspector-General's role should not be limited in time. Human rights violations seem to be misunderstood. At present the Human Rights Commission would have a chance to look at these matters under its own charter, and these provisions merely say that these matters will not be looked at by the Human Rights Commission; they will be looked at by the Inspector-General. I would have thought that the Opposition might think that that was worth while, because it has very little good to say about the Human Rights Commission. Again it is a matter of whether there is any objection to the Attorney-General giving any directions to ASIO. There is always an opportunity for an Attorney-General to give directions and the balance here struck is that, if he does give a direction, it can be looked at by the Inspector-General and also of course there would be a reference of that direction to the Prime Minister, which in turn means that the Leader of the Opposition would also be informed. So I do not see where we would have any difficulty in that regard.

I think that what we have had here is a reasonable debate with a few suggestions to the effect that the problems bedevilling the Organisation have suddenly come upon it. The Organisation is very strong, very healthy, under new leadership and it needs the support of the Parliament. That it will get. There is now an opportunity for a parliamentary committee to be involved with it and there will be reports from the Inspector-General.

I note that some amendments will be moved. I think I can foreshadow that we would support the content of the amendment to the Inspector-General of Intelligence and Security Bill, which proposes a new clause 17A. The Government proposes its own amendment in language different from that proposed by the honourable member for North Sydney. With the leave of the chamber I will be moving something similar, and