

Investigation of matters referred from the Legislative  
Assembly on 8 August 2018

December 2019

**Ordered to be published  
Victorian government printer  
Session 2018-19  
P.P. No. 103**

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**The Victorian Ombudsman pays respect to First Nations custodians of Country throughout Victoria. This respect is extended to their Elders past, present and emerging. We acknowledge their sovereignty was never ceded.**

# Letter to the Legislative Council and the Legislative Assembly

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To

**The Honourable the President of the Legislative Council**

and

**The Honourable the Speaker of the Legislative Assembly**

Pursuant to sections 25 and 25AA of the *Ombudsman Act 1973* (Vic), I present to Parliament my:  
*Investigation of matters referred from the Legislative Assembly on 8 August 2018.*



Deborah Glass OBE

**Ombudsman**

12 December 2019



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# Foreword

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This report follows the third referral to my office directly from Parliament within the last four years, and the first referral ever made to the Ombudsman from the Legislative Assembly. Two of those three recent referrals from Parliament required the Ombudsman to investigate Members' uses of their Parliamentary allowances.

This referral required me to investigate allegations that 40 current or former Liberal Members of Parliament knew, or ought to have known, about invoicing fraud committed by the former Liberal Party State Director Damien Mantach from 2010 to 2015. The fraud had been detected by the Liberal Party in 2015, and Mr Mantach had pleaded guilty to obtaining financial advantage by deception for which he was sentenced in 2016. The Party also paid back the \$175,446 then identified as having been paid from Parliamentary funds.

The second allegation referred was narrower: that in 2018 the Member for Lowan had requested invoice dates be altered to circumvent Parliamentary rules on the use of Members' communication budgets during election periods.

Commentary around the time of this referral suggested it was political tit-for-tat in response to the Legislative Council's referral of allegations involving the ALP in 2015, which at the time was being re-examined by Victoria Police. Whatever the motives for the referral, however, in my view it raised legitimate concerns around MP expenses being used for 'political black-ops'. Such matters should be investigated – although it would have assisted the investigation if the referral involving Mr Mantach had been made in a more timely way.

An investigation can result in exoneration, and this was the case in this instance, where we found no culpability on the part of any of the named MPs. They had paid for printed goods, which they received, and although detail was lacking in many invoices, at a price they could not reasonably have been expected to query. Mantach's fraudulent activity was also heightened during election periods when MPs would have naturally been focussed on campaigning.

But while only Mantach was responsible for the fraud, the printing company involved willingly facilitated it on the apparent assumption the inflated invoices were contributing to some form of Party 'slush fund'. The fact that Parliamentary funds could be diverted in this manner, wherever they ultimately ended up, reflects poorly on all involved, and indeed on the whole system. The Liberal Party's processes were plainly too weak to detect it for years, and the reliance on a single trusted individual meant insufficient checks and balances to protect both them and Parliament from the fraud.

MPs and others involved in this investigation co-operated fully with it, and it was not necessary for me to issue any summonses to them. I am grateful for the open and detailed accounts we received from all we interviewed.

Our investigation of the second part of the referral, which involved the Member for Lowan and the alleged falsification of an invoice from the Hamilton Spectator, found no evidence of any wrongdoing. Indeed it was clear that despite the misleading impression given by an email that triggered the referral, all parties had acted both honestly and consistently with the Members' Guide.

But whether or not an investigation involving an MP's expenses condemns or exonerates, the public should be concerned at the number of such allegations being made. Recent years have seen not only these referrals to the Ombudsman, but a number of investigations by other agencies, including IBAC and Victoria Police, into similar or related matters, which suggests broader concerns about a system being open to abuse.

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I made recommendations about the Members' Guide following the first referral I received from Parliament, which have to a large degree been reflected in recent reforms. But what is increasingly clear from the stream of allegations involving MP expenses is that while the rules remain open to interpretation, they also remain open to abuse. While more and better training is put forward as a solution, the nature of democracy guarantees significant attrition rates for Members of Parliament, and a common, stable understanding of rules is unlikely in an environment of continual change and turnover. The capacity of experienced MPs to provide guidance to their colleagues is diminished by geographical limitations, the demands of the role and the partisan nature of Parliament.

Relying simply on the mantra that each Member is individually responsible for their expenses leaves Parliament vulnerable to the misuse or misappropriation of public funds. It is becoming increasingly difficult to see why the expenses of Members of Parliament should not be subject to the same robust scrutiny that applies to public servants and the broader public sector, who cannot simply self-certify their entitlements from the public purse.

It should be possible to have a system of clearer rules with robust checks and balances that still respects the separation of powers between the legislature and the executive. Such a system would provide greater certainty for Members, reduce the risk of further scandals, and help to rebuild public confidence about how Parliamentary monies are expended.

Deborah Glass

**Ombudsman**

# Introduction

## The Referral and commencement of investigation

1. On 8 August 2018, the Legislative Assembly of the Parliament of Victoria passed a resolution to refer a matter to the Ombudsman for investigation (the Referral):<sup>1</sup>

### Referral to the Ombudsman by the Legislative Assembly



**Office of the Speaker**

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8 August 2018

Ms Deborah Glass OBE  
Ombudsman  
Level 2, 570 Bourke St  
MELBOURNE VIC 3000

Dear Ms Glass

**Referral under s 16 of *Ombudsman Act 1973***

I write to advise you that today the Assembly agreed to a resolution moved by Mr James Merlino referring a matter to you, under s 16 of the *Ombudsman Act 1973*.

The resolution is set out in the attached extract from today's *Votes and Proceedings*.

Please contact Bridget Noonan, Acting Clerk of the Legislative Assembly on 9651 8550 with any questions about the resolution.

Yours sincerely



Hon Colin Brooks MP  
Speaker of the Legislative Assembly



PARLIAMENT OF VICTORIA

<sup>1</sup> Parliament of Victoria, Parliamentary Debates, Legislative Assembly, 8 August 2018, 2625-2629, 2672-2679.

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That, under s 16 of the *Ombudsman Act 1973*, this House refers for investigation the following matters:

- (1) All invoices rendered by Melbourne Mailing and submitted to the Department of Parliamentary Services for payment;
- (2) The identity of all members of Parliament endorsed as candidates by Liberal Victoria and the Nationals Victoria certifying as to the legitimacy of those invoices;
- (3) Whether any goods or services were provided in connection with the rendering of those invoices; and if so, whether there is any evidence that the goods and services provided fairly reflected the value and description of items as outlined in the invoices;
- (4) Whether members certifying as to the accuracy of the invoices knew, or ought to have known, whether the goods and services referred to in the invoices were provided adequately, or at all;
- (5) Whether members certifying as to the accuracy of the invoices knew, or ought to have known, whether the goods and services referred to in the invoices were charged at a fair commercial rate, or an inflated rate;
- (6) Any kickbacks and levies received by members of Parliament, or by or on behalf of Liberal Victoria, associated with Melbourne Mailing and the deal struck by convicted criminal and former Liberal Victoria State Director Damien Mantach;
- (7) Any practice of falsification of invoices by members of Parliament endorsed as candidates by Liberal Victoria and the Nationals Victoria, in particular the current Member for Lowan, to obtain payment for goods, services or advertising, while circumventing Department of Parliamentary Services oversight rules and the Parliament of Victoria *Members' Guide* pertaining to payment of invoices submitted by members during the 2014–15 financial year, and from 1 June 2018 to the date of this motion;
- (8) The relevant members and former members for the purposes of this investigation include:
  - (a) the current Members for Bass, Bayswater, Benambra, Box Hill, Brighton, Bulleen, Burwood, Caulfield, Croydon, Eildon, Evelyn, Ferntree Gully, Forest Hill, Gembrook, Hastings, Hawthorn, Kew, Lowan, Malvern, Mornington, Mount Waverley, Narracan, Nepean, Ringwood, Ripon, Rowville, Sandringham, South Barwon and Warrandyte; and
  - (b) the former members Hon Ted Baillieu, Donna Bauer, Hon Nick Kotsiras, Hon Andrew McIntosh, Elizabeth Miller, Hon Terry Mulder, Hon Denis Napthine, Clem Newton-Brown, Geoff Shaw, Hon Ken Smith and Lorraine Wreford.

- 
2. This matter was the sixth such referral pursuant to section 16 of the *Ombudsman Act 1973* (Vic) in this office's history. It was the first referral made by the Legislative Assembly.
  3. The Hon James Merlino MP introduced the motion to refer these matters to the Ombudsman on 8 August 2018. Mr Merlino recounted details of Damien Mantach's offending in the course of introducing the motion.
  4. In respect of the matters described in paragraph seven of the motion, which made specific reference to the Member for Lowan, Emma Kealy MP, Mr Merlino also read from a redacted copy of an email sent between staff at the Hamilton Spectator newspaper. The text of the email suggested that an Electorate Officer employed in Ms Kealy's office had requested invoice dates be altered to circumvent parliamentary rules on the use of Members' communication budgets during election periods. On the preceding day, Mr Merlino had posted a photograph of the redacted email on his Twitter account.
  5. No questions of jurisdiction were raised during debate on the Referral or during the Ombudsman's investigation.

### Enquiries with Victoria Police

6. On 29 July 2018, Mr Merlino announced that allegations of Liberal and National Party MPs inappropriately using Electorate Office staff for campaigning purposes prior to the 2014 state election had been referred to Victoria Police for investigation. Mr Merlino further alleged it was:

clear that a significant number of ministerial advisors did not take leave during the caretaker period and instead worked at the direction of then Liberal Party state director.
  7. Mindful of these reports, the Ombudsman wrote to Victoria Police on 15 August 2018 pursuant to section 13AB of the Ombudsman Act to query whether the investigation of the Referral would prejudice any criminal investigation or criminal proceedings. On 16 October 2018, the Chief Commissioner of Victoria Police wrote to the Ombudsman to advise Victoria Police had 'no concern at this time' that the Ombudsman's investigation would be likely to prejudice any Victoria Police investigation or prosecution.
  8. Investigators continued to consult with Victoria Police as the investigation progressed to ensure compliance with section 13AB of the Ombudsman Act. The Victoria Police investigation was completed in June 2019, having determined that no criminal offences had occurred.
- ### Scope and focus of the investigation
9. The Referral directed the Ombudsman to investigate two separate sets of conduct and alleged conduct. The first concerns the actions of Liberal Members of Parliament in relation to instances of invoicing fraud committed by former Liberal Party Victoria (LPV) State Director Damien Mantach between May 2010 and January 2015. Mr Mantach's actions, and the relevant cases of invoicing fraud, are examined in the Background section of this report.
  10. Paragraphs three, four and five of the Referral relate to what Members of Parliament knew, or ought to have known, about aspects of Mr Mantach's offending and the delivery of services by a printing company (Melbourne Mailing Pty Ltd) in connection with invoices inflated at Mr Mantach's direction. Paragraph six requires investigation into any payments or benefits received by Members of Parliament, or by or on behalf of LPV, that were associated with Mr Mantach's fraud.

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11. The second set of conduct and alleged conduct is wholly described within paragraph seven of the Referral. This paragraph appears to have had its genesis in an email dated 2 July 2018 sent by a member of staff at the Hamilton Spectator newspaper, which requested that another member of staff at that newspaper:
- send all invoices that are currently owing for future bookings for Emma Kealy [the Member for Lowan] to her for payment please. Can we make sure November bookings have October dates on the invoices? Due to government rules around the elections they are not allowed to process anything with November dates on!
12. Section 16(2) of the Ombudsman Act requires the Ombudsman to ‘forthwith investigate [matters referred under that section] and report thereon’. Paragraph seven of the Referral directs the Ombudsman to investigate:
- any practice of falsification of invoices by Liberal and Nationals Members of Parliament
  - to obtain payment for goods, services or advertising
  - while circumventing the Department of Parliamentary Services’ (DPS) oversight rules and the Parliament of Victoria Members’ Guide, which regulates the use of Members’ discretionary budgets and allowances.
13. To avoid excessive delay and undue complexity, the investigation concerned itself with identifying whether any practices of invoice falsification existed, rather than seeking to divine every single instance of inaccurate information being included on an invoice authorised by a Liberal or Nationals MP.
14. To interpret this part of the Referral as a direction to scrutinise all invoices submitted by every Liberal and Nationals MP over the relevant periods would give the investigation an extremely broad scope. It would require the Ombudsman to conduct a complete Audit of the uses of the relevant MPs’ Electorate Office and Communication Budgets in the 2014-15 financial year and between 1 June and 8 August 2018.
15. In the absence of any specific allegations of invoice falsification (other than those suggested by the 2 July 2018 email and debate on the Referral motion), investigation of the matters in paragraph seven of the Referral focused on:
- the Melbourne Mailing invoices authorised by MPs and remitted to DPS for payment
  - invoices relevant to the matters outlined in the Hamilton Spectator email.

- 
16. Paragraph 8(a) of the Referral identifies the following Members of the 57th Parliament at the time of the Referral:

Brian Paynter	John Pesutto
The Hon Heidi Victoria	Tim Smith MP
Bill Tilley MP	Emma Kealy MP
The Hon Robert Clark	The Hon Michael O'Brien MP
The Hon Louise Asher	David Morris MP
The Hon Matthew Guy MP	Michael Gidley
Graham Watt	Gary Blackwood MP
David Southwick MP	The Hon Martin Dixon
The Hon David Hodgett MP	Dee Ryall
Cindy McLeish MP	Louise Staley MP
Christine Fyffe	The Hon Kim Wells MP
The Hon Nick Wakeling MP	Murray Thompson
Neil Angus MP	Andrew Katos
Brad Battin MP	The Hon Ryan Smith MP
Neale Burgess MP	

17. Paragraph 8(b) of the Referral identifies the following former Members of Parliament:

The Hon Ted Baillieu	The Hon Dr Denis Napthine
Donna Bauer	Clem Newton-Brown
The Hon Nick Kotsiras	Geoff Shaw
The Hon Andrew McIntosh	The Hon Ken Smith
Elizabeth Miller	Lorraine Wreford
The Hon Terry Mulder	

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## Evidence gathering and methodology

### Evidence gathering

18. While awaiting confirmation that the investigation would not prejudice any criminal investigations or proceedings, investigators obtained evidence concerning Damien Mantach's prosecution and sentencing. Relevant materials were received from the County Court and Victoria Police. Investigators also conducted open-source searches (including social media accounts), requested information and documents from DPS, and obtained an unredacted copy of the 2 July 2018 Hamilton Spectator email from Mr Merlino.
19. From this initial evidence, investigators identified current and former Melbourne Mailing and LPV staff, and current Hamilton Spectator staff, who could provide additional information of value. Investigators arranged to interview these people.

### Interviews and use of coercive powers

20. The investigation's approach was to invite cooperation from potential witnesses and subjects. In most instances, persons contacted were willing to attend interviews without requiring a summons. No summonses for people to attend and give evidence were issued for this investigation.
21. Investigators interviewed:
  - three current and former Melbourne Mailing staff, including its Chief Executive Officer
  - three former LPV officers, including Damien Mantach
  - two Members of Parliament (one current and one former) identified in paragraph eight of the Referral
  - three Hamilton Spectator employees, including the author of the 2 July 2018 email
  - one of Ms Kealy's former Electorate Officers.

22. All persons interviewed provided their evidence on oath or affirmation.
23. The Hon Kim Wells MP was one of the Members interviewed. He provided the investigation, on behalf of his parliamentary colleagues, a description of the general process followed in ordering print and mailing services from Melbourne Mailing via the LPV Secretariat.
24. Confidentiality notices were issued to all 12 persons interviewed, and to two support persons who attended these interviews.
25. The Ombudsman issued two summonses for the production of documents in the course of the investigation, to Victoria Police and the Commonwealth Bank of Australia. Investigators also obtained relevant documents from DPS, the County Court, LPV, and Melbourne Mailing.
26. The methodology investigators used in analysing financial records and information was verified by an independent forensic accountant, who confirmed that it would produce reliable conclusions concerning the allegations in paragraph six of the Referral.

### Requests for information

27. Investigators attempted to contact each of the 54 current and former Liberal Members of the Victorian Parliament identified as having authorised one or more inflated invoices issued by Melbourne Mailing between 2010 and 2014, with a view to receiving evidence by way of an interview or a sworn response to a Request for Information (a written submission).
28. As mentioned above, one current and one former Member of Parliament attended an interview. Forty current and former Members of Parliament were sent a Request for Information, with 13 current and 13 former Members of Parliament providing a formal response.

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## Establishing the applicable rules

29. The investigation made three formal requests for information and documents from DPS. Investigators considered and compared versions of the Parliament of Victoria Members' Guide as it applied during the periods relevant to the investigation.

## Opportunity to respond to adverse comments and fact checking

30. This report contains adverse comments about Damien Mantach, Felice Armato and Melbourne Mailing, LPV and its former Campaign Operations Manager. In accordance with section 25A of the Ombudsman Act, the Ombudsman gave Mr Mantach, Melbourne Mailing, LPV and its former Campaign Operations Manager a reasonable opportunity to respond to her 'draft' report. This final report fairly sets out their responses.

31. A redacted copy of the draft report was also provided to current and former Liberal Members of Parliament for fact checking and comment.

32. In accordance with section 25A(3) of the Ombudsman Act, any other persons who are or may be identifiable from the information in this report are not subject of any adverse comment or opinion. They are identified because the Ombudsman is satisfied:

- it is necessary or desirable to do so in the public interest, and
- identifying those persons will not cause unreasonable damage to their reputation, safety or wellbeing.

33. In reaching the factual findings in this report, the investigation has been guided by the civil standard of proof, the 'balance of probabilities', taking into consideration the nature and seriousness of the conduct in question, the quality of the evidence, and the gravity of the consequences for the persons involved in the matters under investigation.

## Investigation statistics

34. During the investigation, investigators:

- analysed approximately 11,954 pages of evidence, including records and vouchers for 2,012 transactions obtained from the Commonwealth Bank
- interviewed 12 people, totalling 21 hours and over 782 pages of transcripts of evidence
- issued 14 confidentiality notices under the Ombudsman Act to protect the integrity of the investigation
- provided 58 redacted extracts from the draft report to various parties for their responses.

# Members' entitlements and responsibilities

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35. In Victoria, Members of Parliament are provided with Electorate Officers, a furnished Electorate Office, a budget for office expenses and communication with their electorate (the Electorate Office and Communication Budget), and assistance with other costs relating to their work. Parliament provides these resources to assist Members in performing their parliamentary and representative duties. DPS administers Members' Electorate Office and Communication Budgets.
36. The allocation and use of Members' entitlements and allowances are governed by a combination of legislative requirements, policy directions, and conventions of conduct. The relevant instructions and rules for Members' use of their Electorate Office and Communication Budget are set out in the Parliament of Victoria Members' Guide.

## The Members' Guide

37. The Parliament of Victoria Members' Guide provides guidance for Members of Parliament about their responsibilities and obligations. It is approved by both the President of the Legislative Council and the Speaker of the Legislative Assembly. The Members' Guide does not have the force of law. It is effectively an internal manual for Members of Parliament.
38. DPS provides induction training for new Members of Parliament. This includes information about the Members' Guide and one-on-one meetings with DPS staff. The Members' Guide also states Members can seek advice about their entitlements and duties from the Clerks of the Parliament and from DPS.

## The Electorate Office and Communication Budget

39. The Members' Guide provides instruction about the Electorate Office and Communication Budget. This is an annual budget given to each incumbent Member in each financial year. This budget is allocated on a pro-rata basis in election years.
40. The Members' Guide is now on Parliament's intranet. At all relevant times covered by this investigation, under the heading 'Electorate Office and Communication Budget overview', the Members' Guide stated:

The Electorate Office and Communication Budget, administered by the Department of Parliamentary Services (DPS), is made available to the Members of the Victorian Parliament to:

- fund the operating costs and maintenance of their electorate office, and
- communicate with their electorate in regard to their parliamentary duties.

[...]

Each Member is individually accountable for the use of their Electorate Office and Communication Budget. Members are responsible for ensuring that all expenditure is managed within the allocated budgets and in accordance with all relevant legislation and guidelines.

A member must be able to certify that the usage was within the established guidelines and that the funds have been used for Parliamentary or electorate purposes. The certification process is an integral part of the accountability framework that serves to protect members from unwarranted criticism regarding their use of budget allocations.

While parliamentary officers may provide advice, training or assistance, it remains the responsibility of the Member to satisfy themselves that their use of parliamentary entitlements is lawful, and it may be in the Members' interest to satisfy themselves that it is publicly defensible.

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[...]

The Electorate Office and Communication Budget can not be used to fund any items/service/product where an emblem, corporate symbol, logo or slogan is used to promote a political party. Members are also reminded that the Electorate Office Budget can not be used to support any party or political activities.

The Parliament of Victoria **will not** fund any communications, advertisement or signage that uses a political party emblem, corporate symbol, logo or slogan [emphasis in original].

[...]

Compliance with the Electorate Office and Communication Budget Guidelines will be subject to regular and periodic audit by the Victorian Auditor General and/or Parliament's Internal Auditors. Members may be required to repay expenses that are found to be in breach of the guidelines.

41. The Members' Guide specifically prohibits the transfer or sharing of this budget between Members:

The Electorate Office and Communication Budget may not be transferred, as a whole or in part between Members.

42. Members receive monthly electronic financial reports and detailed telephone bills from DPS. The Budget and Risks Unit of DPS also monitors Members' budgets and provides advice on expenditure trends. The Members' Guide is unequivocal concerning the ultimate responsibility for the use of a Member's Electorate Office and Communication Budget:

It remains the responsibility of the Member to ensure that the use of the Parliamentary Budgets is within the guidelines of allowable expenditure.

43. Under the heading 'Electorate office expenditure', the Members' Guide sets out allowable expenses and costs that can be paid from the Electorate Office and Communication Budget. It states that this budget provides funds 'to operate the Member's electorate office and support the Member's parliamentary and electorate duties'. The allowable items of expenditure relevantly include:

- costs related to the production of newsletters, brochures and pamphlets ONLY [original emphasis] for distribution within the Member's electorate and in accordance with communication expenditure
- copies of publications are to be provided with the tax invoice and approved for payment validating compliance with the Members Guide to Accounting and Administration in accordance with Accounts Payable.

44. Under the heading 'Communication Expenditure Guidelines', the Members' Guide states that communications funded from the Electorate Office and Communication Budget may include: printed communication; billboards; cinema advertising; radio, television and social media advertisements; and Members' personal websites. Among other things, such communications:

- must support the Member's parliamentary and electorate duties and may not be used for activities of a party-political nature
- must be used to advise constituents of issues affecting the electorate and/or the services provided by the Member
- must not be used to fund non-electorate or non-parliamentary activities, and 'must not survey for voting intention, preferred leader or preferred political party'
- must not request donations for the Member, their party or other persons or organisations.

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## Spending during election periods

45. The Members' Guide imposes specific and unambiguous restrictions on the types of expenses that can be met from a Member's Electorate Office and Communication Budget after writs of election are issued:

### Electorate Office Expenditure

Day-to-day office expenditure for continuing a base level of electorate office operations are allowed during the period between the issuing of the writs and the declaration of the poll for the electorate. No equipment is to be purchased or commitment given for any ongoing financial agreements during this period.

### Communication Expenditure

No advertising, communication, postage, distribution or printing expenditure will be allowed during the period between the issuing of the writs and the declaration of the poll for the electorate and the Australia Post account should not be used for any of the above stated services. Any Australia Post account containing such expenditure will be returned to the Member for their personal attention.

[...]

No advertising, communication, postage, distribution or printing expenditure will be allowed once writs have been issued for a general election, or within an electorate for which a byelection is being held.

46. The restrictions on the permitted uses of a Member's Electorate Office and Communication Budget during an election period are consistent with the prohibition on using that budget for political or party-political activities. These requirements also prevent incumbent Members from obtaining an unfair financial advantage over other candidates for election.

## Accounts Payable

47. The Members' Guide provides checklists for incurring expenditure to be met from a Member's Electorate Office and Communication Budget. This includes a direction that '[e]ach individual invoice should be authorised by the Member or their delegate (in the relevant section of the approval stamp)'.

### Member of Parliament Certification Stamp

Approved for Payment  
MP NAME & COST CENTRE Account \_\_\_\_\_  
I certify that Goods/services have been received and the amounts claimed are correct. Expense complies with the Member's Guide and will be audited. If found to be in breach I will reimburse this amount to Parliament of Victoria  
Signature \_\_\_\_\_ Date \_\_\_\_\_

48. Members are also instructed to obtain a valid tax invoice addressed to them in their capacity as a Member of Parliament, which must include:
- the words 'tax invoice'
  - an invoice number
  - the date of the invoice
  - the supplier's 11-digit Australian Business Number (ABN)
  - the name and address of the supplier
  - a brief description of each item supplied
  - where GST applies, a comment that the total price includes GST, with the amount of GST listed separately.

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49. The Members' Guide's instructions indicate that the relevant goods and/or services must be received before invoices are submitted and paid. However, exceptions exist for services where it is normal practice to make payment at the time of booking, such as advertising, travel, training, and venue hire. Members are directed to ensure invoices are addressed to them and that the final charge for the goods or services is as agreed.

50. Electorate Officers may be delegated the Member's power to authorise invoices, although the Member remains accountable for the use of that budget. The Members' Guide specifically requires Members to sign off on invoices with a total value of above \$5,000 or which relate to claims or reimbursements sought by an Electorate Officer.

### Excerpt from the Parliament of Victoria Members' Guide (as at August 2014)

#### Authorisation of Supplier Invoices

The process for the payment of supplier invoices is as follows:

- Ensure that the goods and services have been duly received (as per requirements).
- Obtain a valid tax invoice – a valid tax invoice must contain the following:
  - ~ the words "tax invoice"
  - ~ the supplier's Australian Business Number (ABN), 11 digits
  - ~ the name and address of the supplier
  - ~ a brief description of each item supplied
  - ~ a comment that the total price includes GST, and the GST portion separately
  - ~ name and address of the recipient
- Ensure that the invoice is addressed to the Member, and that the final charge for the goods / services is as agreed.
- Use the approval stamp and clearly stamp the invoice.
- Each individual invoice should be authorised by the Member or their delegate (in the relevant section of the approval stamp). In order to determine the names and specimen signatures of authorised persons, please complete and submit the "Authorised Signatory List" form to Accounts Payable (refer to the Accounting & Administration Unit intranet website "Forms" page).
- In authorising payment, the Member certifies that the goods and services have been received, and that they comply with the guidelines under which these funds are provided. Where materials and/or services paid for by the Parliament through this budget are found to be in breach of the guidelines, MPs may be required to reimburse the Parliament.
- Note that the following invoices may only be signed by the Member (ie these may not be signed by an Electorate Officer):
  - ~ all claims > \$5,000
  - ~ all claims / reimbursements sought by Electorate Officers

- 
51. The Members' Guide directs Members to follow the processes in the Parliament's Procurement Policy when incurring expenditure to be paid out of their Electorate Office and Communication Budget. Invoices are examined by Accounts Payable staff at DPS, although DPS advises that its officers 'rely on certification of invoices by Members for compliance with the requirements of the Members' Guide'. DPS also audits compliance with this policy by engaging internal and external auditors to review a selection of invoices from a number of Members. Where DPS detects non-compliance, the relevant invoices are returned to the Member for their attention. If non-compliance is identified in an audit, it is reported to the Parliament's audit committee and followed up by DPS with the Member concerned. Instances of possible fraud are referred to Victoria Police or the Independent Broad-Based Anti-corruption Commission for investigation as appropriate.
52. The Procurement Policy includes a requirement that at least one written quote be obtained for purchases of goods or services between \$1,001 and \$15,000. DPS has advised that it relies on Members' certification of invoices and does not require Members to provide evidence of written quotes before paying invoices.

# Background

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53. This section provides information about Damien Mantach and Melbourne Mailing. It also briefly describes Mr Mantach's offending between 2010 and 2014, and explains how a proportion of Melbourne Mailing invoices issued to Members of Parliament and LPV between April 2010 and November 2014 came to be inflated.

## Damien Mantach

54. Mr Mantach began working for the Victorian branch of the Liberal Party (LPV) in 2008, after being employed as the State Director of the party's Tasmanian branch between 2005 and 2008. Mr Mantach left the Tasmanian branch shortly after the then State President told him that he owed the Party a reported \$47,981.78 for expenses incurred on his corporate credit card. Mr Mantach told investigators that he had already intended to return to Victoria for personal reasons. His evidence was that in the circumstances, 'the easiest thing was to pay some money back and to basically get out [...] that's what I did.'

They wanted me gone. I wanted to be gone. It was a matter of getting to terms on how to do that so that this matter could be wrapped up and we could all move on.

55. Mr Mantach said he did not recall any formal agreement to keep the matter confidential, but that the matter 'was regarded as to be kept confidential'.

56. After Mr Mantach returned to Victoria, LPV initially engaged him to assist with campaign work. He was subsequently employed as the Deputy Campaign Director for LPV. Mr Mantach was appointed as the State Director of LPV in March 2011. He remained in that role until March 2015.

57. According to Mr Mantach, he was effectively 'seconded into' the State Director role following the 2010 Victorian state election, as the previous State Director had taken up a role in the Victorian government. By the time he was appointed as State Director in March 2011, Mr Mantach had already received \$176,117 obtained through additional charges on invoices issued to state and federal Members of Parliament and to LPV. Mr Mantach confirmed to investigators that, at the time he commenced the invoice inflation fraud, he had approximately \$100,000 in debts.

58. Evidence received by the investigation indicates that neither LPV nor Members of Parliament were aware of the full circumstances of Mr Mantach's sudden departure from the Liberal Party's Tasmanian branch. Former LPV Secretariat members told investigators they were 'entirely unaware' of this information when Mr Mantach was recruited in 2008 or when he was appointed State Director in 2011:

He [Mr Mantach] had come to us in 2008 as a highly regarded and respected political operative, having been the State Director of the Liberal Party of Australia (Tasmanian Division) and achieved considerable success in that role. Over the next 2 and a half years he performed well as an employee of the Party in Victoria, rising in seniority whilst earning the respect of his colleagues, organisational leaders of the Party, and State and Federal MPs. Nothing adverse had come to light about him, either before or during his employment by the Party in Victoria. His brief service as Acting Director between January and March 2011 did not detract from his credentials for appointment to the position on a permanent basis. He appeared to the Selection Committee to be the best person for the job, and it evidently made that recommendation to the Administrative Committee (which accepted it).

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59. Former Speaker Christine Fyffe told investigators there 'was gossip' but no facts about these events, and that Mr Mantach had 'seemed to be doing a reasonable job' when appointed in 2011. The Hon Ted Baillieu, the former Premier, stated that he was 'unaware of any Tasmanian based issues' when Mr Mantach became State Director. At interview, the Hon Kim Wells MP told investigators he was not aware of the details of these events until after Mr Mantach's frauds were exposed:

A: I had no knowledge of that until the fraud was exposed and then the obvious question is, why would you have employed him in the first place if there was an issue about his financial ability, and to me it just - I was gobsmacked that, firstly, he was employed, but secondly, that they employed him after it was found. But I wasn't aware of that information until the other fraudulent activity took place and it was made public and then I found out about the Tasmania situation. I was not aware of it before then.

Q: Are you - as you are here on behalf of other Parliamentary Members, can you say whether any of those persons would have been aware of it?

A: I've been a Member of Parliament since 1992, so I'm coming into my 27th year. So I know the Members of Parliament incredibly well. Not one Member of Parliament ever, ever mentioned that to me. Had they mentioned that to me, I would have sought advice from the President at the time to query him about the truth or otherwise of that claim.

60. Current and former Members who provided responses to Requests for Information, including Mr Baillieu, indicated they were not aware that Mr Mantach had left the Tasmanian branch of the Liberal Party after agreeing to repay close to \$48,000. Mr Baillieu told investigators that Members were not opposed to Mr Mantach becoming the State Director; and that based on his experiences, 'I had no reason to prevent [Mr Mantach's] appointment from proceeding'.

The appointment would have been conveyed to the Parliamentary Party in a Party Room meeting. I recall no dissent whatsoever, in fact the opposite.

### **Frauds committed by Mr Mantach**

61. Mr Mantach's fraudulent activities relevant to this investigation took place between May 2010 and January 2015. During that time, he engaged in two forms of invoicing fraud:

- Directing a supplier (Melbourne Mailing Pty Ltd) to inflate invoices for printing and mail services it provided to LPV and Liberal Members of Parliament, and subsequently issuing invoices from Campaign Mail Logistics (a business Mr Mantach registered in his then-wife's name and which he controlled) so the aggregated over-payments could be directed to a bank account he controlled.
- Creating and issuing false invoices to LPV, which he (as State Director) would authorise for payment to bank accounts specified in the invoices that he controlled.

62. The second category of these invoicing frauds is not within the scope of the Referral or this investigation.

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63. These streams of invoicing fraud resulted in payments totalling \$1,558,913.13 to accounts controlled by Mr Mantach:
- \$643,413.13 from remittances to Campaign Mail Logistics of monies collected through inflated invoices issued by Melbourne Mailing, a portion of which derived from invoices directed to Members of Parliament and ultimately remitted to DPS for payment
  - \$915,500 from false invoices directed to LPV.
64. The frauds were detected in July 2015 following LPV's financial review of its 2014 state election campaign. Mr Mantach admitted his actions in interviews with forensic investigators (engaged by LPV) in August 2015 and with Victoria Police in November 2015. Mr Mantach pleaded guilty to obtaining financial advantage by deception and was sentenced in 2016.

## Melbourne Mailing

65. Melbourne Mailing is a printing and direct mailing business, which co-ordinates the printing of material and its subsequent mail distribution on behalf of its clients. LPV engaged Melbourne Mailing to perform printing and direct mailing work from 1999. From around 2007, Melbourne Mailing became one of LPV's preferred suppliers of printing and mail distribution work. In 2010, Melbourne Mailing was engaged as LPV's main supplier for federal and state elections.

## Relationship between Melbourne Mailing and LPV

66. Felice Armato, the current CEO of Melbourne Mailing and the Sales Manager who dealt with LPV at the time, told Victoria Police he had worked for Melbourne Mailing since 2001. He was first introduced to Mr Mantach in or around 2008 or 2009 by a Senior Designer in LPV's Campaign Unit.
67. Mr Armato told investigators Melbourne Mailing had built up its relationship with LPV over a number of years prior to 2010. Mr Armato observed that 'there was a period where we didn't do the work and we tried to get some of the work back in'. Mr Armato said Melbourne Mailing expanded its services over this period to offer a 'one stop shop' to clients for printing, finishing and distribution services.
68. Mr Armato said that in early 2010, he had met with Mr Mantach and LPV's then-State Director Tony Nutt to discuss LPV's printing needs for the federal and state election campaigns that year. Mr Armato recalled that shortly after this meeting, he was advised that LPV had chosen Melbourne Mailing as a supplier for the 2010 federal election. He also recalled Mr Mantach telling him that if Melbourne Mailing performed well for the 2010 federal election campaign, they may receive further work for the Victorian election campaign in November 2010.

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69. From 2010, LPV became one of Melbourne Mailing's biggest and most important clients. Melbourne Mailing received printing orders directly from LPV, and occasionally from individual Liberal Members of Parliament. Melbourne Mailing's Administration Manager recalled that 'the whole company was aware that we won the contract for the [2010] election ... It was a big contract for us.' Mr Armato agreed that Melbourne Mailing taking over the day-to-day work for LPV was 'a good opportunity, absolutely'.

70. LPV's Campaign Operations Manager for the 2014 Victorian state election (who at that time had worked for LPV for 10 years and left in early 2015), indicated that both the number of mail items and the sophistication of messaging contributed to the volume of work for Melbourne Mailing from LPV during election periods:

A: ... So, as an example, a busy period or a busy week, you may be distributing upwards of, in excess of a million pieces of mail, but there are 50 or 60 versions of that piece of mail and an electorate may want to communicate in different ways to certain parts of that electorate, so you may then stream it off where you have only got, you have a particular piece getting to a certain part of your electorate and then another more tailored message to another part of the electorate.

[...]

Q: How many pieces would that be in a week normally for a campaign, for instance, say in the eight weeks leading up to a campaign?

A: Yeah. We might check off, you know, a couple of hundred pieces a week.

71. Damien Mantach told investigators that LPV required substantial flexibility from its printers to accommodate the demands of electoral campaigning, and to 'go that extra mile when things get tough, because you know that things are going to get tough':

I've got to be able to call them up at 9.30 on Friday night and say, 'Look, I'll have this pressure, this pressure and this pressure and I still need it out by 9 o'clock on Monday morning, which means I need you to somehow work it at your end to get the people in over the weekend and I'm not willing to pay an extra premium for all of this to get it done. Can you get it done?' Now, very few companies, despite what they say, will actually give you that degree of flexibility and Melbourne Mailing were willing to bend over backwards to do that.

72. Melbourne Mailing staff echoed Mr Mantach's comments about LPV's importance as a client and the company's willingness to accommodate LPV's printing requirements:

They were our number one and you bend over backwards for them. If they say 'Jump' you say 'How high?' [...] everyone in the whole business knew that if you say the Liberal Party word you stop what you are doing and just do it.

We had to make sure that we would get things out on time in full and, you know, you don't get a week to do things in election times; you get two or three days and you're working 24/7 and you've got printers working. So it's not easy. ... And you don't just have to please one person; you have to please the team because [LPV's staff] get feedback from the members and out in the marketplace, and if your piece of mail doesn't hit at the right time, you've got problems. [...] You've got to deliver, absolutely.

I always thought the work was contingent on that we did a really good job [...] I was always under the impression we did a good job and I still think today we did a good job.

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## Mail programmes arranged by LPV

73. Mr Mantach told investigators that LPV would identify a number of key issues for which it would develop communications materials for Members to use:

What 104 [LPV's head office] would do, the same as other political parties, is we would go in and we would say, 'All right. Well, look in the 12 months leading into this election campaign, you know, we would like to see you perhaps do three or four communications. They will broadly be this, this or this and we'll make sure that they are within entitlement in the sense that they pass the rules for the printing and so forth for Parliamentary Services.

74. The former Campaign Operations Manager explained that LPV would prepare mail programmes scheduled over a period of weeks or months, working back from the planned date of delivery. Specific mail programmes would be prepared for election campaign periods, which he said 'were essentially presented on what we thought would be an effective weight of communication to that electorate'. LPV's Key Seats Manager for the 2014 Victorian state election described this as a 'mail plan'.
75. LPV would then contact Members and candidates, asking whether they wished to participate in the mail programmes (see email on next page).
76. Mr Mantach told investigators Members were not obliged to participate or to arrange printing through LPV, but observed that LPV could generally get better prices through economies of scale by aggregating printing and distribution work. Centralising the process also helped maintain branding and quality. Mr Mantach added that Members in electorates outside the greater Melbourne area often preferred to arrange printing with other suppliers. This view was supported by a number of Members who provided information to the investigation.

77. LPV's Key Seats Manager in 2014 (who departed LPV in 2015) confirmed the arrangements described by the former Campaign Operations Manager and considered that they would have been common knowledge for Members and candidates for election. Her understanding was that Mr Mantach 'would have sat down with each MP or their campaign or SEC [State Electorate Conference]' in the lead-up to the 2014 Victorian state election and talked 'about what pieces would go into their seat during the campaign'. Mr Mantach's evidence was that he would sometimes speak with Members, but that designated campaign officers dealt with Members far more frequently about these matters.
78. The former Key Seats Manager told investigators that 'my job was to make sure they were doing stuff on the ground' and that in most cases, the campaign printing with which she had involvement was designed to be printed by local campaigns rather than through Melbourne Mailing. Mr Mantach indicated that Members in marginal electorates would 'more often than not' make a contribution, based on their knowledge of relevant local issues.
79. LPV would develop the materials to be printed, incorporating contributions from the Members and candidates who elected to participate. This information would then be provided to Melbourne Mailing, which would prepare one 'stream' of printing for each participating Member or candidate. The former Campaign Operations Manager stated that he would obtain pricings from Melbourne Mailing based on the type of work required and the volume of orders.

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Email from Damien Mantach to LPV Members of Parliament regarding proposed Law and Order mail out. This was the first mailout where the invoices were inflated by Mr Mantach.

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**From:** Damien Mantach [REDACTED]  
**Sent:** Wednesday, 7 April 2010 1:44 PM  
**To:** undisclosed-recipients;  
**Subject:** Law and Order brochure  
**Attachments:** law and order envelope\_FINAL.PDF  
**Importance:** High

Dear Members

By now you would have received an email with the relevant artwork for the law and order brochure in support of the announcement yesterday and other recent initiatives.

**Printing Costs**

For planning purposes the cost to do this will be around \$4500 for printing per electorate. This figure is based on 30,000 pieces per electorate. However this figure may move up or down depending on the final number of households you have in your electorate or electorates you are looking after.

*Due to the significance of this piece printing is being arranged centrally.*

**Distribution Costs**

The piece has been designed to be done via a to the householder delivery. The brochure will be inserted into a printed envelope which is attached for your reference.

Our preferred delivery method is via Australia Post. Bookings have already been made for each seat here centrally. I appreciate that in some circumstances Members have good deals with local distributors and I'm happy to discuss this on a case by case basis.

The distribution cost through Australia Post will be 0.11cents per item. Therefore in an average electorate with 30,000 households the cost would be \$3300 for delivery.

In some cases Members may wish to do this piece via a direct mail. This would raise the distribution cost to 0.39cents per item. Therefore based on 30,000 households the cost would be \$11,700. It is not necessary to do this piece via direct mail unless you specifically wish to. If you wish to do this piece by direct mail can you please call me directly to discuss.

There are plans for further substantial mail-outs prior to the end of the financial year that will more than account for any concerns you may have regarding using your communications allowance.

Thank you to those Members who have acted so promptly in replying to the email received from Leanne with the artwork attached.

If you have further queries on this piece please email me.

Kind regards

**DAMIEN MANTACH | Deputy Campaign Director**  
Manager, Campaign Unit  
Liberal Party of Australia (Victorian Division)  
P 03 [REDACTED] | F 03 [REDACTED] | M [REDACTED]

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80. In response to a Request for Information, one Member made the following comment about the mail programmes:

The LPV offered various mail piece designs at different times throughout the Parliamentary term – for example following the 2011 and 2013 budgets. ‘Mail Plans’ may have been more formally proposed for MLAs. As an MLC, from time to time I received offers of various pieces, and occasionally an outline of multiple pieces which LPV indicated it intended to make available in coming months. The decision to opt-in was based on the indicative cost, adherence of individual pieces with the Members’ Guide guidelines for communications in place from time to time, and capacity in EO&C budget.

81. Another Member told the investigation:

My recollection is that material sourced from the LPV via [Melbourne Mailing] which involved payment from the EO budget was for Electorate purposes only. These were unrelated to the ‘months leading up to an election period’ but were associated with the Budget or Periodical Reporting such as Winter or Spring or Summer newsletters.

### **Pricing and payment for mail and printing works**

82. Prior to 2014, Mr Mantach would contact Mr Armato to obtain quotes for printing work. Mr Armato stated that Mr Mantach would inform him which person or entity should be invoiced for work performed by Melbourne Mailing.
83. Print works by Melbourne Mailing were paid for either from LPV campaign funds or from Members’ Electorate Office and Communication Budgets, which were administered by DPS. Invoices paid from Members’ budgets were for communications with their electorate, with the printed materials being subject to the Members’ Guide’s restrictions on party-political content.
84. LPV would pay for electoral campaigning materials and printing work relating to party policy, funding announcements, ‘agenda setting pieces’ or highly political issues. Mr Mantach, the former Key Seats Manager and the former Campaign Operations Manager told investigators that these arrangements were common practice and known to Members and candidates for election endorsed by LPV.

### **Price matrix provided to LPV, September 2014**

85. In or around September 2014, Melbourne Mailing provided Mr Mantach and LPV with a ‘price matrix’, which could be used to calculate costs for the high-volume printing works required in an election campaign. In 2014, printing orders from LPV were instead communicated to Melbourne Mailing by LPV’s former Campaign Operations Manager. Once quotes had been arranged and Members had advised whether they would be participating, he would aggregate the printing orders for Members and candidates and communicate these details to Melbourne Mailing.
86. Mr Armato told investigators that Melbourne Mailing occasionally used price matrices for larger clients. This approach improves efficiency by avoiding the need for a separate quote for every piece of work. Mr Armato said that Melbourne Mailing provided the price matrix to LPV with the goal of making LPV’s pricing calculations easier. Mr Mantach did not recall Mr Armato providing him with the pricing matrix, but added ‘I’m sure he did. I’m not doubting that he did.’ Mr Mantach believed that he would likely have provided the matrix ‘straight over to the campaign team to deal with’.

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## Inflation of invoices for printing and mail services

87. The inflation of Melbourne Mailing invoices was the only aspect of Mr Mantach's offending which involved the improper overpayment of parliamentary funds.

### The invoice inflation arrangement

88. Mr Armato and Mr Mantach both recalled a discussion in early 2010 at LPV's offices, prior to the 2010 federal election. During this discussion, Mr Mantach proposed an arrangement to increase the prices of certain Melbourne Mailing invoices. The additional funds would then be paid to another party, ostensibly for services performed for LPV and for which LPV could not be seen to be paying.

89. In a statement to Victoria Police in 2015, Mr Armato said his impression was the services being provided 'were in relation to marketing or public relations, or covert operations such as protests or people running interference that could not be linked back to LPV'.

90. Between May 2010 and November 2014, Mr Mantach periodically instructed Mr Armato to inflate prices on selected groups of invoices for printing and mailing work arranged by LPV. From mid-2014, the former Campaign Operations Manager also would communicate any changes dictated by Mr Mantach to Melbourne Mailing. Melbourne Mailing would then issue the invoices accordingly.

91. The inflated component became known between Melbourne Mailing and Mr Mantach as the 'CML' (a reference to Campaign Mail Logistics). The former Campaign Operations Manager, however, referred to it as a 'rebate', which reflected the reason for the inflation as explained to him by Mr Mantach. Once Mr Mantach involved the former Campaign Operations Manager, the term 'CML' disappears from correspondence between Melbourne Mailing and LPV.

92. Melbourne Mailing subsequently issued invoices for the contracted printing and mail works which included the CML values given by Mr Mantach. Mr Armato stated that at Mr Mantach's request, the invoices did not itemise the CML or include any information about the increased prices.

93. At interview, Mr Armato explained his understanding of the proposed arrangement:

My understanding was that he had to pay someone else that was involved with the Liberal Party to do work that can't be seen to be paid for by the Liberal Party. Now, I saw a lot of people out there - back in those days, they might have used protestors, they might have used people to run interference or do whatever and, to me, it sort of made, like, a bit of sense. Okay, we have to pay these people through the - you know, we have to pay them for them to do stuff so it doesn't get traced back to the Liberal Party.

94. Mr Armato recalled Mr Mantach had been 'quite matter of fact' about this request. Mr Armato did not consider the request was unusual, given Mr Mantach's position at LPV and his manner when putting the matter forward. However, Mr Armato agreed he had not made any similar arrangement with other clients over the course of his career. At interview, when investigators suggested that Mr Mantach's request was an unusual one, Mr Armato responded that he had referred the request to the then CEO of Melbourne Mailing who had acceded to the request.

95. Mr Mantach did not recall the exact details of the conversation, but commented:

... It was earlier on in the relationship where, yes, I raised the opportunity of them increasing their invoices slightly on a few different jobs.

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96. Mr Mantach told investigators:

My broad recollection of it was that I put to Felice that it would be helpful for the Liberal Party if we had a small pool of funds that we could draw upon for, yes, effectively black-ops operations as part of our, as part of our broader campaigning suite of activities and this was a way in which we could, this was a way in which we could do that.

97. Melbourne Mailing's Administration Manager, who was responsible for Melbourne Mailing's accounts, processed the invoices received from Campaign Mail Logistics. The Administration Manager understood that Campaign Mail Logistics was a contractor providing services to LPV, and that 'for some reason, it couldn't come through them [LPV] and we had to pay for it'. She recalled that the arrangement described to her was 'a little bit odd but it was part of what we did. It was part of the work we were to get from the Liberal Party'. She said that the then CEO of Melbourne Mailing had told her that the arrangement was 'definitely all above board', but that she did not recall ever being given a reason why the arrangement was in place.

I did think it was a little bit unusual but I guess as time went on it became more usual. It was years of it and in the end it was part of the service. It was part of an election campaign and that's what we did.

98. The former Campaign Operations Manager told investigators that he was not aware of the inflation of invoices until mid-2014, when Mr Mantach told him about a 'supply rebate' charge, which was to be added to invoices from time to time to create a fund for emergency printing work:

My understanding of this rebate with Melbourne Mailing was that it was a rebate to ensure that there were funds available for campaigns if they were needed to be done from a Liberal Party point of view. So if there was something that - an issue that came up which required pieces to go out, which hadn't been budgeted for in the overall budget, there was money or

monies available or rebate available that meant that at the drop of a hat things could go out to respond to something or to make sure some messages were out there. So that as I understood it, that rebate was there to ensure that we had sort of rapid response capability.

99. Mr Mantach mentioned this 'supply rebate' to the former Campaign Operations Manager after he had arranged and approved invoices for printing work through Melbourne Mailing, without first providing the invoices to Mr Mantach:

[...] after the last year's state budget newsletters Damien was somewhat annoyed that I hadn't run the invoices past him prior to the invoices being disseminated to the MPs.

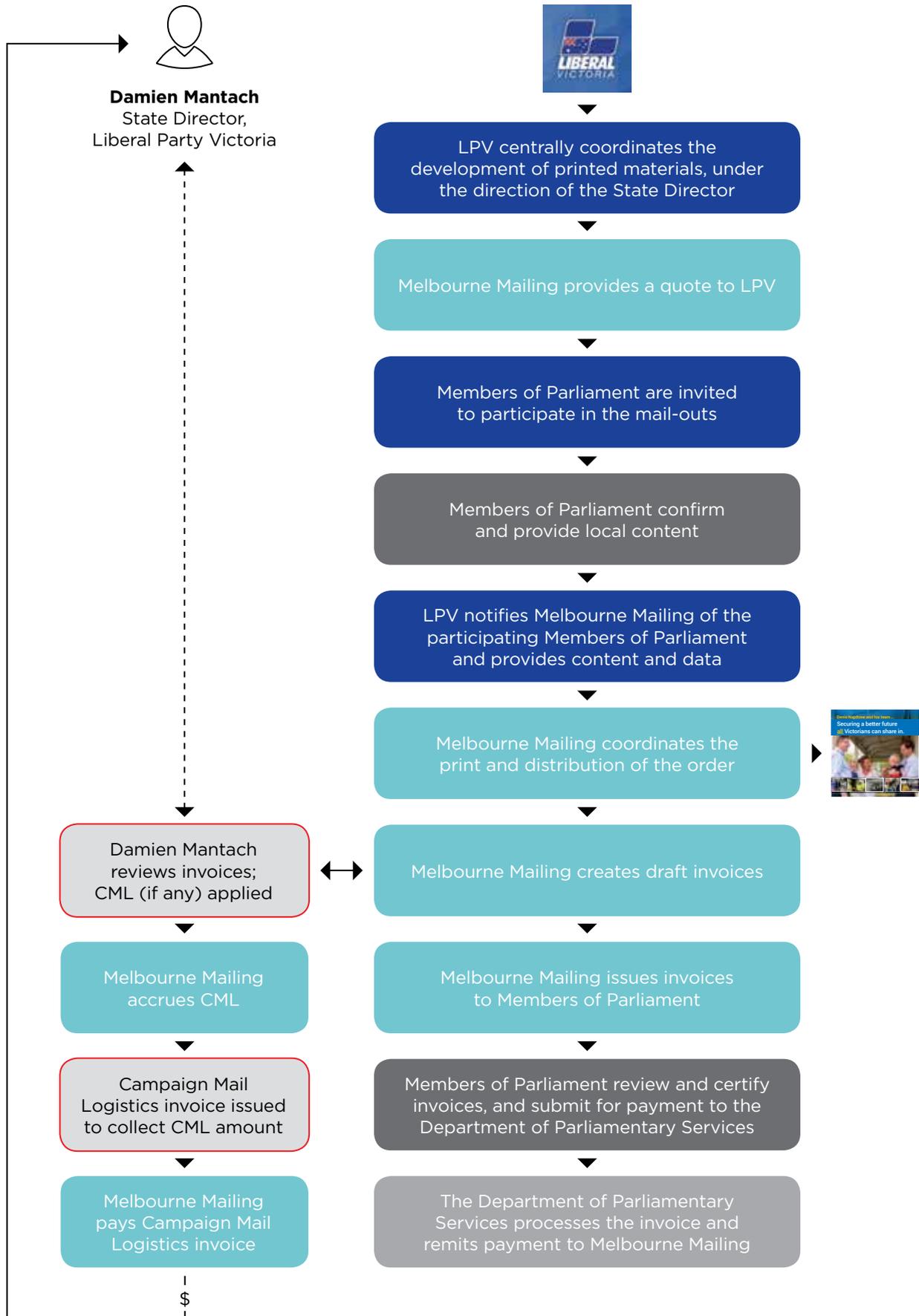
He insisted that, I think - from his words or as close to his words, that we needed to ensure that the 'supply rebate' was applied, and you know, him being the boss, I said ok. So I would consult with him, prior to the invoices going out, and he'd instruct what the rebate was. It was something I found a little odd but didn't question at the time because of a whole lot of other things going on obviously. We were in the midst of an election campaign.

100. The former Campaign Operations Manager told investigators that he did not know how Mr Mantach selected which mailouts to target, how the inflated rate was chosen, or why for some mailouts the CML was applied at varying rates or not charged to all participating Members:

Q: Do you know why that would be applied differently to different MPs? I mean we are not asking you to speculate. Really we don't know.

A: If it was purely speculative, perhaps they had spent most of their allowance for that year. That's all I could think of.

Melbourne Mailing process for arranging print and distribution orders



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## Who received the inflated invoices?

101. Some of the inflated invoices were directed to LPV and paid out of the Party's funds. The remainder were directed to Liberal Members of Parliament who had agreed to participate in programmes of printing works coordinated by LPV. The invoices directed to Liberal Members of Parliament were typically remitted to DPS, to be paid from the relevant Members' Electorate Office and Communication Budgets.

102. Despite Melbourne Mailing receiving payments from DPS for inflated invoices directed to Members of Parliament, Mr Armato told investigators he had not realised these invoices were being paid from parliamentary funds:

I didn't jerry that it was coming from Parliament. It just didn't occur to me. I just thought it was all coming from 104 [LPV].

103. In each case, after the inflated invoices had been paid, Campaign Mail Logistics would issue an invoice to Melbourne Mailing. Each of these invoices were for 'logistical support and delivery of material' to state and/or federal electorates. The Campaign Mail Logistics invoices reflected the combined total of the CML Mr Mantach had instructed Melbourne Mailing to charge. Each such Campaign Mail Logistics invoice included details of the bank account to be paid. This account was controlled by Mr Mantach, and was not associated with LPV.

104. Between May 2010 and January 2015, Mr Mantach issued 20 false invoices from Campaign Mail Logistics to Melbourne Mailing as part of this arrangement. The total value of those invoices was \$643,413.13. The GST-inclusive total value of CML charged on invoices ultimately paid by DPS was \$185,731.41.

Example of a Campaign Mail Logistics invoice created by Damien Mantach and issued to Melbourne Mailing to collect the inflated amounts applied to invoices to Members of Parliament.

**Campaign Mail Logistics**

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**Tax Invoice**

ABN [REDACTED]

<b>Bill to:</b> Mr Felice Armato General Manager Melbourne Mailing 160 Fulham Road Fairfield VIC 3078	<b>INV: 2010-2</b> <b>Date: 28/6/2010</b>
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Description	Amount
Logistical support and delivery of material to State & Federal electorates	\$27,010

Payment details:

**Direct Deposit Preferred**  
BSB [REDACTED]  
Account: [REDACTED]  
Bank: Commonwealth  
Name: Campaign Mail Logistics

Send cheques to:  
Campaign Mail Logistics  
PO Box [REDACTED]  
Collins Street East 8003

*EFT 6/7/10*

<b>Payment Terms: 14 days from receipt of invoice</b>	Total GST inc: \$27,010
	Gst Comp: \$2,701

All correspondence to: Campaign Mail Logistics, PO Box [REDACTED] Collins Street East, 8003.

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## False invoices directed to Liberal Party Victoria

105. In addition to the arrangement to inflate Melbourne Mailing invoices, Mr Mantach prepared a further 33 false invoices which were directed to and ultimately paid by LPV:

- Twenty-eight invoices from Campaign Mail Logistics between June 2011 and 21 August 2014, purportedly for services such as quantitative and qualitative research, polling and analytical services, for a total sum of \$659,300.
- Five invoices from Parkstreet Online Solutions (Parkstreet) between 7 June 2013 and 13 October 2014, purportedly for services such as computer and application coding, search engine optimisation and upgrading other IT infrastructure, for a total sum of \$256,200.

Example Campaign Mail Logistics invoice created by Damien Mantach and issued to Liberal Party Victoria

EXHIBIT 0020 Approved 19.2.13 388

*note could this be paid this week pls. State A/C*

## Campaign Mail Logistics

**Tax Invoice**

ABN: [REDACTED]

Bill to:  
Mr Damien Mantach  
State Director  
Liberal Party of Victoria  
3/104 Exhibition Street  
Melbourne VIC 3000

INV: 2013-009  
Date: 13/02/2013

Description	Amount
Quantitative and qualitative research project in Victoria January / February – State focus.	\$23,500
<ul style="list-style-type: none"><li>• Phone poll and analysis including verbal debrief</li><li>• Quantitative poll with 2000 sample</li><li>• Preparation of policy issues brief</li></ul>	

Payment details:

**Direct Deposit Preferred**  
BSB [REDACTED]  
Account: [REDACTED]  
Bank: Commonwealth  
Name: Campaign Mail Logistics

**Payment Terms: 7 days from receipt of invoice**

Total GST inc:	\$23,500
Gst Comp:	\$2,350

 32260.201



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106. These false invoices are not directly relevant to the matters described in the Referral, which relate solely to the invoice inflation arrangement. Payments of these false invoices made up a majority of the fraud proceeds obtained by Mr Mantach.
107. Mr Mantach addressed these false invoices to himself in his position as LPV State Director. He approved them in the same capacity. No current or former Members of Parliament authorised any of these false invoices or had any knowledge of their existence.
108. In an interview with LPV's consultants on 19 August 2015, Mr Mantach stated that he submitted the false invoices 'through to the normal accounts department [at LPV] for payment'. Neither Campaign Mail Logistics nor Parkstreet provided any of the services described in the invoices to LPV.
109. Mr Mantach also told Victoria Police that he did not need to take any active steps to keep his false invoicing activities concealed. According to Mr Mantach, at the relevant times, LPV did not maintain a list of approved suppliers or have other measures in place which might have prevented the Campaign Mail Logistics and Parkstreet invoices from being processed.

## Detection of the frauds

110. Mr Mantach stepped down as LPV State Director in March 2015. Between July and August 2015, LPV identified Mr Mantach's fraudulent activities after an internal review of campaign spending and engaging external consultants to conduct an additional review and forensic analysis. LPV's internal review identified 'a number of anomalies' on Parkstreet invoices, including:
- insufficient details of the services provided
  - the lack of any business address or contact information
  - incorrect calculations of GST.
111. When interviewed on 19 August 2015, Mr Mantach admitted the invoicing frauds, including the invoice inflation arrangement. In respect of the false invoices submitted to LPV, Mr Mantach commented that they were submitted through LPV's ordinary processes and he had not been questioned about them:
- In the years that I did this, I was never once questioned over it. It was never once picked up in any audit procedures or anything along those lines.
112. The LPV Secretariat informed party members of its preliminary findings by email on 25 August 2015, which is partly extracted on the following page.

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Correspondence from LPV President to LPV party members, 25 August 2015

13

**From:** Liberal Party of Australia (Vic Div) <[REDACTED]>  
on behalf of Liberal Party of Australia (Vic Div) <[REDACTED]>  
**Sent:** Tuesday, 25 August 2015 7:36 PM  
**To:** [REDACTED]  
**Subject:** From the President

***Liberal Victoria***  
**From the President**

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Dear Party Member,

Following my letter of the 20th August 2015 I am writing to advise you of a further development in relation to matters arising out of the alleged activities of former State Director, Damien Mantach.

Our own preliminary enquiries seem to point to Mr Mantach having entered into an arrangement with an external mail house whereby Mr Mantach encouraged the mail house to increase invoices for work undertaken for both the Party and for some Victorian and Federal Liberal Party MPs, so as to charge more than was actually owing.

Such a direction by Mr Mantach was given without the knowledge, approval or permission of the Party and of course if such approval had been sought it would have been refused. Such a direction was also unknown to all Liberal MPs and was given without their knowledge, approval or permission.

Our MPs have been appalled by what they have learnt having at all times acted in good faith. No Member of Parliament was aware of Mr Mantach's direction to the mail house and they are disgusted with what has happened.

- 
113. Mr Mantach claimed that Mr Armato was not aware that he (Mr Mantach) controlled Campaign Mail Logistics, and that Mr Armato ‘thought it was a sub-entity, effectively of the Party [and] that those monies could then be used for other political purposes.’ This explanation is consistent with Mr Armato’s account of what Mr Mantach told him about the arrangement.

### **Prosecution, sentencing and compensation claim**

114. Mr Mantach pleaded guilty to 15 counts of obtaining a financial advantage by deception. He was sentenced in July 2016. He has since been released from prison.
115. Mr Mantach was ordered to pay LPV compensation of \$882,108.11. This figure took account of repayments from Mr Mantach and sales of assets funded with fraud proceeds, and LPV reimbursing DPS for \$175,446.44 and the Commonwealth Department of Finance for \$20,590.68 for amounts overcharged by Melbourne Mailing and remitted to Campaign Mail Logistics. In making these reimbursements, LPV relied on information provided by Melbourne Mailing.

# Authorisation of inflated invoices by Members of Parliament

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116. Paragraphs three, four and five of the Referral directly concern 'all invoices rendered by Melbourne Mailing and submitted to the Department of Parliamentary Services for payment' from Members' Electorate Office and Communication Budgets. Specifically, the Referral directs the Ombudsman to investigate:

- whether any goods or services were provided in connection with the rendering of those invoices; and if so, whether there is any evidence that the goods and services provided fairly reflected the value and description of items as outlined in the invoices
- whether Members certifying as to the accuracy of the invoices knew, or ought to have known, whether the goods and services referred to in the invoices were provided adequately, or at all
- whether Members certifying as to the accuracy of the invoices knew, or ought to have known, whether the goods and services referred to in the invoices were charged at a fair commercial rate, or an inflated rate.

117. Paragraph six of the Referral directs the Ombudsman to investigate:

Any kickbacks or levies received by members of Parliament, or by or on behalf of Liberal Victoria, associated with Melbourne Mailing and the deal struck by convicted criminal and former Liberal Victoria State Director Damien Mantach.

118. Paragraph seven of the Referral also relates to the Melbourne Mailing invoices remitted to DPS for payment, in that it directs the Ombudsman to investigate:

Any practice of falsification of invoices by members of Parliament endorsed as candidates by Liberal Victoria and the Nationals Victoria, in particular the current Member for Lowan, to obtain payment for goods, services or advertising, while circumventing Department of Parliamentary Services oversight rules and the Parliament of Victoria Members' Guide pertaining to payment of invoices submitted by members during the 2014–15 financial year, and from 1 June 2018 to the date of this motion

119. This section of the report addresses:

- the means by which the prices of certain Melbourne Mailing invoices were inflated
- how those invoices were received and processed, and by whom
- the goods and services provided by Melbourne Mailing in connection with those invoices, and the standard of those goods and services
- whether the invoices reflected a fair commercial price for the goods and services provided by Melbourne Mailing
- what Members of Parliament knew, or ought to have known, about the provision of the invoiced goods and services and whether the invoiced prices for those goods and services were commercially competitive
- whether any kickbacks or levies were paid to LPV or Members of Parliament associated with Mr Mantach's arrangement to inflate Melbourne Mailing invoices
- whether there was any practice of falsification of Melbourne Mailing invoices by any Members of Parliament.

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## The invoicing process

120. In the ordinary course, LPV would contact Members of Parliament to invite their participation in a mail programme. LPV would typically have developed a template, to which Members would add electorate-specific content. Typically, Mr Mantach or the former Campaign Operations Manager would email the Members to set out the general nature of the communications, the intended delivery period, and the estimated prices of the works. Prior to mid-2014, the price estimates would have been obtained through quotes provided by Mr Armato. From mid-2014, the price estimates would have made reference to the pricing matrix.
121. Members of Parliament would then respond to indicate whether they wished to take part in the mail programme. Mr Mantach or the former Campaign Operations Manager would notify Mr Armato of the number of participating Members and the quantities of product required for each 'stream' of printing. They would also provide the necessary artwork and mailing information to Melbourne Mailing.
122. Mr Armato would prepare a spreadsheet containing relevant information about the streams of printing LPV had ordered. This would be disseminated to relevant persons at Melbourne Mailing (and in 2014, at least occasionally to the former Campaign Operations Manager). Mr Mantach either received copies of these spreadsheets by email or was informed by Mr Armato of their contents in telephone conversations and/or face-to-face meetings.
123. Melbourne Mailing staff would also prepare draft invoices based on this information. The draft invoices were sent to Melbourne Mailing's former CEO or Mr Armato for approval. During 2014, copies of the draft invoices were provided to the former Campaign Operations Manager, which he typically confirmed after speaking with Mr Mantach.

124. Melbourne Mailing would issue the approved invoices, whether to LPV or to the relevant Members of Parliament. Invoices directed to Members of Parliament were certified for payment by Members, or their electorate office staff acting under delegation, in accordance with the Members' Guide's requirements. These invoices were then remitted to DPS to be paid from the relevant Members' Electorate Office and Communication Budgets. Invoices sent to LPV would be authorised and paid by LPV following its own processes.

### Differences to the process when invoices were inflated

125. Two types of changes to the above process occurred when invoices were inflated.
126. On some occasions, Mr Mantach would directly instruct Mr Armato to increase the price on invoices. Mr Armato told investigators that he recalled receiving these instructions in telephone calls, in face-to-face meetings with Mr Mantach, and sometimes by email. In all but one case, this involved increasing the cents-per-unit price of the requested printing work. On the first occasion where inflated Melbourne Mailing invoices were issued to Members of Parliament, Mr Mantach directed Mr Armato to add a fixed amount of \$350 to the pre-GST price of the relevant invoices.
127. Not all invoices for streams of specific printing jobs were inflated. The increases were generally uniform across streams of a particular printing job, but some invoices were increased by a larger amount than other inflated invoices for similar work.

Excerpt of the Melbourne Mailing spreadsheet detailing the June 2013 State Newsletter order (highlight added)

Stream 1	Stream 2	Stream 3	Stream 4	Stream 5	Stream 6	Stream 7	Stream 8	Stream 9	Stream 10	Stream 11	Stream 12
Electorate QTY	24,734	14,766	20,691	20,689	23,130	27,566	30,110	22,420	20,249	24,988	29,008
Candidate	Elizabeth Miller	Cindy McLeish	Neil Angus	Brod Battin	Heidi Victoria	David Southwick	Terry Mulder	Christine Pyffe	Kim Wells	Nurray Thompson	Ted Baillieu
Direct Mail LINKIT Durable Name											
UMS Confirmation Number	10193422_MailPreparationOperationsAdvice.ppt	10193423_MailPreparationOperationsAdvice.ppt	10193423_MailPreparationOperationsAdvice.ppt	10189743_MailPreparationOperationsAdvice.ppt	10193442_MailPreparationAdvice.pdf	10193444_MailPreparationAdvice.pdf	10193471_MailPreparationAdvice.pdf	10193474_MailPreparationAdvice.pdf	10193482_MailPreparationAdvice.pdf	10193486_MailPreparationAdvice.pdf	10193489_MailPreparationAdvice.pdf
<b>Southern Colour Print Figures</b>	<b>25500</b>	<b>15500</b>	<b>23000</b>	<b>21500</b>	<b>24000</b>	<b>29000</b>	<b>28000</b>	<b>23000</b>	<b>21000</b>	<b>25500</b>	<b>29500</b>
Quoted Rate	0.125	No Charge	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125
CMIL	0.03	MM to Pay	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
<b>Total Invoice Rate</b>	<b>0.155</b>	<b>0</b>	<b>0.155</b>	<b>0.155</b>	<b>0.155</b>	<b>0.155</b>	<b>0.155</b>	<b>0.155</b>	<b>0.155</b>	<b>0.155</b>	<b>0.155</b>
<b>Total Invoice Value (EX GST)</b>	<b>\$ 3,952.50</b>	<b>\$</b>	<b>\$ 3,565.00</b>	<b>\$ 3,332.50</b>	<b>\$ 3,720.00</b>	<b>\$ 4,495.00</b>	<b>\$ 4,340.00</b>	<b>\$ 3,565.00</b>	<b>\$ 3,255.00</b>	<b>\$ 3,952.50</b>	<b>\$ 4,572.50</b>
POSTAL ACCOUNT NUMBER	693934	7587	892611	892881	909773	824389	933310	998974	933294	933303	932291
ELECTORATE CANDIDATE ADDRESS	Bentleigh Elizabeth Miller 792 Centre Road Bentleigh East VIC 3185	MELBA SIDE Seymour A. McLeish 10193423_MailPreparationOperationsAdvice.ppt	Forest Hill Neil Angus 4 Lamrosa St. Blundenbush VIC 3131	Gembrook Brod Battin Suite 3, 64 Langmans Lane Bewick VIC 3009	Baywater Heidi Victoria 293 Station St. Baywater VIC 3199	Caulfield David Southwick Suite 1, 197 Baxters Rd. Caulfield North VIC 3161	Pelworth Terry Mulder 11A Woodford Street Cairns VIC 3829	Evlyn Christine Pyffe 143 Main St. Ulverston VIC 3140	Scaraby Kim Wells PO Box 9358 Five City Centre VIC 3152	Scaraby Nurray Thompson Suite 2, 34-60 Bay Road, Smithfield VIC 3199	Hampton Ted Baillieu 205 Camberwell Road, Camberwell VIC 3124

Please note Stream 2 & 3 - Be careful as last time we did this we sent the wrong newsletter to the wrong areas  
HUME VERSION (small business photo on front and HUME annotated on back page)  
MELBA VERSION (lookout photo on front and MELBA annotated on back page)

128. On other occasions, the draft invoices provided to Mr Mantach or the former Campaign Operations Manager for review would be amended to revise the total price and GST component described on invoices and returned to Melbourne Mailing.

**Example of an amended invoice updated and issued to a Member of Parliament**

**Melbourne Mailing Pty Ltd** 919

Tax Invoice

A.C.N. Number: 069118618  
A.B.N. Number: 66 069 118 618

Invoice #: 40052AA  
Date: 13/10/2014  
Page: 1

Member for [REDACTED]  
[REDACTED] VIC [REDACTED]

DESCRIPTION	GST Inclusive Amount
SECURING A BETTER FUTURE - ELECTORATE UPDATE	
PRINTING & MAIL PROCESSING [REDACTED] ELECTORATE	\$3,712.50
	→ \$4,550.25

Total: \$3,712.50  
GST Comp: \$337.50

Terms: Net 30

---

40052AA [REDACTED] MLA

EPI Details: CBA Bank  
BSB - [REDACTED]  
Account Number - [REDACTED]

TERMS: PROCESSING 30 DAYS

Balance Due: \$3,712.50

Melbourne Mailing Pty Ltd  
PO Box 169, Fairfield Vic 3078 Ph - 9490 1500 Fax - 9499 6200

**Melbourne Mailing Pty Ltd**

Tax Invoice

Invoice #: 40052AA  
Date: 13/10/2014  
Page: 1

Member for [REDACTED]  
[REDACTED] VIC [REDACTED]

DESCRIPTION	GST Inclusive Amount
A BETTER FUTURE - ELECTORATE UPDATE	
MAIL PROCESSING [REDACTED] ELECTORATE	\$4,550.25

Total: \$4,550.25  
GST Comp: \$413.66

Terms: Net 30

---

40052AA [REDACTED] MLA

EPI Details: CBA Bank  
BSB - [REDACTED]  
Account Number - [REDACTED]

TERMS: PROCESSING 30 DAYS

Balance Due: \$4,550.25

Melbourne Mailing Pty Ltd  
PO Box 169, Fairfield Vic 3078 Ph - 9490 1500 Fax - 9499 6200

Approved for Payment  
I certify that Goods/services have been received and the amounts claimed are correct. Expense complies with the Member's Guide and will be audited. If found to be in breach I will reimburse this amount to Parliament of Victoria  
Signature [REDACTED] Date 15/10/14

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129. In some cases, Melbourne Mailing was directed to remove the quantities listed on the draft invoices. The amendments were communicated either by verbal direction or on a hard copy of an invoice scanned and returned to Melbourne Mailing by email. Melbourne Mailing would amend the invoices accordingly before sending them to Members and LPV.

**Email from the former Campaign Operations Manager to Felice Armato providing instruction to inflate invoices issued to Members of Parliament**

**From:** [REDACTED]  
**Sent:** Thursday, 30 October 2014 3:35 PM  
**To:** Felice Armato  
**Subject:** RE: MP direct mail activity to be invoiced  
**Attachments:** Copy of 40364\_Delivering letter\_Invoices.xls

Hi Felice,

Please see attached the amended 'Delivering' letters invoice value.

New values (ex GST and Inc. GST) in red.

Thanks,

[REDACTED]



[REDACTED]  
Campaign Operations Manager  
Liberal Party of Australia (Victorian Division)  
Level 3, 104 Exhibition Street, Melbourne Vic 3000  
Phone: [REDACTED] Web: [vic.liberal.org.au](http://vic.liberal.org.au)

---

**From:** Felice Armato [mailto:[REDACTED]]  
**Sent:** Thursday, 30 October 2014 2:15 PM  
**To:** [REDACTED]  
**Subject:** RE: MP direct mail activity to be invoiced

Hi [REDACTED]

Here is the first invoice spreadsheet for your info.

[REDACTED] will be emailing you the other invoices shortly too.

Cheers,

Felice Armato  
Chief Executive Officer

Mob: [REDACTED]  
Dir: + 61 3 [REDACTED]  
Ph : + 61 3 [REDACTED]  
Fax: + 61 3 [REDACTED]

Example of an amended invoice updated and issued to a Member of Parliament

**Melbourne Mailing Pty Ltd** 1022  
 Tax Invoice  
 A.C.N. Number: 069118618 Invoice #: 40229ZZ  
 A.B.N. Number: 68 069 118 618 Date: 10/10/2014  
 Page: 1

Member for [redacted] MLA  
 [redacted] VIC

DESCRIPTION	GST Inclusive Amount
DELIVERING FOR THE COMMUNITY DIRECT MAIL PRINTING & PROCESSING [redacted] ELECTORATE Qty: 0.776 <i>raise quantity</i>	\$2,992.62
<b>Total:</b>	<b>\$2,992.62</b>
<b>GST Comp:</b>	<b>\$272.06</b>

Terms: Net 30

---

40229ZZ [redacted] MLA  
 EFT Details: CBA Bank  
 BSB - [redacted]  
 Account Number - [redacted]

TERMS: PROCESSING 30 DAYS **Balance Due:** **\$2,992.62**

Melbourne Mailing Pty Ltd  
 PO Box 169, Fairfield Vic 3078 Ph - 9490 1500 Fax - 9499 6200

*\$3,668.37*  
*\$333.4*  
*\$3468.37*

**Melbourne Mailing Pty Ltd**  
 Tax Invoice  
 A.C.N. Number: 069118618 Invoice #: 40229ZZ  
 A.B.N. Number: 68 069 118 618 Date: 10/10/2014  
 Page: 1

Member for [redacted] MLA  
 [redacted] VIC

DESCRIPTION	GST Inclusive Amount
DELIVERING FOR THE COMMUNITY DIRECT MAIL PRINTING & PROCESSING [redacted] ELECTORATE	\$3,668.37
<b>Total:</b>	<b>\$3,668.37</b>
<b>GST Comp:</b>	<b>\$333.49</b>

Terms: Net 30

---

40229ZZ [redacted] MLA  
 EFT Details: CBA Bank  
 BSB - [redacted]  
 Account Number - [redacted]

TERMS: PROCESSING 30 DAYS **Balance Due:** **\$3,668.37**

Melbourne Mailing Pty Ltd  
 PO Box 169, Fairfield Vic 3078 Ph - 9490 1500 Fax - 9499 6200

Approved for Payment  
 Signature [redacted] Date 13/10/14

---

130. At interview, Mr Mantach was asked about the instruction to remove the quantity from the draft invoices:

Q: So we've seen an example where we understand that you may have directed the quantity to be removed. Why would you remove the quantity?

A: I'm not – I've never directed the quantity be removed. [...] I was more interested in the economy of scale and pushing the price down and then we're in the band of what would be acceptable and to just bring it up that fraction. That was where I was operating. So, I was not afraid. I was not concerned. I had no reason to be worried about the quantities being listed or a degree of detail being listed on these, on these invoices.

Q: All right.

A: It was just irrelevant to me [...]

131. Investigators asked the former Campaign Operations Manager about the instruction to remove the quantity:

Q: It has been crossed out in handwriting and under that is written 'Remove quantity'. Do you know whose handwriting that is?

A: That would be my handwriting.

Q: That is your handwriting?

A: Yes.

Q: In terms of that process, do you know why you directed [Melbourne Mailing] to remove quantity?

A: I would have been -- that would have been under the direction of Damien.

Q: To remove the quantity?

A: Yes.

132. Where invoices were inflated, Mr Armato would calculate the total CML charges. Mr Armato would then instruct the Administration Manager to account for the total CML amount as an expense to be paid by Melbourne Mailing. Mr Armato told investigators that he had understood the CML charged on the invoices to be LPV's money. When Melbourne Mailing received payment for the inflated invoices, it would hold the CML amounts charged and paid until Campaign Mail Logistics issued an invoice for payment. Melbourne Mailing would then pay the CML amounts to the bank account listed on that invoice.

## **Invoices issued by Melbourne Mailing and submitted to DPS for payment**

133. Between January 2010 and December 2014, DPS processed 269 invoices from Melbourne Mailing to Members of the Legislative Assembly, and 115 of these invoices (42.75% of the total) were inflated with a CML charge. The investigation also received 93 invoices issued to Members of the Legislative Council to which a CML charge was applied. Between April 2010 and November 2014, Melbourne Mailing rendered 208 invoices containing a CML charge to Members of the 56th and 57th Parliaments of Victoria.

134. Mr Mantach indicated that LPV could obtain better prices in their printing orders through economies of scale. This was the general understanding of Members:

In fact, our office was led to believe that due to the volume of printing that we would be receiving a better deal from the LPV printer than what we could find ourselves.

We believed value for money was likely where central coordination and printing occurred as this would/should lead to artwork and economy of scale savings.

---

135. Mr Mantach agreed that the CML charges effectively skimmed off part of the benefit achieved as a result. Mr Mantach accepted that the inflated prices would be slightly higher than the best rate which could have been achieved, but he said that these were still competitive prices.

#### **April 2010: First inflation of invoices**

136. The first inflated Melbourne Mailing invoices were issued in April 2010. This suggests that Mr Mantach's conversation with Mr Armato about the invoice inflation arrangement took place no later than early April 2010.
137. The arrangements that Mr Mantach described involved increasing the prices on Melbourne Mailing invoices above the agreed base cost of providing the printing services in question. Mr Mantach would determine the amounts to be added to invoices. For the first set of inflated invoices, this was a flat increase of \$350 for each Legislative Assembly district receiving communications from the relevant Member of Parliament (see Mr Armato's note on the following page).
138. As previously described, the inflated component charged on these invoices was collected by Melbourne Mailing following payment of invoices issued to LPV and Members of Parliament. An invoice was then issued to Melbourne Mailing for the combined value of the additional amounts, which Melbourne Mailing paid to the bank account specified in the invoice on 31 May 2010.
139. The invoicing entity was Campaign Mail Logistics. This report refers to the amount by which the invoices were inflated as the 'CML charge'.



The first Campaign Mail Logistics invoice issued to Melbourne Mailing

**Campaign Mail Logistics**

---

**Tax Invoice**

ABN: [REDACTED]

Bill to:  
Mr Felice Armato  
General Manager  
Melbourne Mailing  
160 Fulham Road  
Fairfield VIC 3078

INV: 2010-1  
Date: 19/5/2010

<u>Description</u>	<u>Amount</u>
Logistical support and delivery of material by 48 electorates	\$16,800

Payment details:

**Direct Deposit Preferred**  
BSB [REDACTED]  
Account: [REDACTED]  
Bank: Commonwealth  
Name: Campaign Mail Logistics

Send cheques to:  
Campaign Mail Logistics  
PO Box [REDACTED]  
Collins Street East 8003

*EFT 1/6/10*



Payment Terms: 7 days from receipt of invoice	Total GST inc:	\$16,800
	Gst Comp:	\$1,680

All correspondence to: Campaign Mail Logistics, PO Box [REDACTED] Collins Street East, 8003

- 
140. At interview, Mr Mantach asserted that Mr Armato did not know that he controlled Campaign Mail Logistics.
141. Mr Armato told investigators that he did not query why these payments needed to be arranged through Melbourne Mailing. He did not suspect there was anything untoward in what Mr Mantach had said, noting that Mr Mantach was in a senior position at LPV. Mr Armato assumed that Mr Mantach was authorised to give such instructions, and had been assured that the arrangements involved would not leave Melbourne Mailing out of pocket. Mr Armato recalled discussing Mr Mantach's request with Melbourne Mailing's then-CEO and subsequently communicating to Mr Mantach that it had been approved. Both Mr Armato and the Administration Manager stated that Melbourne Mailing had also checked the ABN on the Campaign Mail Logistics invoices, which belonged to a contractor whom Mr Armato knew to be working with LPV at the time.

#### **Inflation of subsequent invoices, 2010-14**

142. During the course of this arrangement, until the former Campaign Operations Manager became LPV's main contact with Melbourne Mailing in 2014, Mr Mantach would inform Mr Armato which printing works would include an amount to be invoiced by Campaign Mail Logistics. After the first set of inflated invoices, the CML charges appear to have been determined by increasing the cost per unit associated with the invoice, rather than by adding a fixed amount. Mr Mantach said that LPV's economies of scale reduced prices, and that he tried to keep the increases 'within that band'.
143. Mr Armato stated that there was no set rate or formula applied to an invoice for the CML component. Mr Mantach would either communicate this verbally or provide this information as an addition to a spreadsheet originally prepared by Mr Armato which detailed Melbourne Mailing's costings on a given print job, as demonstrated on pages 38 and 44. Melbourne Mailing would then amend the invoice prices as directed, and '[a]s requested by Mr Mantach, the CML amount was not itemised or described' on the invoices. Mr Mantach said that Mr Armato was his only 'conduit into Melbourne Mailing' in respect of increasing the prices on invoices.

#### **Timing of inflation of invoices**

144. Inflated invoices were issued to LPV and to Liberal Members of both the Victorian and federal Parliaments between April 2010 and October 2014, as per the timeline on pages 48 and 49.
145. Some Members of the Legislative Council received multiple invoices for different printing 'streams' of particular communications materials. These invoices were for printing and mailing services directed to Legislative Assembly districts within the Member's Legislative Council region.

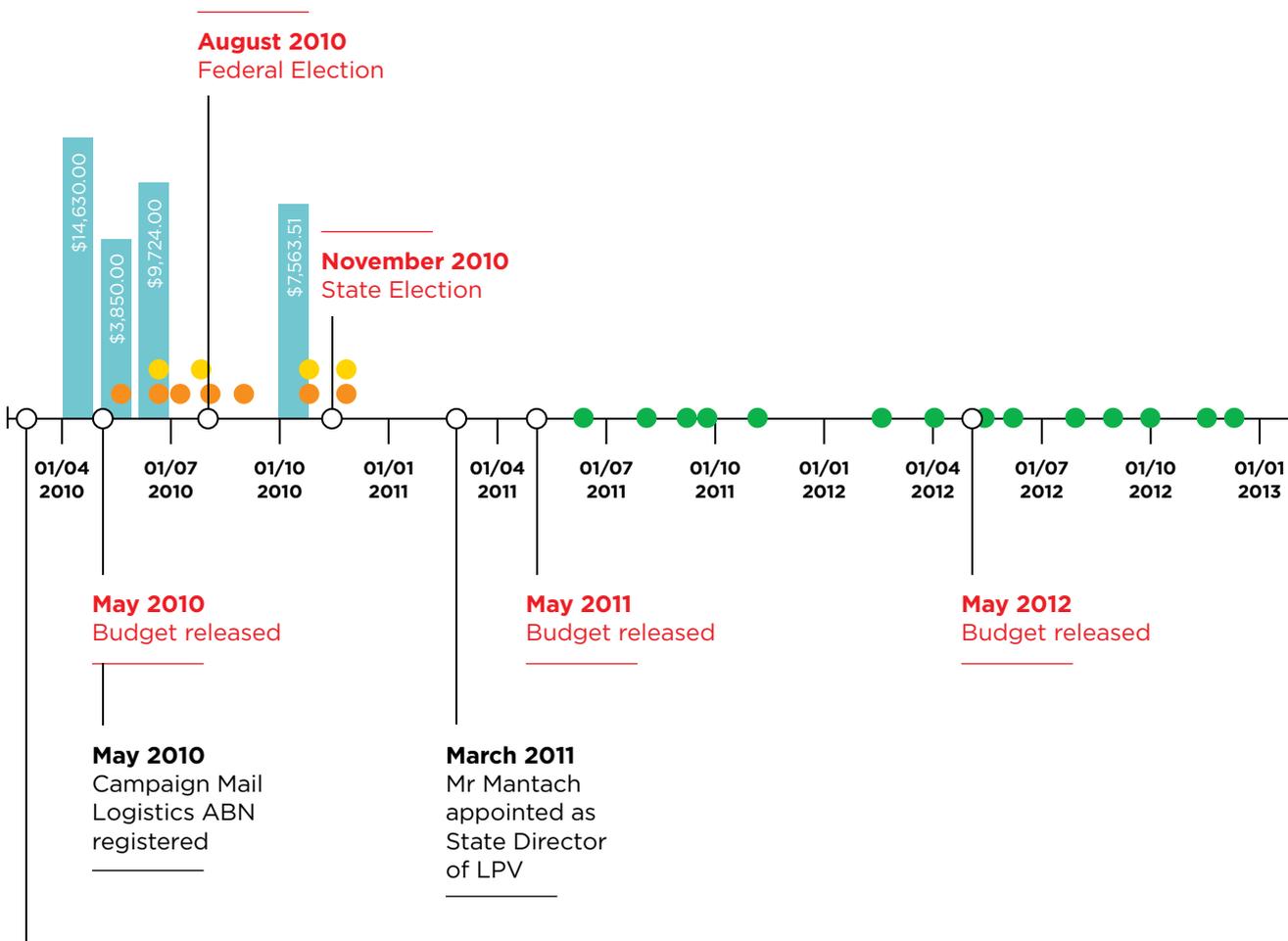
Timing of issue of inflated Melbourne Mailing invoices to Victorian MPs		
Year of Issue	Month of Issue	Inflated Invoices Issued
2010	April	36
	June	4
	October	25
2013	June	27
2014	May	31
	July	8
	September	11
	October	66

146. The mail programmes which included the inflated invoices appear to coincide relatively closely with the following events that would have involved a heightened level of political and electorate activity for Members of Parliament:

- the 2010 federal budget, presented on 11 May 2010
- the 2010 federal election, held on 21 August 2010
- the 2010 Victorian state election, held on 27 November 2010
- the 2013 Victorian state budget, presented on 7 May 2013
- the 2013 federal budget, presented on 14 May 2013
- the 2013 federal election, held on 7 September 2013
- the 2014 Victorian state budget, presented on 6 May 2014
- the 2014 Victorian state election, held on 29 November 2014.

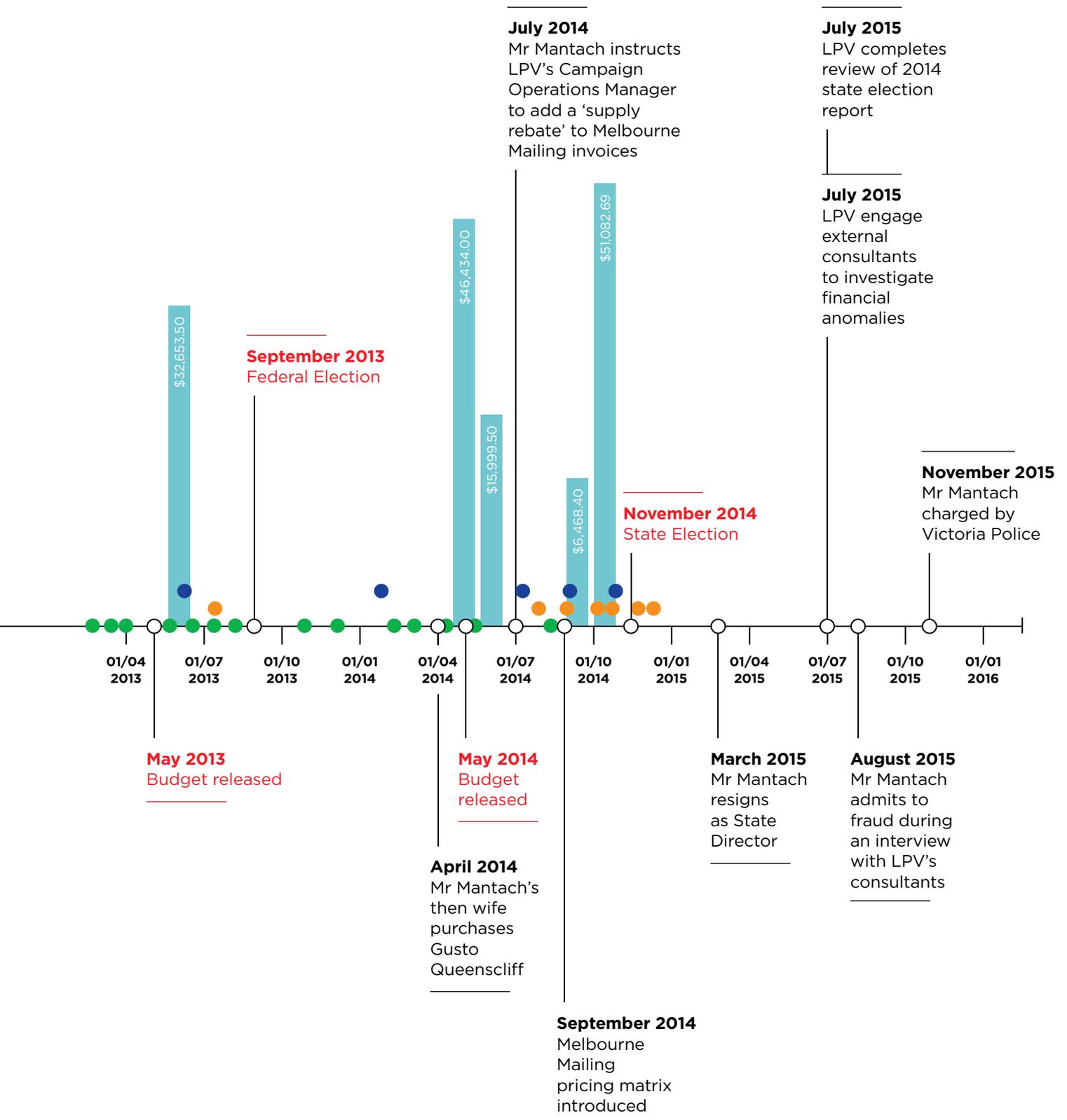
## Timeline of invoice inflation at Damien Mantach's direction

- Inflated Melbourne Mailing invoices issued to Victorian Members of Parliament; \$ amount later paid by the Department of Parliamentary Services
- Inflated Melbourne Mailing invoices issued to Liberal Party of Australia (Victorian Branch)
- Inflated Melbourne Mailing invoices issued to Federal Members of Parliament
- Campaign Mail Logistics invoices issued to Liberal Party Victoria
- Parkstreet Online invoices issued to Liberal Party Victoria



### Early 2010

Damien Mantach meets Felice Armato of Melbourne Mailing to propose the 'CML' arrangement



Comparison of standard and abridged Melbourne Mailing invoices, issued to the same Member of Parliament

**Melbourne Mailing Pty Ltd**

Tax Invoice

A.C.N. Number: 069118618  
A.B.N. Number: 68 069 118 618

Invoice #: 40254AA  
Date: 14/10/2014

Approved for Payment  
Account: [REDACTED] Page: 1 [REDACTED]

I certify that Goods/services have been received and the amounts claimed are correct. Expense complies with the Member's Guide and will be audited. If found to be in breach I will reimburse this amount to Parliament of Victoria

Signature: [REDACTED] Date: 14/10/2014

[REDACTED] MLA  
Member: [REDACTED]  
[REDACTED] VIC

DESCRIPTION	GST Inclusive Amount
PROCESSING INVOICE - [REDACTED] QUOTE NO - 14-08-816	
. Download data and format for processing	\$159.50
. Append DPID for maximum postage savings @ \$10.00 per 1000 - Qty: 8,299	\$91.29
. Letter Text Set up - A4 Duplex (Letter) / A4 Simplex (Survey)	\$220.00
. Laser print Generic A4 Letter as Duplex in Black into 100gsm laser bond Laser print Generic A4 Survey as Simplex in Black onto 100gsm laser bond @ \$165.00 per set - Qty: 8,299	\$1,506.27
. Inkjet Name and Address Details onto DLX Plain Faced Envelopes @ \$22.00 per 1000 - Qty: 8,299	\$200.84
. Fold Generic Letter & A4 Survey to DL and insert into MM supplied DLX Plain Faced Envelope, seal & sort for postal requirements @ \$75.00 per 1000 - Qty: 8,299	\$684.67
. Documentation and Delivery to Australia Post	\$38.50
MM to Supply DLX Plain Faced Envelopes 1 Colour Black, 1 Side on 80gsm stock Flat Fee \$327.60 + GST (Pro-Rata) - Qty: 9,000	\$360.36
<b>Total:</b>	<b>\$3,261.43</b>
<b>GST Comp:</b>	<b>\$296.49</b>

Terms: Net 30

---

Please return this section with your payment

40254AA [REDACTED] MLA

EFT Details: CBA Bank  
BSB - [REDACTED]  
Account Number - [REDACTED]

TERMS: PROCESSING 30 DAYS **Balance Due: \$3,261.43**

Melbourne Mailing Pty Ltd  
PO Box 169, Fairfield Vic 3078 Ph - 9490 1500 Fax - 9499 6200

**Melbourne Mailing Pty Ltd**

Tax Invoice

118 618

Invoice #: 39062PP  
Date: 30/05/2014  
Page: 1

S/N: [REDACTED]

[REDACTED] MLA  
[REDACTED]  
[REDACTED] VIC

DESCRIPTION	GST Inclusive Amount
MEMBER - [REDACTED] ELECTORATE Qty: 27,000	\$4,603.50
<b>Total:</b>	<b>\$4,603.50</b>
<b>GST Comp:</b>	<b>\$418.50</b>

Approved for Payment  
Account: [REDACTED]

I certify that Goods/services have been received and the amounts claimed are correct. Expense complies with the Member's Guide and will be audited. If found to be in breach I will reimburse this amount to Parliament of Victoria

Signature: [REDACTED] Date: 30/05/2014

Terms: Net 30

---

Please return this section with your payment

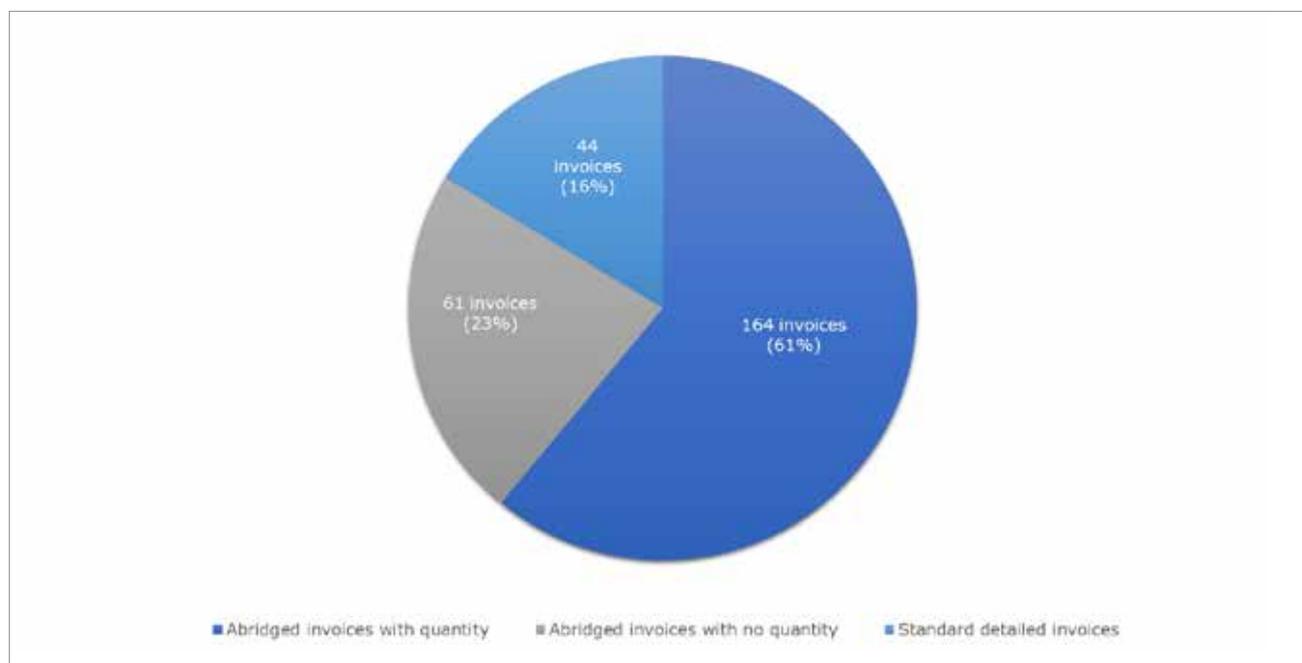
39062PP [REDACTED]

EFT Details: CBA Bank  
BSB - [REDACTED]  
Account Number - [REDACTED]

TERMS: PROCESSING 30 DAYS **Balance Due: \$4,603.50**

Melbourne Mailing Pty Ltd  
PO Box 169, Fairfield Vic 3078 Ph - 9490 1500 Fax - 9499 6200

**Descriptions in Melbourne Mailing invoices issued to Members of the Legislative Assembly, remitted to DPS, between 2010 and 2014**



**Invoice content and processing**

147. The Melbourne Mailing invoices for printing work organised through LPV typically did not contain a detailed list of line items. These items, such as colour printing, paper quality, folds and inserts, and unit pricing, would usually be provided on a client’s invoice. Abridged invoices were typical for printing orders arranged through LPV, regardless of whether a CML charge was included. However, invoices from Melbourne Mailing tended to include more line items and information when a Member of Parliament organised printing work directly.

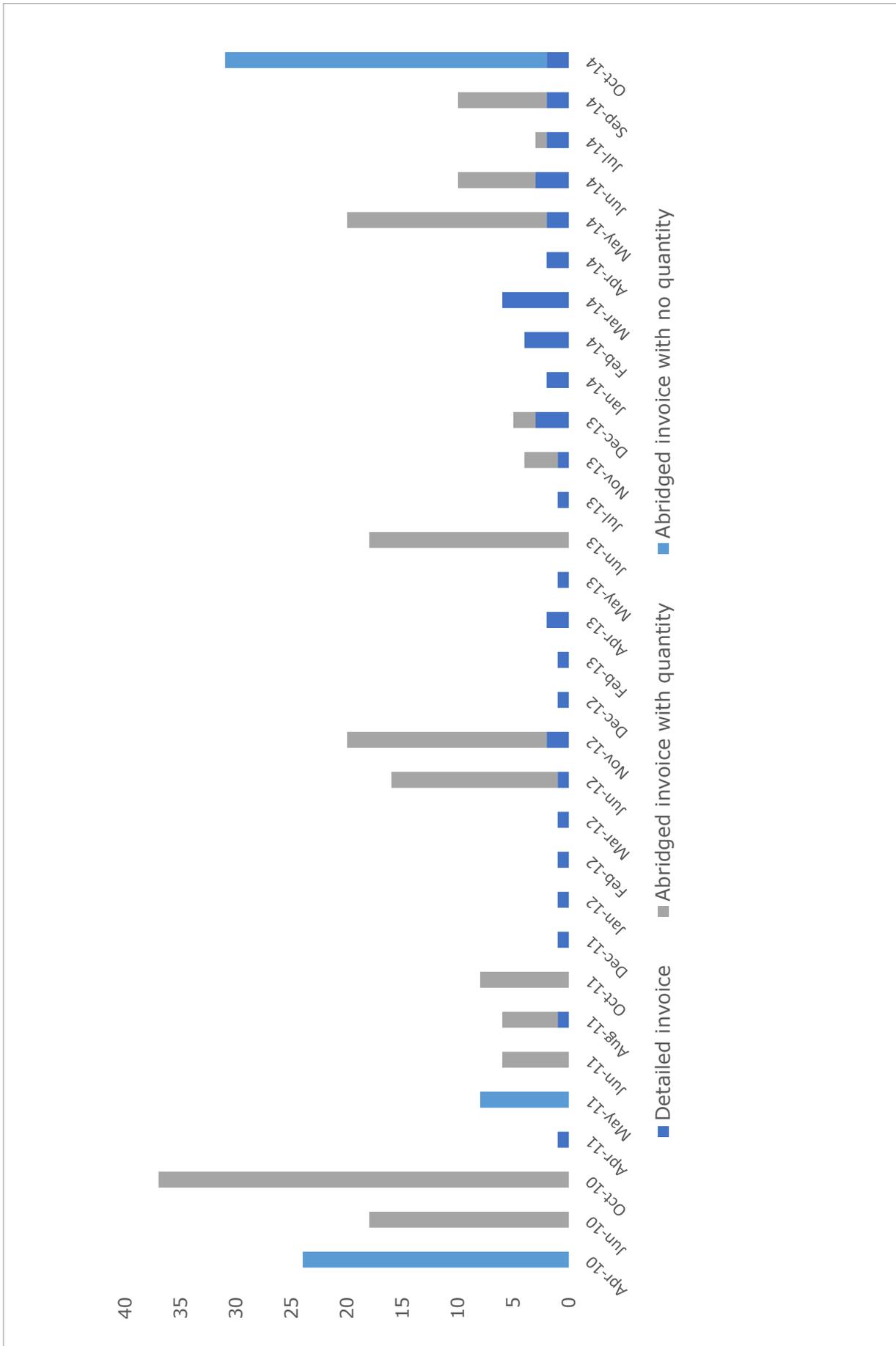
148. Sixty-one of the 269 Melbourne Mailing invoices issued to Members of the Legislative Assembly remitted to DPS between January 2010 and December 2014 did not include the quantity of items printed. The investigation received Melbourne Mailing invoices indicating that abridged details had been included on invoices to LPV as far back as 2007.

149. The absence of quantities did not appear to concern Members and Electorate Officers who certified the invoices. Investigators asked Members how they ascertained value for money without the invoice stating the quantity of items produced. In response, approximately half of the Members who provided information to the investigation stated that they understood – typically from previous communication with LPV’s Secretariat – that these invoices related to electorate-wide mailouts. LPV’s Secretariat held the relevant data about the number of households in electorates.

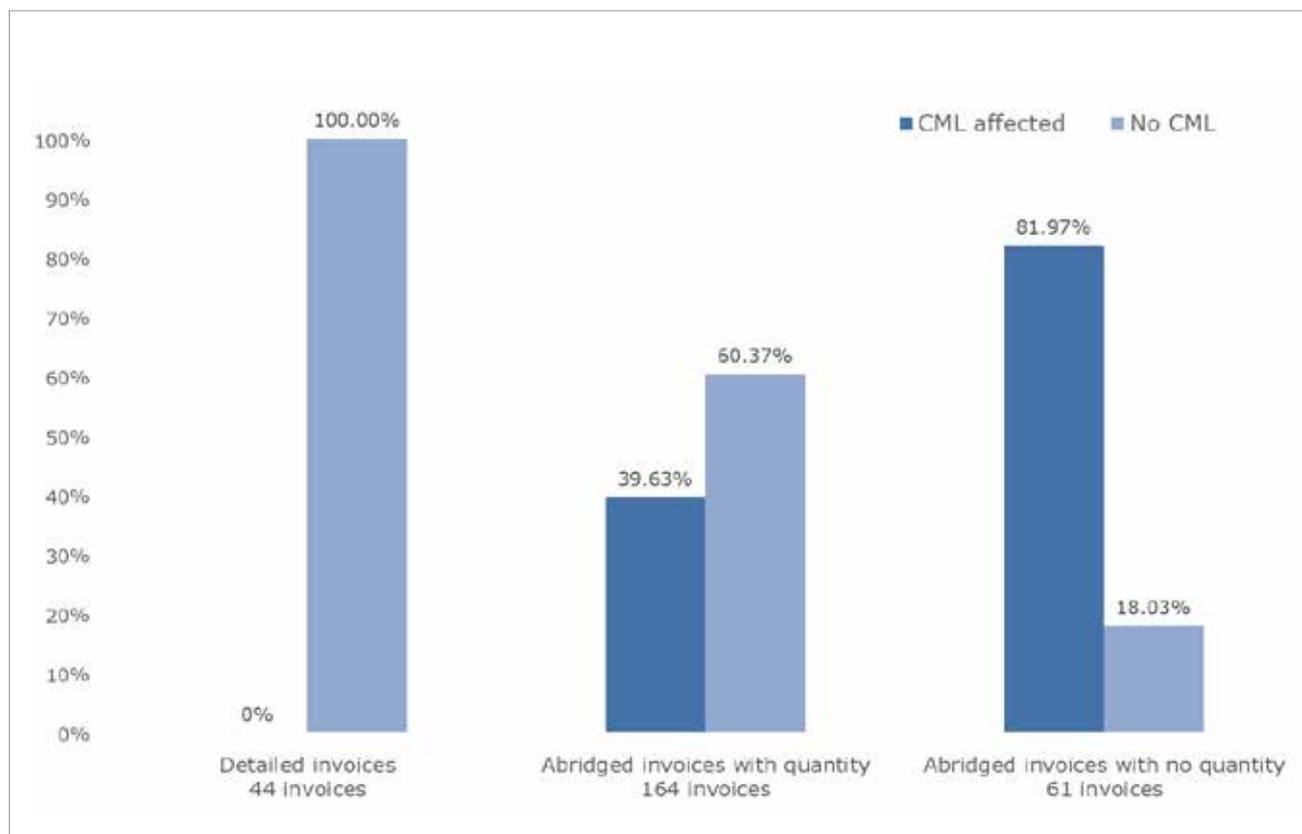
**The Hon Michael O’Brien MP:** ‘Invoices for electorate-wide mailouts were managed by the Secretariat as they had the latest information regarding the number of households in my electorate. I therefore relied on the Secretariat to ensure that the correct number of leaflets were printed to cover the entire number of households in my electorate at the relevant time.’

**Nick Kotsiras:** ‘If an invoice arrived that did not list a quantity I assumed I was getting what I had agreed with Mr Mantach. It never crossed my mind that Mr Mantach would do anything else but deliver on the printing, quantity and distribution as we had agreed.’

Melbourne Mailing invoices issued to Members of the Legislative Assembly by month



## Application of CML charges based on Melbourne Mailing invoice description



150. These accounts do not explain how Members were able to scrutinize the cost of the mailout or adequately compare it to the quote they were originally provided. It is not clear whether these Members considered they were not able to do so, or did not turn their minds to this. Notably, the frequency of Melbourne Mailing invoices that did not include quantities of printing work increased significantly shortly before the Victorian state election in November 2014 (see chart on the previous page).

151. Analysis of Melbourne Mailing invoices issued to Members of the Legislative Assembly shows that CML charges were applied more frequently as the level of detail (including quantities) on the invoice decreased (see chart above).

152. Notably, no invoices with Melbourne Mailing's ordinary detailed descriptions of printing work included any CML charges.

153. Regardless of whether a CML charge was added to an invoice, Melbourne Mailing would send the invoices directly to LPV or to the relevant Members of Parliament as part of its normal process. Invoices directed to LPV would be processed through LPV's finance department. Invoices sent to Members of Parliament would then be authorised for payment by DPS. Either the Member or one of their Electorate Officers (under delegation) would certify the invoice.

154. Members who gave evidence to the investigation consistently stated that they or their delegated Electorate Officers did not use different methods or processes for certifying invoices that included abridged details and/or lacked quantities. Two Members noted they were not aware that invoices were abridged.
155. Invoices processed by DPS were paid from the authorising Member's Electorate Office and Communication Budget allowance, with any GST being paid separately by DPS.
156. None of the Melbourne Mailing invoices remitted to DPS for payment appear to have been rejected due to a lack of information or non-compliance with the relevant section of the Members' Guide. Some invoices were returned to be authorised by Members personally because the invoice amounts were above \$5,000, which was the maximum price Electorate Officers could approve.
157. DPS has advised there was no single method for submission of invoices prior to 2015 and that the return of non-compliant invoices was not necessarily recorded in DPS's systems. As a result, reliably-complete records of the number of Melbourne Mailing invoices returned to Members for their attention between 1 January 2010 and 31 December 2014 were not available.
158. Mr Armato told investigators that Melbourne Mailing did not question the requested changes on invoices, including the removal of quantities.

We've done everything that they've asked us to do, and if they say, "We want an invoice written like that", well, who am I tell them that? [...] They were driving the car, they were telling me what to do, how to do it, and I followed the instructions.

## Members of Parliament who authorised inflated Melbourne Mailing invoices

159. Paragraph eight of the Referral lists 40 current and former Members of the Legislative Assembly as relevant Members for the purposes of the Referral.
160. The following persons identified in paragraph eight of the Referral did not submit any inflated Melbourne Mailing invoices to DPS over this period:
- Members for Bass, Burwood, Hawthorn, Kew, Lowan and Ripon in the 58th Parliament of Victoria<sup>2</sup>
  - Geoff Shaw, Member for Frankston in the 57th Parliament of Victoria.
161. In addition to the remaining 33 persons identified in paragraph eight of the Referral, the following 21 current and former MPs submitted one or more inflated Melbourne Mailing invoice/s to DPS for payment between January 2010 and December 2014:
- Helen Shardey, former Member for Caulfield
  - Bruce Atkinson MLC
  - Andrea Coote, former MLC
  - Georgie Crozier MLC
  - The Hon David Davis MLC
  - Philip Davis, former MLC
  - The Hon Richard Dalla-Riva, former MLC
  - Andrew Elsbury, former MLC
  - Bernie Finn MLC
  - David Koch, former MLC
  - Jan Kronberg, former MLC
  - The Hon Wendy Lovell MLC
  - Amanda Millar, former MLC

<sup>2</sup> Respectively, these current and former Members are: Brian Paynter, Graham Watt, John Pesutto, Tim Smith, Emma Kealy, and Louise Staley.

- The Hon Edward O'Donohue MLC
- Craig Ondarchie MLC
- Donna Petrovich, former MLC
- Simon Ramsay, former MLC
- The Hon Gordon Rich-Phillips MLC
- Andrew Ronalds, former MLC
- John Vogels, former MLC
- The Hon Mary Wooldridge MLC

162. The evidence obtained suggests that there were no substantive differences in the ordering and invoicing processes between the current and former Members of Parliament identified in paragraph eight of the Referral and the additional MPs listed above.

### **Did Members raise questions about the inflated invoices?**

163. The former Campaign Operations Manager told investigators he did not receive any queries from Members of Parliament about the prices on Melbourne Mailing invoices. Despite the inflation of the invoice totals, he noted the invoice prices 'were sort of around that approximation that we had previously provided them'. He did not recall any Members of Parliament ever asking to check the invoices which they had received from Melbourne Mailing against quoted or approximated prices, although he did not know whether any Members had contacted Mr Mantach instead. The former Campaign Operations Manager considered the Members 'had no reason to be unhappy with the service that was delivered', given they were not obliged to sign up to the campaign mail programme and LPV was able to obtain better prices by placing large aggregated orders.

164. Mr Mantach said that Members would contact LPV if they had questions about invoices they received, although these conversations would have occurred 'at a lower level than me'.

I don't recall Members of Parliament raising with me directly the cost of printing. I don't recall Parliamentary Services ever raising with me the cost of printing. I don't recall anyone other than us having internal discussions about costs - and that was more getting bulk pricing and stuff down - raising with me directly costs to do with printing and so forth.

165. Mr Mantach's response is consistent with information provided by the Members of Parliament. Most Members advised they did not or would not have contacted Damien Mantach directly if they had any queries regarding a Melbourne Mailing invoice they had received, suggesting they would contact someone more junior, or a more relevant person such as a Campaign Officer.

166. Mr Mantach believed that if Members had been concerned about the cost of printing work organised through Melbourne Mailing by LPV, they would have brought this to his attention:

They had the capacity to come back to us in at 104 [LPV's head office] and say, 'Are we getting a good rate here?' You know, 'Can you give me any confidence around that?', which my people would generally do to my knowledge at that point in time. [...] Members of Parliament, generally speaking, are not idiots. They have the capacity to go out and check information, check pricing, check what they're being told quite freely. [...] if there were grave concerns expressed then I'm sure I would have been made aware of it at that time and I have no recollection of anyone coming back to me and saying, 'Look, Damien, we're concerned that everything we get from [LPV] seems to be half as much again as what we can get in our own electorates.'

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167. Christine Fyffe, the former Member for Evelyn, told investigators that her Electorate Officers would ordinarily have checked invoices received, and that she 'would only get involved if they thought there was something wrong or if the invoice hadn't come in'. When shown a number of inflated Melbourne Mailing invoices, Ms Fyffe commented that she believed those invoices would have looked reasonable to her Electorate Officers. Ms Fyffe said that her Electorate Officers would ordinarily have contacted one of LPV's accounts officers if they had any questions about invoices for printing and mailing work organised through LPV. Small variances would not have been questioned, Ms Fyffe believed, because 'we trusted [LPV] to look after our best interests.'

168. The Hon Kim Wells MP told investigators that he or his staff would look at the original quotes for printing work before approving invoices for payment. Mr Wells said he would approve an invoice 'if it was reasonably close to the actual quotation'. He would contact LPV to query any variances if the prices were not reasonably close. Mr Wells said that he received 'straightforward explanations' about differences in pricing – for example, increased numbers of items printed, specific targeting of communications within his electorate, or the cost of bespoke changes to the materials. Mr Wells indicated he would ordinarily have spoken with Mr Mantach or the former Campaign Operations Manager about these matters. Mr Wells noted that increases in printing volumes were common and reasonable. This was because populations within electorates fluctuated and LPV's database did not necessarily include up-to-date information.

169. Mr Armato did not recall any Members contacting Melbourne Mailing to discuss mail programmes arranged through LPV. Mr Armato told investigators the majority of his communications were with LPV, although he recalled a small number of conversations with federal Members of Parliament about work Melbourne Mailing performed directly for them.

### **Instances where Members queried invoices and service delivery**

170. Members typically did not raise any concerns about the goods and services provided by Melbourne Mailing. However, David Southwick MP, the Member for Caulfield, provided the following account:

I did manage to find an email from [my Electorate Officer] on 10th July 2013 to [an LPV employee] from LPV in which I was copied into where [the Electorate Officer] queried the cost of a campaign. This resulted in a \$1,344.50 credit from Melbourne Mailing on 29 August 2013. I have attached a copy of the correspondence.

171. The Electorate Officer's email queried why printing work on a particular invoice came to 17.05 cents per unit, rather than the quoted amount of 12.5 cents per unit. In response, the Electorate Officer was advised that 'the State Director will raise the invoice issue with a representative from Melbourne Mailing today'. Melbourne Mailing issued a credit note to the Member of Parliament, and DPS paid the balance of the invoiced price.

172. The investigation reviewed Melbourne Mailing's CML spreadsheet for this mail programme (as featured on page 38), which confirmed the quoted rate of 12.5 cents per unit (before GST). In this case, CML charges of 3 cents per unit (before GST) were applied.

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173. Cindy McLeish MP, the Member for Seymour, recalled an incident that prompted her to make direct contact with Mr Mantach about Melbourne Mailing's services:

There was one time when the brochures were delivered incorrectly. I was furious and so I spoke to Damien directly about this, stating that Melbourne Mailing should reduce or waive part of their fee because they stuffed it up. I told Damien I was to ring Melbourne Mailing about this matter and to negotiate. Damien advised me, in very strong words that under no circumstances should I speak to Melbourne Mailing and that he would do this on my behalf. I had to follow up with Damien on a number of occasions to find out the outcome. He advised me that they would give me a discount on a future distribution, however I don't think this actually eventuated.

174. Investigators identified Melbourne Mailing documents for a subsequent mail programme (see page 38) that included a direction to ensure that the correct brochures were delivered to specific parts of Ms McLeish's electorate.

## Goods and services provided by Melbourne Mailing

175. As discussed previously, the former Campaign Operations Manager told investigators LPV planned and prepared campaign print work to a schedule leading up to an election. LPV would present candidates for election (including incumbent Members of Parliament) with a campaign mail programme. The former Campaign Operations Manager explained that there were 'different tiers of local campaign', with marginal electorates receiving greater attention than those considered to be safe seats for the incumbent Member's party.

176. If a candidate signed up for a campaign mailing programme, the printing work would be arranged directly with Melbourne Mailing by LPV and paid by contributions from the candidate's campaign budget:

The mail programmes were essentially presented on what we thought would be an effective weight of communication to that electorate. And, you know, the local campaigns would have to sign off on those costs, and then there would be monies paid to the Liberal Party, which then the Liberal Party would basically deliver on those agreed pieces using the funds that had been paid to the Liberal Party by those local campaigns.

177. In other instances where LPV organised mail programmes that were not part of electoral campaigns, invoices would be paid from Members' Electorate Office and Communication Budgets. The materials from these mail programmes were subject to the Members' Guide's requirements for electorate communications.

178. Before creating any materials for printing in the lead-up to the 2014 Victorian state election campaign, LPV would seek advice from the Presiding Officers of the Parliament 'to ensure that we were within the guidelines in terms of what we were communicating'. The former Campaign Operations Manager described this as being more akin to a vetting process than obtaining pre-approval from the Presiding Officers, and believed that LPV's Deputy State Director at the time was probably the person involved in these communications. The former Campaign Operations Manager was not aware of any formal approvals process through DPS for printing and mailing services to be paid from Members' Electorate Office and Communication Budgets.

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179. According to the former Campaign Operations Manager, the 'rate of communication' and distribution of direct mail into an electorate would vary. In some cases, mail would be prepared for every registered voter in the electorate; in others, communications would be targeted to 'a particular segment, whether it's demographic or geographic'. A former Melbourne Mailing employee confirmed LPV would provide the details of addresses and postcodes to which printed materials were to be delivered, and Melbourne Mailing arranged for Australia Post to deliver:

Q: [...] did Melbourne Mailing handle the distribution within the electorate?

A: Yes. [...] I believe all the postage was always on Liberal Party's postage, own postage account. So for some of our clients, we would lodge it on our postage account and invoice them for postage, but for all Liberal Party all postage was always on their own postage accounts, and we never saw their postage invoices.

Q: ... But they would handle the deliveries, would they?

A: Yes.

Q: Within the electorate?

A: ... So once we had finished printing, Dandenong letter centre would pick up daily from us and distribute.

Q: To the individual electorates; is that right?

A: Yes. Yes, so we would either do an unaddressed mailing, and we could zone it to that postcode, or we would personalise it to that house, household.

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Q: And to your knowledge that was just something managed by the Liberal Party, as to who would then distribute the materials?

A: Yes, yes.

180. The former Campaign Operations Manager confirmed the delivery of printed materials was organised through Australia Post, and the costs of these postage services were billed to LPV. He stated that any problems or issues with the delivery would be handled by Melbourne Mailing 'in the first instance' due to their closer relationship with Australia Post.

181. Mr Armato told investigators that keeping Melbourne Mailing's clients happy was important to retaining their business. He was forthright in his assessment of Melbourne Mailing's performance for LPV:

We delivered the work, there was no dispute we delivered the work.

182. Mr Mantach echoed Mr Armato's assessment of Melbourne Mailing's satisfactory delivery of the contracted printing and mailing services.

### **Steps taken by Members to confirm delivery of goods and services**

183. The investigation asked Members to describe what steps they and/or their delegated Electorate Officers took to confirm that goods and services were provided adequately, or at all.

184. The responses from Members demonstrated a variety of mechanisms for confirming if the mailout had been delivered, and if so, in a timely fashion.

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185. Several current and former Members of Parliament told the investigation (in responses to Requests for Information) that constituents would contact their offices after receiving communications:

**Dee Ryall:** ‘My office would know once a mail piece had hit the letterboxes in my electorate as we would receive constant phone calls from constituents for a period of up to two days after to discuss it. The calls were many, and I don’t recall a single time when this didn’t happen.’

**The Hon Gordon Rich-Phillips MLC:** ‘[...] following an electorate wide distribution, my office would receive numerous contacts (generally from people not supportive of the Liberal Party) complaining about the mail piece. Typically any given mail piece would generate 20-30 complaints (and 1-5 supportive comments) in the 72 hours after its distribution. On occasions where the feedback was less than expected my office would contact a small number of people across the relevant electorate (typically Liberal Party members) to confirm that they had received the mail distribution. These matters were attended to by my Electorate Office manager.’

**The Hon David Davis MLC:** ‘We took standard clearance steps, taking calls from the electorate when material was distributed to electors. Local people regularly called when material was distributed.’

**Cindy McLeish MP:** ‘Distribution of brochures was confirmed by LPV usually after constituents had already called us to tell us what they agreed with and didn’t agree with! (You always know when a brochure has landed!)’

186. In their responses, Members also told the investigation that they:

- received excess items printed by Melbourne Mailing at their offices when these materials were distributed in their electorate
- checked against the charges on their post accounts to verify delivery of materials prepared by Melbourne Mailing
- contacted people within their electorate to confirm they had received these materials
- received a copy of the printed materials at their own residence, if they lived in the electorate.

187. Ms Fyffe told investigators that she would ask her Electorate Office staff to check whether printed communications had been distributed in her electorate. Ms Fyffe would follow up with LPV about the delivery of material, and with DPS about whether the invoices had been paid from her Electorate Office and Communication Budget.

188. Mr Wells said Members relied on LPV to arrange the printing work and on Australia Post to deliver the finished materials. Mr Wells provided examples of correspondence from LPV regarding planned mail programmes, which included estimated prices and timeframes for delivery of printing works.

## Standard of services provided by Melbourne Mailing

189. The former Campaign Operations Manager’s account of Melbourne Mailing’s reliability and service delivery was nothing short of glowing:

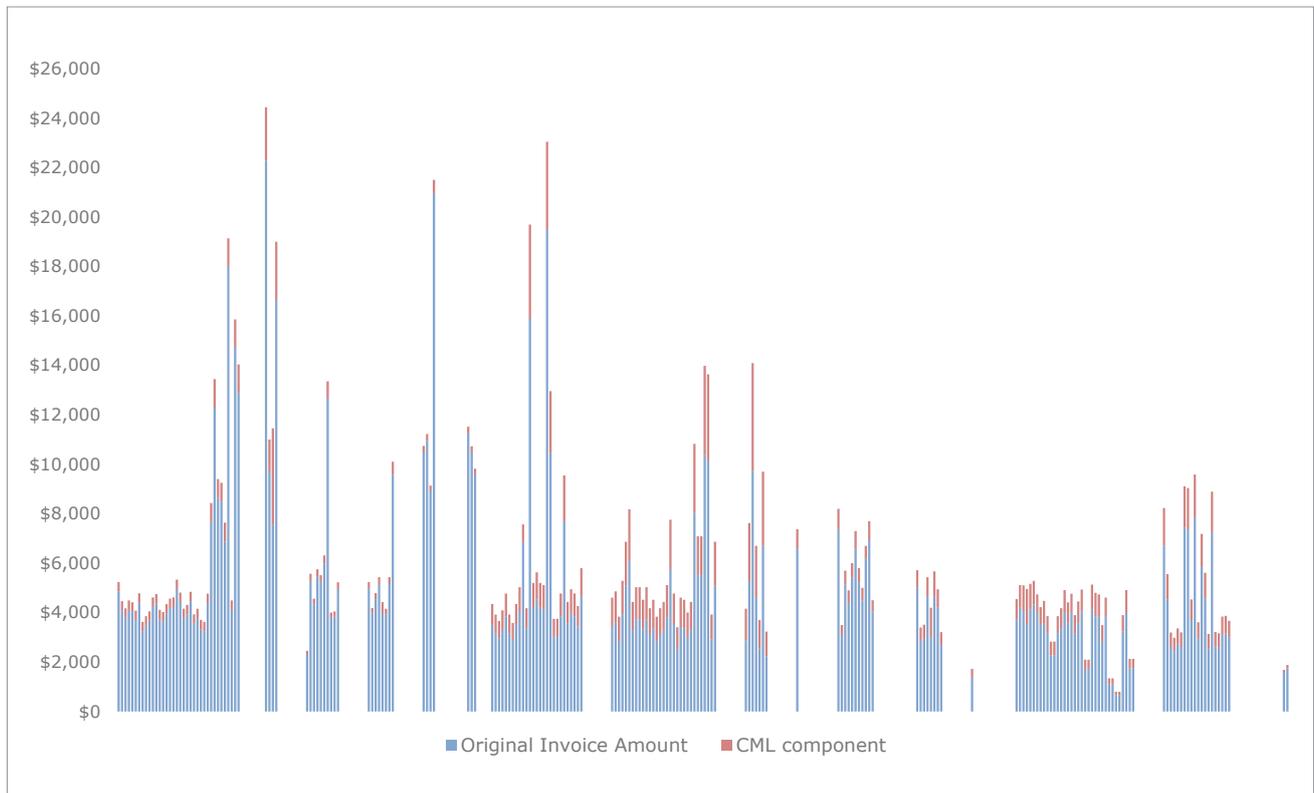
We obviously had trust in them that they knew what they were doing. They never – never, ever, from memory, in the time that I worked with them, ever let us down. There’d be nights during election campaigns where we had to get things done – and I’m talking millions of pieces in a weekend, and they would stay there, 3.00, 4.00 in the morning on the phone to us making sure things were getting done, making sure their printers were working and, you know, allowing us to have the confidence of knowing that things were being done in the way we wanted them done.

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They were always a preferred supplier who always delivered on time and there was never any complaints as to the quality of their product, their pricing or anything like that.

190. Mr Mantach was similarly unequivocal in his assessment of Melbourne Mailing: ‘We kept Melbourne Mailing on doing that because they were bloody good at what they were doing.’ Mr Mantach told investigators he had confidence in Melbourne Mailing’s ability to get work completed at reasonable prices and levels of quality that LPV wanted.

## CML component of inflated Melbourne Mailing invoices



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191. Several Members who provided information to the investigation commented on the service and price provided by Melbourne Mailing. These comments generally concerned the product provided and their assumptions that LPV would be receiving the best price possible due to the economies of scale involved. Most comments about the printing work organised through Melbourne Mailing were broadly positive:

**The Hon Matthew Guy MP:** ‘The cost to us was competitive, in fact cheaper than if I did it locally. We also found it to be better quality.’

**Murray Thompson:** ‘[...] my office used Melbourne Mailing as it had the capability of providing the high speed delivery of printed material to electoral roll addresses.’

192. However, some Members mentioned having been dissatisfied with service delivery and pricing. A former Member stated, ‘We were sometimes disappointed with the quality of material and would make a report to Mr Mantach or his staff.’

### How much were invoices inflated by?

193. The evidence before the investigation suggests that most of the relevant Melbourne Mailing invoices were not inflated substantially above the base price. However, 39 Melbourne Mailing invoices included CML charges that increased their prices by between 30% and 45%. In one case, the CML charge increased the invoice price by more than 50%. Most of these invoices were issued in 2014.

### Did the inflated Melbourne Mailing invoices reflect a fair commercial rate?

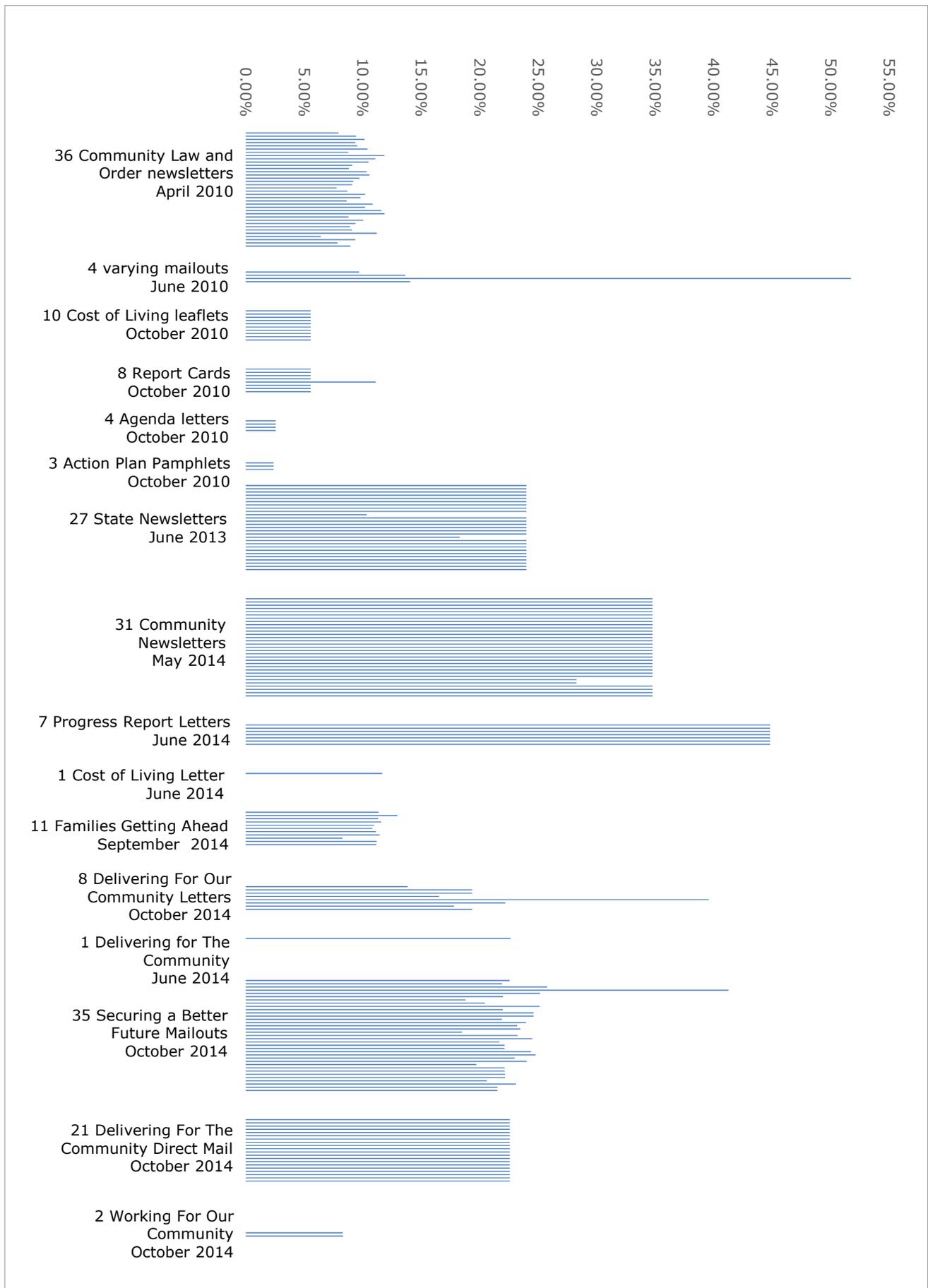
194. The former Campaign Operations Manager stated that LPV would test market pricing from time to time, but that LPV decided that ‘we couldn’t go past’ the full service that Melbourne Mailing provided. He also recounted one instance of LPV using another printer on a test basis, where product quality was considered lacking:

[W]e weren’t entirely happy with the job they did. The product that they produced, while cheap, bought you a cheap product [...] it wasn’t presented as well as what we had become accustomed to from Melbourne Mailing.

195. When interviewed by Victoria Police in 2015, Mr Mantach stated that Melbourne Mailing had provided reliable printing and delivery services, and that the volume of work involved meant that LPV could obtain better prices on each print job:

Ideally you don’t want to be dealing with 20 different printers on a print job, so you give it to one, you screw them down on price as best that you can and then you go and obviously get the material printed and then distributed. Melbourne Mailing were one of the main suppliers to us in that respect, and the reason they became one of the main suppliers to us was that they gave us a whole of – I guess – a whole product, so it wasn’t just the printing, it was then the distribution and working back with Australia Post to get things out on time and quickly and – and so forth.

**Percentage increase of Melbourne Mailing invoices due to the application of 'CML'**



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196. Mr Mantach indicated that LPV would go to market from time to time to determine whether Melbourne Mailing could provide the best price for particular printing work, and that this was the 'driving force' in decisions. Mr Mantach noted that Members could direct work to other printers, and that LPV could obtain better prices because of the volume of work and economies of scale. Mr Mantach told investigators that LPV used Melbourne Mailing 'for the bulk of our material during my time there but not exclusively'. He commented it would be in LPV's interests for Members to identify cheaper options for printing:

If someone came back to us and said, 'Look, that piece is, you know, you're charging that out to us at 22 cents per item printed. Well, my printer says he can do it for 20 cents per item printed.' 'All right. Thank you. That's a 10 per cent saving on that. Let us go back and check', and we would.

[...] And from time to time, if we thought it was creeping up, we would. We would put pressure back onto Melbourne Mailing or to whoever else we were using to get the pricings back in line again.

197. The Hon Nick Kotsiras recalled that 'the prices quoted by Mr Mantach at the time seemed reasonable, considering it included layout, printing, folding and distribution'. The Hon Mary Wooldridge MLC commented about Members' obligations under the Members' Guide and Parliament's Procurement Policy:

While the Members' Guide and Procurement Policy does not require a Member to satisfy themselves that quotes and prices are charged at a fair commercial rate, checking in my office of material commissioned by the LPV from Melbourne Mailing confirmed it was prudent to utilise the services LPV had arranged as it was of equivalent or better print quality and in the same order of cost magnitude as material printed and distributed by other printers.

198. In contrast, a third former Member who provided information to the investigation noted that they had been able to organise cheaper printing through a different supplier, and they had declined to participate in a number of mail programmes coordinated through LPV:

Mr Mantach told me on two occasions or more that he had a very good deal with 'his printer'. I refused to participate in a couple of mailouts and was criticised by Mr Mantach and others for not being a team player. I could get printing done cheaper on those occasions and decided not to participate. I cannot recall which pieces these may have been.

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199. In 2015, Mr Mantach told Victoria Police that he believed Members might discuss the costs of different types of printing work, and that he took steps to minimise the risk that Members would learn that they were being overcharged for printing work organised through LPV:

If it was a case that we arranged a job centrally for an MP and they paid, let's say, \$2,000 for the job, their colleague could be sitting next to them, saying, 'Well, I did the same thing and I only paid \$1,500,' then we have a whole of heap problems on our hand, so - so we would go back and, you know, work - be making sure that we were getting sharp pricing on materials that were coming through, or doing our best to anyhow, and then making sure that you're comparing apples and apples.

200. At interview, Mr Mantach was asked about one print job for which the invoice had been inflated by more than 40%. Mr Mantach could not recall having done so, but commented:

... I'm not aware why one would go up that amount because to me that would be a giant red flag to state the obvious.

201. A former Melbourne Mailing employee and the former Campaign Operations Manager gave evidence that in 2014, Melbourne Mailing had prepared a pricing matrix or guide for printing services. This pricing matrix was provided to LPV prior to the 2014 Victorian state election campaign, consistent with Melbourne Mailing's practice for other large clients ordering large volumes of printing and mailing work. The former Melbourne Mailing employee told investigators that the pricing matrix was used for print orders organised through LPV in the 'eight to ten weeks' before an election, and that they did not remember providing many quotes to LPV officers for printing work. In contrast, they recalled that Melbourne Mailing would normally provide quotes for any printing requests received from individual Members of Parliament. Written quotes from Melbourne Mailing would have an internally-generated reference number.

202. The former Campaign Operations Manager described the pricing matrix as being useful in planning campaign mailing for the 2014 Victorian state election:

There were some staple - 'staple' is probably the wrong word because - there were some common pieces that you use during an election campaign, especially one as short as the Victorian election campaign. So it was known that we would have certain types of material. We would need envelopes, paper, you know, the type of fold, the type of print that we would be looking for, so we identified that these were the pieces that we were highly likely to use. There was nothing there that was bespoke or difficult to produce, so that seemed like a way of, as you say, streamlining the decision-making process around costings.

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## What Members knew or ought to have known about the inflated invoices

203. The former Campaign Operations Manager's understanding at the time he was working at LPV was Melbourne Mailing:

... were giving us under market prices, the best possible price that they could. And then, the rebate was then applied to that.

204. At interview, he confirmed that LPV considered Melbourne Mailing provided efficient, high quality work at a good price. He also confirmed that LPV could obtain a better price with Melbourne Mailing than from other printers, because of the high volume of work being directed to Melbourne Mailing and the reliability of their trade printers.

205. The 'supply rebate' explanation Mr Mantach gave to the former Campaign Operations Manager appears to have been a means of describing the invoice inflation arrangement in a way that he would accept. At the time, the former Campaign Operations Manager did not know the true state of affairs or the alternative justification given to Mr Armato in 2010. Not unreasonably, he trusted Mr Mantach. There is no evidence that the former Campaign Operations Manager took steps to clarify matters with, or obtain guidance from, anyone other than Mr Mantach about the purported 'supply rebate'.

206. In response to the draft report, the former Campaign Operations Manager submitted:

Seeking clarification from others overlooks the reality that I would have been undermining the State Director and acting contrary to his instructions.

207. He also described the lead up to the state election as 'constant pressure and frenetic activity'.

208. It remains that Mr Mantach's direction to collect money from inflated invoices directed to Members of Parliament was an unusual request that was at odds with the Members' Guide's directions. The former Campaign Operations Manager knew that invoices directed to Members of Parliament would be paid from parliamentary funds. He understood that the 'supply rebate' existed to provide a 'pool of funds' to pay for emergency campaign activity. It is surprising that this 'rebate' was apparently never raised – even in passing – with any other LPV staff member or Member of Parliament.

209. The former Campaign Operations Manager's evidence was consistent with Mr Mantach's statements about Melbourne Mailing's pricing and LPV's practices of testing the market for certain printing work.

210. Mr Mantach was confident that Members did not know about or suspect the invoice inflation arrangement, due to LPV's economies of scale and its relationship with Melbourne Mailing:

I'm unaware of how any Member of Parliament would be aware or ought to have known [...] because, quite frankly, if they would take any of the pieces that have been produced for them and given to them and had them priced independently in their electorate, probably nine times out of 10 the price that they received would have been no better than what we were doing for them.

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211. When Mr Armato was asked if Members would have known the invoices were inflated based on the information the invoices contained, he didn't believe they would:

Q: This is just asking your opinion. Given that the invoices that are ultimately rendered to Members of Parliament, many of which don't contain quantities or details, what do you think their chances of being able to identify that a CML amount had been added onto that invoice?

A: I would say they wouldn't know.  
[...]

Q: Why do you say that? For what reasons would you say that they wouldn't be able to tell that the CML had been added?

A: Because I don't know. I just don't think they would be privy to that. Well, not privy to that. Well, they wouldn't - they didn't know, obviously. I think that the - I can't speak for the conversations that 104 [LPV] have with their candidates or with their MPs, I'm not privy to that, I don't know. I think they would look at total dollar value, probably, and say, 'Well, it comes in under budget, we're good.' I think that's what they would do, but I'm only guessing. I don't know.

### Information from Members

212. All Members who provided evidence to the investigation stated they were unaware of the inflation arrangement between Mr Mantach and Melbourne Mailing:

**Murray Thompson:** 'Categorically, I was not aware of any discount, rebate, payment or benefit in relation to what is stated.'

**Georgie Crozier MLC:** 'I am unaware of any inflated rates, kickbacks or an amount to be paid by a third party.'

**Christine Fyffe:** 'A complete shock when it came out. Absolute shock because it was all based on trust. Implicit trust that the organisation, the Party, was doing everything in their power to maximise our chances of winning.'

**The Hon David Hodgett MP:** 'As the negotiating for the printing and price was centrally coordinated by the Secretariat, in good faith, the assumption was made that the services delivered were done so at a fair commercial rate, did not include any 'kickbacks' or levies and did not include any other amount to be paid to a third party.'

**The Hon Michael O'Brien MP:** 'At all times I relied on the Secretariat to act in the best interests of me as a Liberal MP; this included securing value for money in the procurement of electorate communications so as to maximise the use of the EO&C budget available to me as a Member of Parliament.'

213. As discussed earlier, some Members and their Electorate Officers queried higher-than-expected prices on invoices received. One Member who noticed their Melbourne Mailing invoice was higher than expected rationalised the increased cost, rather than making enquiries to confirm the reason:

**Cindy McLeish MP:** 'On one occasion my staff member and I thought one newsletter was a higher cost than we expected. We then 'brainstormed' all the ideas as to why this could be. We considered the quality of paper, quality of printing, number of pages etc. and in the end justified the cost.'

214. Christine Fyffe told investigators the price of printing services was an important consideration, but she expected LPV would be obtaining the best prices available for printing:

Always. Always the price, but I never - I didn't go to the point of view of getting another quote and contrasting. It never crossed my mind to do it. I assumed that [LPV] were getting the best prices for us.

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215. Ms Fyffe said LPV would often be able to obtain a better price than Members could, particularly if similar materials were being distributed in several electorates. She said she stopped using LPV to arrange printing and distribution when she believed the prices were becoming quite expensive. Ms Fyffe would typically have the printing design work completed by LPV, as it was better placed to perform this work than her Electorate Officers, but would often organise the printing and mailing separately.

216. The Hon Kim Wells MP said the centralisation of printing arrangements was intended to reduce costs and ensure consistency in branding and messaging across Victoria.

So we can't have individual Members of Parliament going off to their local printer or their local designers to put something out because then the Liberal brand has got 20 variances in it and that's not what we are trying to sell. We're trying to sell a simple, straightforward message.

217. Mr Wells explained Members generally accepted that the totals on final invoices could vary somewhat from the approximate prices LPV gave. Mr Wells provided reasons for this as follows:

It should be noted that the costs provided to MPs were estimates, as provided in good faith by the Secretariat, or what Liberal MPs and electorate staff believed were to be in good faith, and any variation to actual invoiced costs would have been dependent upon a number of factors including:

- i. the actual participation rate of MPs in the proposed mailing program would have affected final unit volumes potentially leading to a variation to quotation/estimate;

- ii. the degree of complexity of individual electorate localisation of content away from the suggested template design provided by the Secretariat;

- iii. any changes to printing or distribution lead-times that may have impacted upon the printer's fair and reasonable commercial costs such as staff overtime costs, amended scheduling and logistics etc.

218. However, three Members provided evidence that they would or did raise concerns with LPV directly about increases, while another Member identified a concern regarding a particular invoice but rationalised the increase as the quality of paper, quality of printing and number of pages justifying the cost.

219. At interview, investigators explained to Mr Wells the methods by which Mr Mantach inflated the invoices. Mr Wells said that prior to his interview with investigators, he had not seen any draft invoices that Melbourne Mailing had provided to Mr Mantach. Having been shown relevant invoices, Mr Wells told investigators that 'from a Member of Parliament point of view, there was nothing more at the time that we could have done' to identify that those invoices had been inflated:

We had trust and faith in the Secretariat that everything was being done at the proper commercial rate and the best value for all Members of - all Liberal Members of Parliament was being achieved.

220. Mr Wells described the marked-up draft invoices as 'incredibly disappointing'.

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## Discussion

221. Inflated Melbourne Mailing invoices were issued to 54 current and former Members of Parliament. These invoices were approved by Members or their Electorate Officers and remitted to DPS for payment.
222. Seven current and former Members of Parliament identified in paragraph eight of the Referral did not authorise any inflated Melbourne Mailing invoices. These Members were:
- Brian Paynter, former Member for Bass
  - Graham Watt, former Member for Burwood
  - John Pesutto, former Member for Hawthorn
  - Tim Smith, Member for Kew
  - Emma Kealy, Member for Lowan
  - Louise Staley, Member for Ripon
  - Geoff Shaw, former Member for Frankston.

### Delivery of goods and services by Melbourne Mailing

223. All of the evidence indicates Melbourne Mailing did provide the goods and services described in the invoices. Twenty-one current and former Members who provided information to the investigation identified methods used to confirm the invoiced services had been delivered. Some were passive strategies, such as contacts from their constituents about the communications and Members' receipt of surplus printed materials. Others involved active steps, such as reviewing postal account records and checking with people in their electorate to confirm they had received the materials.
224. Current and former Melbourne Mailing staff all recalled the importance of LPV as a client and the efforts to which Melbourne Mailing went to retain their business. Mr Mantach and the former Campaign Operations Manager both gave evidence of their satisfaction with the services provided. Overall, Members were positive or neutral about the LPV's arrangement of mailouts on their behalf by Melbourne Mailing. It was a convenient arrangement that reliably delivered a satisfactory product at a reasonable price. Members who raised concerns about the cost or services provided by Melbourne Mailing were in the minority.
225. Despite Melbourne Mailing's role in the invoice inflation arrangement, there is no evidence that anyone at Melbourne Mailing was aware that the CML monies were in fact being paid to Mr Mantach.

### What Members knew or ought to have known about invoice inflation

226. The process by which Melbourne Mailing invoices were inflated did not involve Members of Parliament. Members were given an approximate price at the time of agreeing to participate, rather than a fixed price. They were otherwise not involved in the invoicing process until they received the final invoice from Melbourne Mailing. There was no point in this process where Members or their staff would have learned that the total price or per-unit price had been increased.
227. The Members who provided information to the investigation were sensitive to the prices of services and goods paid for from their Electorate Office and Communication Budgets. For the most part, Members appear to have relied on LPV obtaining better prices through economies of scale. This was a reasonable assumption, given the volume of printing LPV coordinated across Victoria. LPV was also arranging the design, printing and distribution of those materials specifically to assist Members and endorsed candidates to win election.

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228. Several Members directed printing work to suppliers other than Melbourne Mailing. In some cases, the Member wished to support local businesses. In others, the Member considered they could get a better price on printing and distribution than if this was organised through LPV and Melbourne Mailing.
229. There is no evidence that Members of Parliament were aware that Melbourne Mailing invoices had been inflated. Based on Members' experiences of what could be obtained from other suppliers for a comparable product, the inflated invoices appear to have been priced at a fair commercial rate for the printing work performed by Melbourne Mailing. This was generally true despite the CML charges being applied to them. Even when Members queried the invoice prices, there was no basis for them to suspect the true arrangements, given that Mr Mantach was in a position to either supply a plausible explanation or otherwise respond to the matter for them as State Director.
230. Similarly, the available evidence does not suggest that Members ought to have known that invoices were inflated. Mr Mantach told investigators that he had typically structured the inflation of invoices so as to fall within the margins obtained through these economies of scale. LPV also periodically tested the market for printing prices, and Mr Mantach used this information to extract better prices from Melbourne Mailing. The investigation's examination of the invoices and the amounts by which they were inflated supports Mr Mantach's evidence, even though a small number of invoices issued in 2014 were inflated more significantly.
231. The design of the invoice inflation arrangement and the timing of the invoices both worked to conceal the price increases from Members of Parliament. As the architect of the fraud, Mr Mantach exploited a benefit which Members could only derive through LPV arranging large volumes of printing work at a lower per-unit cost. Members were aware that LPV could obtain savings through economies of scale, but they could not have known the amounts which might have been saved in this way unless LPV ascertained and communicated that information. The inflated invoices were also issued around state and federal budgets and leading up to state and federal elections. These are periods of greater political activity and community engagement for Members, where there is likely to be a correspondingly lower level of focus on rigorous administrative compliance.

#### **Effect of abridged details and lack of quantities in invoices**

232. It is concerning that so many of the inflated Melbourne Mailing invoices issued to Members had abridged details of the printing work performed and/or did not include quantities. It is not possible to ascertain the per-unit value of printing and mailing work without knowing the quantity of units prepared. Proper comparison quotes cannot be easily obtained without sufficient details of the printing work actually performed. Some Members assumed LPV would have ordered as many units as the Member had requested when agreeing to participate in a mail programme, or relied on LPV having the relevant information about households in the target electorates. Others assumed the number of units ordered was slightly greater than the number of constituents in their electorate, or checked against information in the LPV's Feedback database.

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233. As noted previously, the dates of issue of the inflated invoices may have limited the ability of Members and their Electorate Officers to make more substantial enquiries about quantities and details of printing work not being included on invoices. Mr Mantach's evidence suggests that LPV preferred to minimise the level of detail on invoices to limit the chances DPS might refuse to pay an invoice. Investigators obtained a sample of invoices for printing work remitted to DPS for payment by or on behalf of Members of other political parties, which indicated that abridged details on invoices are not common but are not limited to LPV (see example on the following page).

234. However, as demonstrated by information one Member provided to the investigation, taking steps to confirm printing work details, reasons for pricing changes and the quantities produced would not have identified the invoice inflation arrangement. Obtaining this information would not have proved, or supported a reasonable inference, that invoices were being intentionally inflated or were not being charged at a fair commercial rate. Indeed, some Members who perceived that they could get printing and mailing services arranged at a lower cost by other providers did so or gave evidence of varying levels of engagement with printers to achieve a competitive price. A former Member stated she 'could get printing done cheaper on those occasions and decided not to participate'. Another Member stated:

**The Hon Nick Wakeling MP:** 'We have a preferred printer that we negotiate a Price Matrix with each year. Quotations are also sought from local printers to ensure the preferred printer pricing remains competitive. [...] Most of the electorate office printing and distribution was printed by their preferred printer [another printing company].'

235. At most, making enquiries to obtain information about quantities and details of printing may have enabled Members to assess the value of services being received from Melbourne Mailing and to seek comparison quotes from other suppliers. This may potentially have allowed Members to obtain a better rate for printing and distribution work – or to advise LPV that they had identified an alternate supplier at a lower cost than Melbourne Mailing. However, most Members appear to have relied on LPV to obtain the best prices available.

Example of a print media invoice issued to a non-Liberal affiliated Member of Parliament



**kosdown**  
we think in ink.

Date Received: 09 October 2014

**TAX INVOICE**



**kosdown printing company pty ltd inc. flash print australia**  
 10 rocklea drive port melbourne victoria 3207  
 po box 412 port melbourne victoria 3207  
 tel +613 9646 1177 fax +613 9646 5776  
 accounts@kosdown.com.au www.kosdown.com.au  
 EFT Payment: [REDACTED] • Account [REDACTED]  
 ABN 39 005 952689

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**Invoice Number** [REDACTED]

[REDACTED] MP  
 State Member for [REDACTED]  
 PO Box [REDACTED]  
 [REDACTED] VIC [REDACTED]

**Invoice Date** 30/09/14

S/N: [REDACTED]

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Description	Quantity	Total(\$)
MP [REDACTED] East West letter + DLX envelope + insert	22,438	4,435.00
<b>SUBTOTAL</b>		4,435.00
<b>GST</b>		443.50
<b>Invoice Total(\$)</b>		<b>4,878.50</b>

**Approved for Payment** Account [REDACTED]

I certify that Goods/services have been received  
 and the amounts claimed are correct. Expense  
 complies with the Member's Guide and will be  
 audited. If found to be in breach I will reimburse  
 this amount to Parliament of Victoria

Signature [REDACTED] Date 9/10/14

Kosdown Printing Co Pty Ltd inc. Flash Print Australia  
 +++ NOTE FLASH PRINT CLIENTS. NEW BANK  
 ACCOUNT AND ADDRESS DETAILS FROM 01.10.14 +++  
 BSB: [REDACTED] Account: [REDACTED]  
 All correspondence to PO Box 412 Port Melbourne VIC 3207  
 Only the items identified as such are FSC certified

Order No. [REDACTED]  
 Job No. [REDACTED]  
 Quote No. [REDACTED]

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## Conclusions

236. The available evidence supports the following conclusions in respect of paragraphs three, four and five of the Referral:

- Goods and services were provided in connection with Melbourne Mailing invoices (whether or not the prices on the invoices had been inflated).
- The goods and services provided by Melbourne Mailing fairly reflected the value and description of items as outlined in those invoices, notwithstanding that the total price on a number of invoices was inflated. The lack of detail (including quantities) on several invoices would have made it more difficult for Members receiving those invoices to be reasonably satisfied of this without reference to other information, such as LPV's constituent management database.
- Members certifying as to the accuracy of these invoices (and their Electorate Office staff doing so under delegation, as applicable):
  - o would have known, or had cause to reasonably believe, that the goods and services referred to in the invoices had been provided adequately
  - o had reasonable grounds to believe that the goods and services referred to in the invoices were charged at a fair commercial rate
  - o did not know, and could not reasonably have known, that the goods and services referred to in the inflated Melbourne Mailing invoices were charged at an inflated rate.

# Kickbacks and levies

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237. Paragraph six of the Referral specifically directs the Ombudsman to investigate:

any kickbacks or levies received by Members of Parliament, or by or on behalf of Liberal Victoria, associated with Melbourne Mailing and the deal struck by convicted criminal and former Liberal Victoria State Director Damien Mantach.

## Definitions

238. For the purposes of this investigation, 'kickbacks' were defined as negotiated bribery – an agreement to pay money and/or provide gratuities, services or benefits to persons in relevant positions of trust or authority for a reciprocal benefit. The term 'levies' relates to monetary payments such as fees, taxes or commissions for service.

239. Together, the two terms include both monetary payments and non-financial benefits, other than those which might be appropriately exchanged or provided in the ordinary course of business. Both 'kickbacks' and 'levies' imply an ongoing series of transactions rather than one-off payments or services, whether on a regular schedule or an ad hoc basis.

240. In the circumstances described in paragraph six of the Referral, a relevant 'levy' would necessarily be one or more payments made to LPV and/or Liberal Members of Parliament associated with Mr Mantach's frauds (whether from the proceeds of the frauds or any other source). 'Kickbacks' could comprise payments of money and/or provision of other services or benefits supplied in connection with the arrangement between Mr Mantach and Melbourne Mailing to inflate invoices for printing and direct mailing work. In either case, a kickback or levy could be provided directly by Mr Mantach or indirectly through a third party.

## The investigation's approach

241. Investigators obtained and examined account statements for relevant bank accounts connected with Mr Mantach between January 2010 and October 2018, including accounts for a business operated by his then wife in 2014 and 2015. Investigators completed full reconstructions of the two accounts operated by Mr Mantach that directly received all of the proceeds from Mr Mantach's frauds. Investigators also reconstructed a third account associated with Mr Mantach, to which \$349,000 of fraud proceeds were transferred in a single payment on 30 January 2015.

242. From analyses of these financial records, investigators identified 2,012 transactions for which further information was required to identify whether the transaction represented a 'kickback' or 'levy'. 'Trace details' for these transactions were obtained directly from the Commonwealth Bank. Details for a small number of transactions were not available, as they had occurred in 2010 or 2011 and the relevant records had been (lawfully) destroyed. The unavailability of these records meant that \$4,271.85 of payments from accounts operated by Mr Mantach could not conclusively be attributed as payments to a particular person or entity. These analyses also informed the investigators' interviews and Requests for Information.

243. The investigators' methodology was verified by an independent forensic accountant, who confirmed that it would produce reliable conclusions concerning the allegations in paragraph six of the Referral.

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## Where did the money go?

244. All proceeds of Mr Mantach's frauds were initially paid into two accounts he controlled. The majority of these funds were transferred to his other accounts.

245. The fraud proceeds were spent in four main ways:

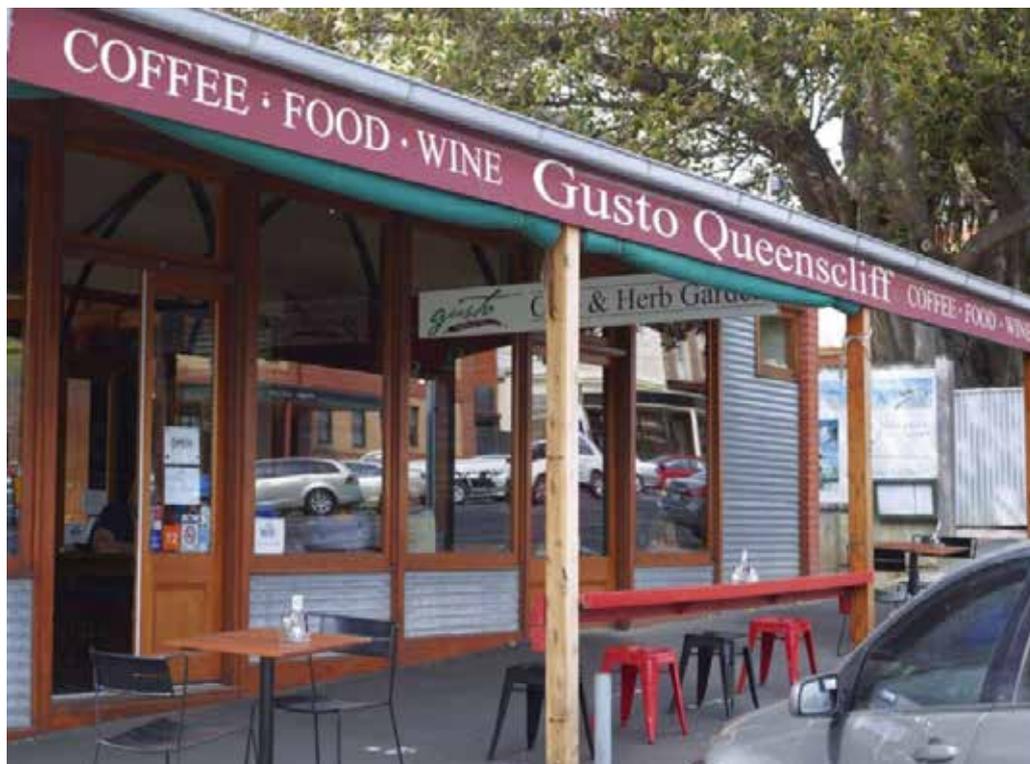
- luxuries such as overseas holidays (including spending money), furniture, a new car, electronic goods, and concert tickets
- meeting expenses (including mortgage payments) and repaying debts
- establishing a significant share portfolio
- purchasing and financially supporting a café business (Gusto Queenscliff) between April 2014 and September 2015.

## Gusto Queenscliff

246. A company named Mantach Enterprises Pty Ltd was registered in February 2014, listing Mr Mantach's then wife as the sole Director and Secretary. In April 2014, this company purchased Gusto Queenscliff, an established café located in Queenscliff, Victoria. The company obtained a business loan to finance part of the purchase price. Fraud proceeds of \$68,232 were used to make up the balance.

247. The Gusto Queenscliff bank account received at least 57 deposits totalling \$257,875 from accounts that received proceeds of Mr Mantach's fraud. These deposits were often described as loans, although some did not include a description. The funds received were used for expenses such as wages, stock, property improvements, tax bills and employer superannuation contributions.

### Gusto Queenscliff café, circa 2014



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248. Gusto Queenscliff's credit card account received payments totalling \$10,329 from accounts that received proceeds of Mr Mantach's fraud. The investigation also identified payments from accounts that received fraud proceeds totalling at least \$76,543 for rent, design services, legal fees, accountants' fees, furniture and works for the café.
249. The business loan balance of \$77,519.38 was repaid in full in February 2015. These repayments were made from an account that received \$349,000 of fraud proceeds in late January 2015.

## Discussion

### Was the invoice inflation arrangement a 'kickback' scheme?

250. Damien Mantach agreed that the invoice inflation arrangement had involved a 'kickback', but added it was 'a kickback only to me'. Mr Mantach told investigators there was no threat or tacit understanding that Melbourne Mailing would only receive LPV's business if it inflated invoices as directed. Mr Mantach said he could not force Members of Parliament to use LPV's preferred printers, and the arrangement was his 'taking advantage of an opportunity, not the reason why we kept Melbourne Mailing doing that work'.
251. Felice Armato and Mr Mantach both strongly denied the arrangement was a 'kickback' for Melbourne Mailing to pay in order to keep LPV's business. Mr Armato told investigators Melbourne Mailing agreed to the arrangement to keep its customer happy. He did not accept that it was a 'contingent factor' that guaranteed Melbourne Mailing received or kept LPV's business.
252. Melbourne Mailing's Administration Manager also denied the arrangement was a 'kickback' or involved paying a 'levy':
- It never seemed like a kickback. We were awarded the work for the election. That was our work. That's what we did. So it wasn't a kickback. It was just a process.
253. On the available evidence, Melbourne Mailing appears to have treated Mr Mantach's request to inflate invoices to LPV and Members of Parliament and to remit the additional amounts to another entity as a legitimate request from a major client. This arrangement could only have been legitimate if LPV paid all of the inflated invoices, in which case Melbourne Mailing would have effectively been paying the other entity with LPV's money. It should have been obvious to Melbourne Mailing that this was not the case, and that invoices the company had issued to Liberal Members of Parliament were being paid by DPS. It beggars belief that no one at Melbourne Mailing ever considered that it might be improper for the company to receive overpayments of public funds from DPS and remit those amounts to a third party, ostensibly for services rendered to LPV.
254. The only reason why this arrangement was not a 'kickback' for the purposes of paragraph six of the Referral is because the CML payments all went to Mr Mantach personally. DPS paid the inflated invoices directed to Members of Parliament from parliamentary funds. If the CML charges from these payments had actually been used to pay another entity for services provided to LPV – the very explanation that Mr Mantach gave to Mr Armato – then the arrangement would likely have been a 'kickback' to LPV.

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255. In all the circumstances, the invoice inflation arrangement was collateral to Melbourne Mailing receiving LPV's printing and direct mail work. It was not the determining factor in LPV engaging its services between 2010 and 2014. The arrangement was in place before the 2010 federal election, which was effectively an audition for Melbourne Mailing to become one of LPV's preferred suppliers. By all accounts, Melbourne Mailing generally delivered as LPV and Members required. Melbourne Mailing subsequently became LPV's preferred supplier, but Mr Mantach could not force Members to use their services.

256. Furthermore, Melbourne Mailing and its staff were not aware that Mr Mantach was using this arrangement to fraudulently enrich himself. For these reasons, the invoice inflation arrangement cannot properly be considered a situation of 'negotiated bribery' whereby Melbourne Mailing knowingly provided a benefit to LPV in exchange for LPV's continuing business.

### **Were any 'kickbacks' or 'levies' received by LPV or Liberal Party MPs?**

257. The investigation's review of the Mantachs' accounts identified no payments to any Liberal MPs or candidates for election, at any time.

258. The investigation identified three payments to LPV totalling \$11,209 between 1 January 2010 and 19 August 2015 (when Mr Mantach admitted his offending during an interview with consultants retained by LPV):

- \$3,856 on 7 September 2012 to an LPV account as a reimbursement to LPV by Mr Mantach for air travel expenses he had incurred.

- \$4,708 on 14 June 2013 to an LPV account as a reimbursement to LPV by Mr Mantach for travel expenses.
- \$2,645 on 22 June 2015 to an LPV account, the description of which ('Car payment') suggests a payment relating to a car lease or fringe benefit relating to Mr Mantach's employment at LPV, given this payment occurs about six weeks after Mr Mantach stepped down as LPV State Director in March 2015.

259. As these three transactions appear to have been legitimate reimbursements or payments by Mr Mantach, they cannot be considered to be 'kickbacks' or 'levies' received by LPV. It is also worth noting the total value of these payments is vastly lower than the amounts Mr Mantach defrauded from LPV.

260. Mr Mantach also provided LPV with a bank cheque for \$429,713 on 26 August 2015. The bank cheque represented close to the full value of Mr Mantach's share portfolio at the time he admitted to his offending. This cheque was drawn and provided after Mr Mantach had disclosed his criminal activities, as partial repayment of the funds he had defrauded from LPV. As such, this payment is restitution or compensation from Mr Mantach to LPV, rather than a 'kickback' or 'levy' associated with Mr Mantach's arrangement with Melbourne Mailing.

261. The investigation's analysis of the Mantachs' accounts did not identify any payments to any entities linked to LPV.

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## Other benefits provided by Melbourne Mailing

262. Mr Armato told Victoria Police that Mr Mantach had made a personal request for Melbourne Mailing to print materials for Gusto Queenscliff, including menus. Mr Armato estimated the value of this service at between \$2,500 and \$3,500. Melbourne Mailing did not charge Mr Mantach for this service. This service could not be considered a 'kickback' or 'levy' within the scope of paragraph six of the Referral, as it was provided to Mr Mantach rather than to LPV or any Member of Parliament.
263. Mr Armato also stated that from time to time between 2010 and 2014, he would meet with Mr Mantach and other LPV officers for lunches, which were paid for by Melbourne Mailing. In the same vein, Mr Armato indicated that Melbourne Mailing would invite LPV team members to lunch at Christmas and would give each LPV team member 'a bottle of alcohol as a gesture of our appreciation for their custom during the year'. A former Melbourne Mailing employee recalled that these functions occurred around Christmas and following large campaigns. Mr Armato told investigators Melbourne Mailing had contributed to a farewell gift for Mr Mantach, which was organised by LPV.
264. In all the circumstances, given the importance of LPV's custom to Melbourne Mailing and their lengthy business relationship, the gratuities and benefits provided by Melbourne Mailing to LPV staff (including Mr Mantach) do not appear to be unusual. There is no evidence that they were connected with the arrangements used to effect Mr Mantach's offending. They cannot reasonably be considered 'kickbacks' or 'levies' to LPV as contemplated by the Referral.

## Was the Queenscliff café used to provide payments or services?

265. Investigators reviewed all payments made and received by the café business following its purchase in April 2014. Bank records were obtained as necessary.
266. Mr Armato's statements to Victoria Police raised the possibility that the CML arrangement may have been used to fund political activities that could not be directly linked to LPV. Investigators identified and contacted people who received wage payments from Gusto Queenscliff. The available evidence indicates that all persons paid as café staff did in fact work at the café. Investigators found no evidence that any Gusto Queenscliff staff engaged in any political work for LPV.
267. All of the café's transactions appear to be legitimate payments connected with the operation of that business. No payments were made from the business's accounts to LPV, any Member of Parliament, any Liberal-affiliated candidate, or any other person who was not a legitimate employee or supplier.

## Integrity of invoices submitted to DPS

268. Investigators compared invoice information in Melbourne Mailing's records (as provided to Victoria Police in 2015) against the corresponding invoices submitted to DPS for payment. In every case, the details of the invoices submitted to DPS by Members of Parliament were identical to those in the records provided by Melbourne Mailing.
269. There is no evidence before the investigation to suggest that any invoices issued by Melbourne Mailing were altered or falsified by, or on behalf of, any Member of Parliament, for any reason.

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## Conclusions

270. On the available evidence, no 'kickbacks' or 'levies' were paid to, or on behalf of, LPV or any current or former Member of Parliament in connection with Mr Mantach's arrangements with Melbourne Mailing.
271. The invoice inflation arrangement itself was a 'kickback' of sorts, albeit to Mr Mantach. Melbourne Mailing took minimal steps to verify the legitimacy of the arrangement that Mr Mantach described to Mr Armato in early 2010. However, Melbourne Mailing and its staff did not know that Mr Mantach was receiving the money ostensibly paid to Campaign Mail Logistics. The arrangement may have motivated Mr Mantach to direct larger volumes of work to Melbourne Mailing. However, it was not the determinative factor in Melbourne Mailing receiving LPV's printing and mailing work between 2010 and 2014.
272. The investigation identified four payments to LPV out of fraud proceeds received by Mr Mantach. All are consistent with the legitimate reimbursement of costs incurred by Mr Mantach and with Mr Mantach's partial repayment of amounts defrauded from LPV after his offending was discovered. The investigation identified no payments to any Members of Parliament, candidates for election, or LPV-associated entities in connection with any of Mr Mantach's frauds.
273. No payments in the nature of a 'kickback' or 'levy' to LPV or Members of Parliament appear to have been made in connection with any of Mr Mantach's frauds, directly or indirectly, from any source. It also appears that Gusto Queenscliff was not used as a vehicle to pay or provide benefits to LPV or any Members of Parliament, or to finance any political activity.
274. There is no evidence before the investigation to show that Melbourne Mailing invoices were altered by any Members of Parliament or any of their staff. There is also no evidence of falsification of invoices as alleged in paragraph seven of the Referral.

# Observations

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275. The invoice inflation fraud was structured in a way that minimised the risk of detection by Members. Despite this, on the evidence before the investigation, there were a number of occasions where LPV might have identified or limited Mr Mantach's frauds prior to 2015.

## **Credit note for CML issued to Liberal Party Victoria, September 2013**

276. Two Melbourne Mailing invoices, issued to LPV in July and August 2013, contained CML charges totalling \$280,716.25. Melbourne Mailing created accrual entries for the CML amounts in its accounts for July and August 2013. LPV paid these invoices on 20 September 2013 and 1 October 2013, respectively.

277. In late August 2013, Mr Mantach spoke with Mr Armato and told him that these CML amounts no longer needed to be charged. Mr Armato told investigators that he recalled Melbourne Mailing's Administration Manager informing him that the invoices with the CML charges could not be withdrawn and re-issued. Mr Armato recalled that the Administration Manager told him that Melbourne Mailing could issue a credit note for the CML amount instead. Melbourne Mailing subsequently issued a credit note (see following page) for \$280,716.25 with the description 'Contra - Re CML' and applied that credit against a later invoice directed to LPV.

Melbourne Mailing credit note 00300913, issued 30 September 2013

Melbourne Mailing



TAX INVOICE

██████████  
Liberal Party of Australia/W  
Level 3, 104 Exhibition Street  
MELBOURNE VIC 3000

Invoice #: 00300913  
Date: 30/09/2013  
Page: 1

**DESCRIPTION**

Contra - Re CML

GST Inclusive  
**Amount**  
-\$280,716.25

**TERMS: PROCESSING 30 DAYS**

**Total Gst Inc: -\$280,716.25**  
**GST Comp: \$0.00**

Remittance Form



Please return this section with your payment

**00300913**

**Liberal Party of Australia/W**

EFT Banking Details : CBA Bank  
BSB - ██████████  
Account Number - ██████████

**TERMS: PROCESSING 30 DAYS**

**Balance Due:**

**\$0.00**



Melbourne Mailing Pty Ltd ABN 68 069 118 618  
160 Fulham Road, Fairfield, Victoria 3078 Australia Tel +613 9490 1500 Fax +613 9499 6200  
Email sales@melmailing.com.au Website www.melmailing.com.au



278. The invoice against which the credit note was applied had an initial price of \$530,615.80. After the credit was applied, the invoice total was \$249,899.55. As shown below, LPV's remittance advice to Melbourne Mailing makes reference to the credit note.

**Remittance advice from LPV to Melbourne Mailing referencing credit note**

# Remittance Advice

From: Liberal Party Federal Reserve  
Level 3  
104 Exhibition Street  
Melbourne VIC 3000

To: Melbourne Mailing Pty Ltd  
Attention  
160 Fulham Road  
Fairfield VIC  
3078

We have made the following payment to Melbourne Mailing Pty Ltd

Remittance Date	15/11/2013	Payment Amount	\$712,274.41
Remittance Number	443	Payment Number	442
Account Details	[REDACTED]	Lodgement Reference	Liberal Party VC



Page number 1 of 2  
Our Reference MELBMAIL

Date	Type	Invoice Number/Details	Amount	Discount	Payment
10/09/13	Invoice	37110AA	530,615.80		
		This Payment			530,615.80
13/09/13	Invoice	37258JJ	36,058.00		
		This Payment			36,058.00
13/09/13	Invoice	37258KK	31,053.00		
		This Payment			31,053.00
13/09/13	Invoice	37258LL	29,249.00		
		This Payment			29,249.00
13/09/13	Invoice	37258MM	37,955.50		
		This Payment			37,955.50
13/09/13	Invoice	37258NN	32,510.50		
		This Payment			32,510.50
13/09/13	Invoice	37258OO	28,347.00		
		This Payment			28,347.00
13/09/13	Invoice	37258PP	33,599.50		
		This Payment			33,599.50
13/09/13	Invoice	37258QQ	32,510.50		
		This Payment			32,510.50
13/09/13	Invoice	37258RR	39,589.00		
		This Payment			39,589.00
13/09/13	Invoice	37315FF	10,067.13		
		This Payment			10,067.13
13/09/13	Invoice	37316CC	10,500.24		
		This Payment			10,500.24
13/09/13	Invoice	37318AA	32,216.58		
		This Payment			32,216.58
13/09/13	Invoice	37331AA	15,950.00		
		This Payment			15,950.00
14/10/13	Invoice	37224AA	10,187.52		
		This Payment			10,187.52
14/10/13	Invoice	ADJUST 37110AA	-280,716.25		
		This Payment			-280,716.25

Continued

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279. Mr Armato and the Administration Manager told investigators they did not recall any contacts from LPV inquiring about the credit note. This is somewhat surprising, given the credit note reduced the invoice by more than half its value and the true reasons for issuing the credit note were apparently not disclosed.

280. When interviewed by Victoria Police in November 2015, Mr Mantach commented that there were deficiencies in LPV's financial controls at the time that were 'big enough to drive a bus through'. Investigators asked Mr Mantach whether this credit note not being identified was one such example:

Q: [...] I understand you were being, I suppose, flippant when you said it – that you could drive a bus through the financial controls at the time. Was that or is that the bus that your finance...

A: Like getting a rebate of nearly \$300,000 ...

Q: Yes.

A: ... and not being picked up or something with, 'How did that come about?'

Q: Yes.

A: Look, that probably relates, more than anything else, to the fact that we put through millions of dollars so on its own, if you look at that figure, you think, 'Gee, 280,000. That's a lot of money.' Once again, it is, but in the totality of everything that's going through, if I were to turn around and say, 'Well, look, I thought we were going to be spending this and, you know, we were able to make some savings here and some saving here and some savings here and I just left that with Melbourne Mailing' and then I go back to [LPV's financial manager] and say, 'Look, we've got this extra sitting there,' at this point in time he's just going to go, 'Great. That's good.'

## Liberal Party Victoria's internal controls, 2010-15

281. There were several weaknesses in LPV's internal controls between 2010 and 2015, which a 2016 report commissioned by LPV also identified. These allowed Mr Mantach to continue his frauds for a longer period than might otherwise have been the case had those controls been functioning effectively.

### Failure to identify deficient invoices

282. Between June 2011 and October 2014, as State Director of LPV, Mr Mantach created 33 invoices from Campaign Mail Logistics and Parkstreet Online Solutions (Parkstreet). Mr Mantach invented both entities to enable his frauds. The invoices were addressed to Mr Mantach as State Director, and he authorised the invoices for payment by LPV.

283. These fake invoices contained several defects or indicators of possible fraud:

- **Incorrect and invalid ABNs:** Parkstreet was not a registered business and did not have an ABN. The Parkstreet invoices contained an invalid ABN 34 667 079 123. Campaign Mail Logistics had an ABN (42 075 488 719), but a different ABN was used on all of its invoices. Melbourne Mailing's Administration Manager told investigators that Melbourne Mailing had checked the ABN on Campaign Mail Logistics' invoices, and identified that it belonged to a consultant who worked for LPV and whom Mr Armato had met. LPV's accounts department appears not to have identified that the ABN on Campaign Mail Logistics invoices belonged to this consultant.

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- **Incorrect GST figures:** The majority of Campaign Mail Logistics invoices, and all of Parkstreet invoices, included printed figures for GST equal to 10% of the invoice total. For example, the Parkstreet invoice dated 7 June 2013 for a total of \$42,000 listed the GST component of the invoice as \$4,200, despite also containing a subtotal amount of \$42,000. The GST component on an invoice for \$42,000 should have been \$3,818.18, and the subtotal should have been \$38,181.82.
  - **No contact information:** None of the invoices from Campaign Mail Logistics or Parkstreet included a physical address, email address or contact telephone number.
  - **Insufficient details of services performed:** The Campaign Mail Logistics and Parkstreet invoices provide relatively cursory descriptions of the services provided. Many of the Campaign Mail Logistics invoices for quantitative and qualitative research do not indicate sample sizes, cohorts sampled, or methodologies used. The Parkstreet invoices contain general statements about coding, application development and IT infrastructure enhancement, without providing specific details of the work supposedly undertaken.
  - **Incorrect dates:** The first Campaign Mail Logistics invoice issued to LPV claimed to be for 'Quantitative and qualitative research project in Victoria May/June 2011', but was dated 10 November 2010.



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284. These defects or indicators of possible fraud feature in the New South Wales Independent Commission Against Corruption's 2018 report about corruption and integrity in the NSW public sector.

### NSW Independent Commission Against Corruption - December 2018

## Characteristics of a high-risk supplier

Red flags associated with a high-risk supplier:

- has no ABN, an invalid ABN or the ABN does not match to the Australian Business Register
- has an ABN that matches to a similarly named (but not identical or related) entity
- has recently formed or has no track record (ABN check shows the entity was just registered). This might also be noticeable if the supplier has low invoice numbers
- has changed its bank account details shortly after being added to the VMF or just prior to a significant payment
- has not registered for GST (or just recently registered)
- uses a generic email service (for example, gmail, hotmail or bigpond)
- does not list any known physical premises for the business or just has a PO Box
- has no landline or never answers telephone calls
- has no website or an amateur-looking website, stationery and logo
- does not advertise and/or has no online presence
- lacks relevant licences (or licence is recently acquired)
- has a record of adverse court, regulatory or tribunal findings
- is not insured or produces suspicious-looking certificates of currency
- has opaque ownership
- has one or very few customers; that is, a large dependency on the government agency to remain viable (this might be noticeable if the supplier has low and consecutively numbered invoices)
- relies heavily on subcontractors to perform work
- makes exaggerated claims about its client base or cannot provide the contact details of authentic customers that are prepared to provide referee reports
- has company directors with a history of closing down and re-starting businesses under a new name.

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285. Between May 2010 and November 2014, LPV also received 14 inflated Melbourne Mailing invoices which did not include the quantities of printed materials produced. Eleven of these invoices were issued in November 2014, while one other was issued in October 2014.

### **Detection by LPV in 2015**

286. Mr Mantach's frauds were eventually uncovered by an internal LPV review that found a number of these defects in Parkstreet invoices. Previous annual internal and external audits at LPV between 2011 and 2014 failed to raise any concerns about these invoices, or with the veracity of Campaign Mail Logistics or Parkstreet as suppliers.

### **Budget overrun during 2013 federal election campaign**

287. At interview, Mr Mantach said there was a significant over-spend on the 2013 federal election campaign:

I cannot recall exactly what the amount was that we had budgeted for the 2013 federal campaign but it was reasonable and I ended up overspending by about 20 per cent, I think it was, on that campaign, which, you know, around the time obviously was around the \$2 million mark. So that sounds a lot of money, and it is a lot of money, but, once again, in the totality of things that's sort of six months' fundraising at that stage.

288. Mr Mantach said he was praised within the Party for the successful campaign he had run, but he was genuinely shocked and had offered to resign because of the overspend. LPV appointed a financial controller after the overspend was identified. It appears the financial controller's role included monitoring LPV's finances and advising Mr Mantach when spending could be increased or needed to be curtailed. However, it is not clear what other steps were taken to examine how the overspend occurred.

289. In the six months immediately preceding the 2013 federal election, LPV paid six Campaign Mail Logistics invoices for a total of \$161,000 and one Parkstreet invoice for \$42,000. Whatever steps LPV took to audit the campaign spending, it did not identify these invoices as requiring more detailed examination or consider their contribution to the identified overspending on LPV's 2013 federal election budget. These measures also did not raise any concerns about the Melbourne Mailing credit note issued in 2013.

### **The 'supply rebate' explanation**

290. During the 2014 Victorian election campaign, the former Campaign Operations Manager had substantial contact with Melbourne Mailing to organise LPV's mail programmes. After one instance of arranging printing work with Melbourne Mailing, Mr Mantach asked why the former Campaign Operations Manager had not consulted with him prior to having the invoices sent to Members.

291. The former Campaign Operations Manager explained that Mr Mantach told him about a 'supply rebate' arrangement, whereby invoice prices would sometimes be increased to establish an 'emergency fund' for urgent printing work. LPV would then be able to draw upon this reserve of funds during a campaign. Mr Mantach did not dispute this, although he did not recall using the term 'supply rebate'. For subsequent LPV printing jobs arranged through Melbourne Mailing, the former Campaign Operations Manager provided information about the draft invoices from Melbourne Mailing to Mr Mantach. Melbourne Mailing typically provided this information in the form of a spreadsheet. Mr Mantach would determine which invoices to amend, and by how much. The former Campaign Operations Manager provided the revised pricing information to a Melbourne Mailing employee, who would update the invoices to be issued (to Members and to LPV).

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292. The former Campaign Operations Manager was told the 'supply rebate' was an arrangement specifically with Melbourne Mailing. He told investigators that, as he was the LPV officer with the day-to-day working relationship with Melbourne Mailing, he assumed no-one else at LPV knew or needed to know about it.
293. Mr Mantach told investigators he had told the former Campaign Operations Manager not to concern himself with how the monies accrued by the 'supply rebate' process were used:
- [The former Campaign Operations Manager] raised it and I more or less just said, 'Look, leave it with me,' fundamentally. [...] That was the intent of it, 'Leave it with me,' and he never raised it again after that with me.
294. Given the context and Mr Mantach's position as State Director, the former Campaign Operations Manager not unreasonably took Mr Mantach at his word. The former Campaign Operations Manager told investigators that he did not recall any Members ever querying the invoices which included the 'supply rebate', noting that the final prices were close to the estimates of costs provided to Members.
295. The former Campaign Operations Manager told investigators he was 'not aware of whether there was any sort of approvals process through DPS'. DPS assesses compliance with the Members' Guide's requirements. DPS does not examine whether invoices reflect the best possible value for printing work obtained and does not second-guess Members and their staff certifying invoices.
296. Even if the arrangement operated exactly as Mr Mantach had described, the 'supply rebate' arrangement necessarily involved extracting additional parliamentary funds for LPV's purposes. The former Campaign Operations Manager told investigators that he was aware that parliamentary guidelines applied to the use of Members' budgets, and that another LPV officer would take proposed print work to the Presiding Officers for clarification about whether it complied with the Members' Guide's requirements. Had the former Campaign Operations Manager raised the propriety of the 'supply rebate' arrangement with the LPV officer who was consulting with the Presiding Officers, or with Members or their Electorate Officers, the invoice inflation fraud may have been identified and stopped earlier in 2014.
297. The former Campaign Operations Manager was aware that invoices including a 'supply rebate' were being directed to Members, and that these invoices would ultimately be paid by DPS from Members' parliamentary budgets. Mr Mantach's explanation of the 'supply rebate' indicated that LPV would use those collected funds for campaign publications. The former Campaign Operations Manager was not familiar with all of the Members' Guide's requirements concerning allowable uses of Members' Electorate Office and Communication Budgets. However, he was clearly aware that Members' budgets could not be used to fund partisan publications. It is concerning that the former Campaign Operations Manager did not recognise – or question – that the 'supply rebate' arrangement Mr Mantach described would have redirected parliamentary funds to be used by LPV for campaigning purposes.

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298. In response to the draft report, the former Campaign Operations Manager submitted that Mr Mantach had 'specifically told me not to look further into the supply rebate [...] and I had no reason to undermine his authority or suspect fraudulent activity':

With respect, the observation is infused with the benefit of hindsight, and it is unfair to suggest, as the [draft report] does, that I could have acted to stop the fraud occurring. The explanation of Mr Mantach about a supply rebate was entirely credible – given the large volume of work we were channelling through Melbourne Mailing, it was understandable that some rebate arrangement may have been arrived at by those more senior than me within [LPV].

299. It is not contested that the former Campaign Operations Manager took Mr Mantach's 'supply rebate' explanation at face value. Neither is it suggested that he should have identified the particular fraud being committed by Mr Mantach from the facts within his knowledge at that time. However, he was aware of information – including parliamentary requirements on the use of Members' budgets – that reasonably could have led him to question whether the arrangement was 'entirely credible'.

## Structural factors

300. The State Director holds significant authority and responsibilities within LPV. In that capacity, Mr Mantach was able to authorise invoices for payment without a co-signatory. Mr Mantach told investigators that this degree of flexibility in LPV's procurement processes at that time was necessary:

This was not a bureaucratic, formalised, Public Service based process. I mean that's not how it works in politics. It just doesn't work like that. You know, we don't have time to sit down and go and put expressions of interest in the paper and get 20 different people coming back and telling us they can do all of these things and all of that. If we did that we would actually never get anything done in the place.

301. The State Director of any major political party is also privy to substantial and sensitive information. Mr Mantach told investigators that, for several reasons, information about the party's financial situation was closely guarded. Political research commissioned by LPV was also strongly protected:

Political research is some of the most closely guarded intellectual property that a political party has. It helps to frame policy, direct resources and win elections.

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302. At interview with Victoria Police, Mr Mantach stated LPV spent considerable sums on political research, and that the State Director receives and holds that research. Mr Mantach explained that one of the reasons why that research is so closely held is that it can be difficult to properly interpret and act upon in an effective way.

303. In combination, the above factors created or contributed to Mr Mantach's ability to conduct his frauds until late 2014 without being detected. He had access to LPV's most guarded information and substantial authority under the Party's constitution. Mr Mantach's financial delegation and the absence of any effective segregation of duties in respect of invoicing and approving payments also created a clear risk to LPV, which simply relied on its State Director to act appropriately. This vulnerability in turn generated similar risks for Members who used LPV's services and relied on its processes.

304. Following Mr Mantach's admissions, LPV engaged consultants to prepare a report on systemic weaknesses in its processes. The report found that the existing delegations at LPV effectively granted the State Director 'uncapped authority to approve payments provided these fall within an approved budget'. The report recommended several changes to limit the State Director's authority to unilaterally approve spending and to institute more appropriate controls and reporting for LPV's finances. Relevantly, the report also made the following recommendations, which LPV accepted:

- contract management processes, including implementing a contract register and designating a contract manager for each contract in the organisation (with a relatively low materiality threshold for inclusion)
- establishing an agreed process by which LPV staff could report or raise instances of improper conduct.

# The Member for Lowan

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305. The Referral directs the Ombudsman to investigate any practice of falsification of invoices undertaken to circumvent parliamentary rules. Paragraph seven of the Referral makes particular reference to the Member for Lowan.

306. At all relevant times for this part of the investigation, the Member for Lowan was Emma Kealy MP. Ms Kealy was first elected to the Legislative Assembly in November 2014 as a candidate endorsed by the Nationals Victoria.

307. Records obtained from DPS indicate that no invoices issued by Melbourne Mailing have ever been directed to Ms Kealy's office. Accordingly, this section of the report focuses on allegations that on 2 July 2018 one of Ms Kealy's Electorate Officers requested invoice dates be altered to circumvent DPS oversight rules and directions in the Parliament of Victoria Members' Guide.

## Applicable Members' Guide rules

308. The Members' Guide limits the use of a Member's Electorate Office and Communication Budget during election periods.

309. According to DPS, '[a]dvertising, mass communication or entering into future commitments is not considered appropriate during this period'.

310. Allowable expenditure is restricted to such things as: office cleaning; use of photocopier, landlines and mobiles; security-related expenses; and data usage for IT equipment. DPS told the investigation that a 'base level' of operations (the language used in the Guide) is defined by excluding the items listed under communication expenditure.

311. During an election period, DPS scrutinises all invoices for 'any communication expense incurred during [sic] the issue of writs and declaration of election. [...] These expenses are not allowed'.

### Relevant Members' Guide sections

#### Electorate office expenditure

Day-to-day office expenditure for continuing a base level of electorate office operations are allowed during the period between the issuing of the writs and the declaration of the poll for the electorate. No equipment is to be purchased or commitment given for any ongoing financial agreements during this period.

#### Communication expenditure

No advertising, communication, postage, distribution or printing expenditure will be allowed during the period between the issuing of the writs and the declaration of the poll for the electorate and the Australia Post account should not be used for any of the above stated services. Any Australia Post account containing such expenditure will be returned to the Member for their personal attention. [...]

No advertising, communication, postage, distribution or printing expenditure will be allowed once writs have been issued for a general election, or within an electorate for which a byelection is being held.

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## The email of 2 July 2018

312. At 11.35am on 2 July 2018, an advertising consultant at the Hamilton Spectator newspaper sent an email to staff in the Spectator's accounts department. The email is reproduced below.

### The wrong 'Kym' is copied in

313. The Kym referred to in the email worked as an Electorate Officer and Office Manager for The Hon Gayle Tierney MLC, a Labor Member of the Legislative Council for the Western Victoria region.

314. Ms Tierney's Electorate Officer was not one of the intended recipients of the email. In fact, the Advertising Consultant wrote the email shortly after having a telephone conversation that same day with one of Ms Kealy's Electorate Officers who has the same first name.

315. At interview, the Advertising Consultant said she believed she had written down 'Kym' as the name of the person she had spoken with. When she began writing the email, she believed she entered 'Kym' into the email's address field and that Ms Tierney's Electorate Officer's email address was presented by the program's auto-complete function:

I wrote down 'Kym', and then I would have written down 'Emma Kealy' and I would have taken no notice of what her last name was. Well I probably did at the time but because it was Kym K-Y-M, and they are both [spelt that way], you know, ... I never gave it a second thought. And then I forgot to take it out ... I should have taken it out of there.

## Email from the Hamilton Spectator advertising consultant to Hamilton Spectator accounts officers, 2 July 2018

**Kym** [REDACTED]

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**From:** [REDACTED] <[REDACTED].com.au>  
**Sent:** Monday, 2 July 2018 11:35 AM  
**To:** [REDACTED]  
**Cc:** Kym [REDACTED]  
**Subject:** Emma Kealy K031

Hi [REDACTED]  
Kym [REDACTED] has requested that we send all invoices that are currently owing for future bookings for Emma Kealy to her for payment please. Can we make sure November bookings have October dates on the invoices? Due to government rules around the elections they are not allowed to process anything with November dates on!  
Kym's email is [REDACTED]

Thanks,  
[REDACTED]

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316. The Advertising Consultant believed she had not spoken with Ms Kealy's Electorate Officer prior to the telephone call on 2 July 2018. However, she conceded she may have done so on one prior occasion when the consultant who usually dealt with Ms Kealy's office was not in the office.

317. The Advertising Consultant told investigators she did not have any further correspondence with Ms Kealy's office about their conversation on 2 July 2018. Nor did she receive any response from Ms Tierney's Electorate Officer to her email.

### **Why did the Advertising Consultant request a change to the booking dates?**

318. When interviewed by investigators, the Advertising Consultant could not remember, nor explain, why she would have asked for October dates to be put on invoices for bookings in November.

319. She told investigators 'I really don't know why I wrote it that way'. She said she did not believe she would have conveyed a request to alter dates on invoices, as it was contrary to the Spectator's standard practice:

I just know I would have said to them 'We just don't change the dates', so if I thought she'd asked me that straight out, I would have said to her 'We don't change the dates'.

I have looked back over it, you know, a number of times since this has happened, and I just look at it and think why have I phrased it like that?

320. When asked why she would have included this question in her email if it had not been part of her conversation with Ms Kealy's Electorate Officer, the Advertising Consultant answered:

...because those two [the Hamilton Spectator's accounts department officers] that we send the emails to is where we send everything to; we send the bookings, and they look after the accounts and that sort of stuff, so that's our normal practice to send to [the accounts officers]. So ... and me being unfamiliar with it all, I don't know, I just would have sent it and said, you know, 'Is that something that we've done in the past?' I don't know, I haven't dealt with them [Ms Kealy's office] before. I don't know.

321. The Advertising Consultant told investigators that while she had extensive experience working in administration, in July 2018 she was relatively new to her role at the Spectator. Ms Kealy's office usually dealt with their allocated advertising consultant, who was not in the office on 2 July 2018. The Advertising Consultant took the call in her absence.

### **Ms Kealy's Electorate Officer's response to the 2 July 2018 email**

322. Ms Kealy's Electorate Officer stated she was not aware of the 2 July 2018 email until it was made public in early August 2018.

323. Ms Kealy's Electorate Officer did recall having a conversation with a woman at the Hamilton Spectator whom she said might have been the Advertising Consultant. She believed the 2 July 2018 email may have been sent after that conversation.

324. However, Ms Kealy's Electorate Officer was adamant that the content of the email did not reflect the substance of this conversation: 'It's got nothing to do with what I asked her, nothing at all'. She stated the phone call had been to arrange a subscription renewal for Ms Kealy's office, which would comply with the Members' Guide's requirements for expenditure during election periods. Consistent with these statements, the Spectator's records indicate Ms Kealy's subscription to the Hamilton Spectator was due to expire on 3 July 2018.

325. Ms Kealy's Electorate Officer told investigators Ms Kealy's office would ordinarily renew its subscriptions for a full year at a time. This statement is supported by the Spectator's records and invoices remitted to DPS.

326. At interview, Ms Kealy's Electorate Officer provided documents showing that on 12 July 2018, 10 days after the Advertising Consultant's email, a two-month subscription to the Hamilton Spectator had been separately arranged for Ms Kealy's office through to 11 September 2018 (in recognition of the Members' Guide requirements). This subscription was paid for using a private credit card. The Spectator's records confirm this subscription transaction. She indicated this cost had been reimbursed by DPS pursuant to the Members' Guide.

### Public statements concerning the 2 July 2018 email

327. On 7 August 2018, a partially-redacted version of the 2 July 2018 email was posted on the Twitter account of the Hon James Merlino MP, the Member for Monbulk.

### Twitter post by The Hon James Merlino MP, 27 August 2018



328. This post was retweeted later that day by the Hon Jaala Pulford MLC, Member for Western Victoria.

**Twitter post by The Hon Jaala Pulford MLC, 7 August 2019**



329. Both posts attracted responses from other Members of Parliament.

330. On the same day, the Hamilton Spectator published a statement to its Facebook page that addressed the allegations made in Mr Merlino's post:

**Facebook post by the Hamilton Spectator, 7 August 2019**



331. Ms Kealy's reply to Ms Pulford's retweet of Mr Merlino's post on 7 August 2018 cited the Hamilton Spectator's statement. This response was made almost immediately after the Spectator's statement was posted.

### Response from Ms Kealy to Ms Pulford's Twitter post, 7 August 2018



332. Subsequent debates in Parliament resulted in the Legislative Assembly passing the Referral motion on 8 August 2018.

333. On 18 August 2018, the Hamilton Spectator printed an article attributed to the newspaper's publisher, Richard Beks. This article presented the newspaper's explanation of the events around the 2 July 2018 email.

# The Spec "BLOG"

with **RICHARD BEKS**

Earlier this month both the Spectator and our Member for Lowan, the Nationals Emma Kealy, came under sustained attack in state parliament by Deputy Premier, James Merlino, for supposedly colluding to defraud taxpayers.

Total nonsense, of course, as our review of how this came about revealed.

Readers familiar with political shenanigans will know that when some party gets caught with hands in the cookie jar the reflex action is to deflect public attention.

This issue goes back to the last state election and the so-called "red shirts" affair where the ombudsman subsequently found that Labor had illegally used electoral officers for political campaigning.

The ALP repaid \$388,000 but the party and a number of ministers are still being investigated by police for fraud.

☆☆☆☆

The Spectator accidentally put our local member in the firing line at the start of July when a poorly worded internal email was sent to Labor's Gayle Tierney by mistake.

The genesis was a phone call from Ms Kealy's office, dealt with by a new Spectator staffer not yet familiar with election rules, discussing, among other things, subscriptions, advertising rates and that invoices dated after October (those for the November election period) be redirected to her party, not her electorate office.

MPs may spend money from their office budgets on advertising, but during the caretaker period of a campaign, taxpayer funds cannot be used for this.

In what's turned out to be a bit of an own goal the poorly worded internal email between Spec staff said, in part: "can we make sure November bookings have October dates on the invoices? Due to government rules around elections they are not allowed to process anything with November dates on".

The bit about the need to change a billing address after October (never changing dates on November invoices) was an internal discussion with the accounting department at our end.

There's a world of difference between the two but the confusing wording made it easy for Mr Merlino to misinterpret the intent.

☆☆☆☆

How the internal email got to Labor is another unfortunate story.

Spec staff had been dealing with someone at Emma Kealy's office about bookings for the upcoming November election but sent a reply confirming costings, billing and other requirements understood to a different person with the same Christian name at Gayle Tierney's office.

The Victorian ombudsman, Deborah Glass, has been asked to investigate if any electoral laws have been broken.

During his attack on Ms Kealy and the Spectator Mr Merlino hinted there may be some hanky-panky because "maybe the publisher is a 30-year National Party member".

This would have surprised the National's branch treasurer thereafter wondering about three decades of unpaid subscriptions.

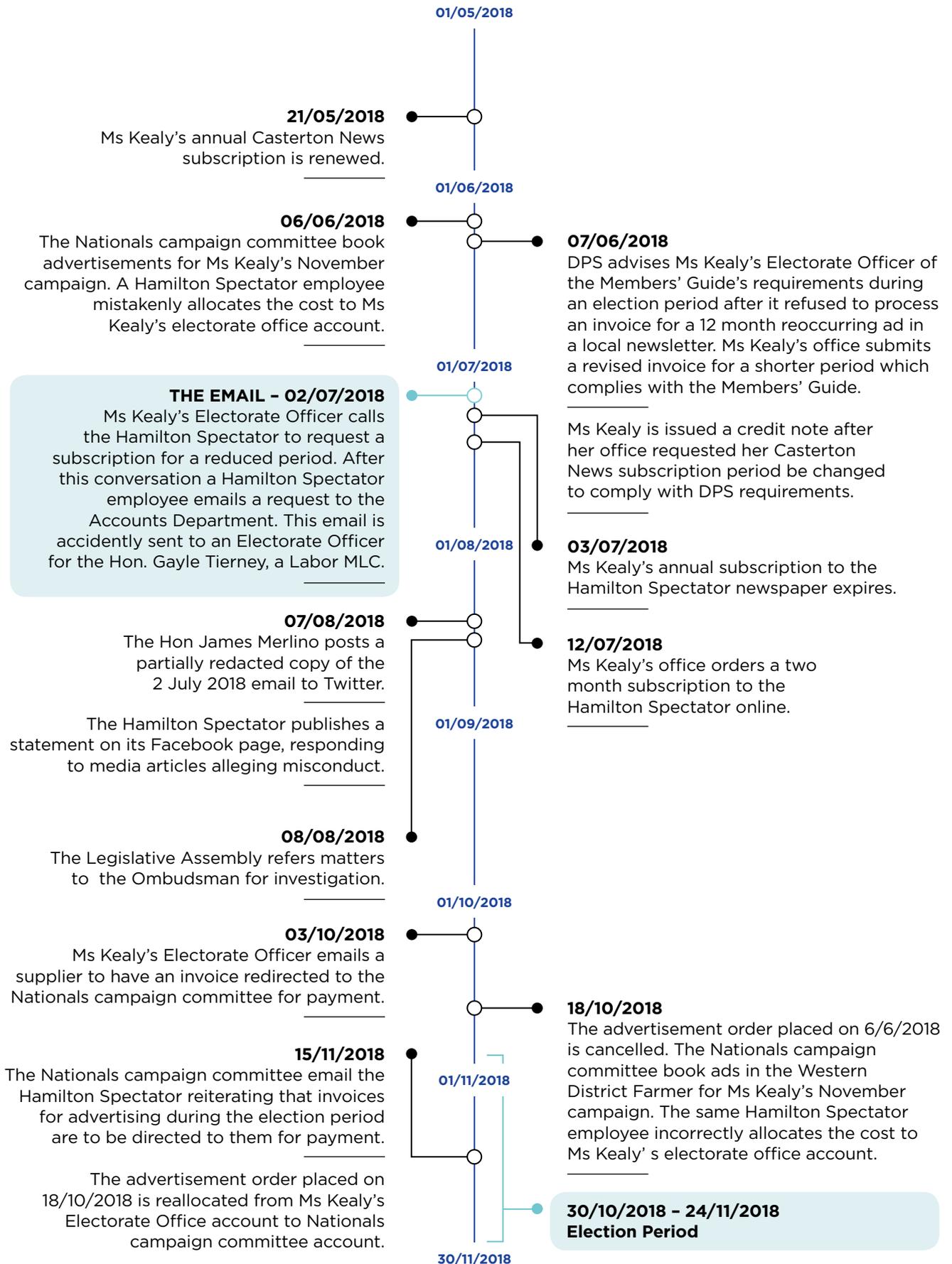
The reality is that I've never been a member of any political party. During my half century stewardship of newspapers in the south-west we've never pushed any political line and we've never donated to any party.

Here at the Spec all the rowdy scenes in parliament which saw a number of MPs ejected from the chamber, and all the false accusations, are all just water off a duck's back.

We regret what's transpired, however, and apologise for putting Emma Kealy in an awkward spot.

☆☆☆☆

## Timeline of matters relating to the Hamilton Spectator and Ms Kealy's Office



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## Discussion

### Did the Hamilton Spectator follow proper invoicing practices?

334. The Hamilton Spectator's Administration Manager told investigators that when she saw the 2 July 2018 email, she immediately realised it had not been sent to Ms Kealy's Electorate Officer and went to speak with the Advertising Consultant. The Administration Manager said she was particularly concerned about the request to alter dates: 'I said to [the Advertising Consultant], "No way known would we be doing that. Never done it. I'll not be doing it"'.

335. The Administration Manager was also clear at interview that any requests to alter invoice dates would have been refused:

A: [...] We would not do that for anybody. It wouldn't matter who it was; that just wouldn't happen.

Q: And, again, is that something that is generally known within the office?

A: That is absolutely known within the office, yeah. It just doesn't happen.

Q: And certainly now, but also prior to this email?

A: Yes. I can tell you it has never happened. It just -- it may have happened say maybe 20, 25 years ago, and that's when it was sort of like everyone was made aware and everyone subsequently has been made aware. All invoices come out of the accounts department, they do not come from anywhere else and they don't even come out of our Portland office, or our Casterton office, anywhere. They all come out of the one office, which is here in Hamilton.

336. The Administration Manager explained that the Hamilton Spectator maintained separate accounts for Members of Parliament and for electoral campaigning by Members' affiliated political parties. Advertising and services to be paid from Members' Electorate Office and Communication Budgets are allocated to the relevant Member's account, while campaigning activities and 'electoral advertising' are charged to an account associated with the Nationals' local campaign.

337. The Administration Manager stated unequivocally that these accounts were separate: 'The two do not go together':

It's strictly community support stuff [under the Electorate Office and Communication Budget]. Anything to do with electoral stuff, goes to [a] completely different account.

338. The Hamilton Spectator's General Manager at all relevant times for this investigation confirmed the separation of accounts for the Member for Lowan and 'the Nationals' Lowan account'. Each of these accounts, he said, had its own identifying code and the separation had been in place throughout his 50-year tenure at the Hamilton Spectator: 'In all the years that I have been there, that's nearly always been the case.'

339. No invoices were amended, issued or re-issued by the Hamilton Spectator as a result of the 2 July 2018 email.

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### **Did Ms Kealy's office follow proper invoicing practices?**

340. Ms Kealy's Electorate Officer told investigators that she had seven years' experience working in accounts prior to coming to work for Ms Kealy. She was familiar with the Members' Guide's requirements concerning invoicing, including the details that needed to be included on invoices to be remitted to DPS for payment. As an Electorate Officer, she had been responsible for placing orders for advertising, and for processing invoices directed to Ms Kealy's office.

341. Ms Kealy's Electorate Officer stated that she had a delegation to authorise invoices for payment by DPS. However, she did not authorise invoices for orders she had placed herself. She asserted that Ms Kealy's office had a policy of deliberate separation of these functions.

### **Was Ms Kealy's Electorate Officer aware of the rules during election periods?**

342. Ms Kealy's Electorate Officer told investigators she became aware in June 2018 of DPS's requirements concerning spending from Members' Electorate Office and Communication Budgets during an election year. This followed DPS refusing to pay an invoice for repeat monthly advertisements in a community newsletter between April 2018 and March 2019. Ms Kealy's Electorate Officer told investigators that after receiving this advice from DPS she contacted suppliers to Ms Kealy's office to inform them of DPS's requirements.

343. Subsequently, in early June 2018, Ms Kealy's Electorate Officer contacted the Casterton News (another newspaper within the Spectator group) to amend an annual subscription for Ms Kealy's office. Ms Kealy's office had received an invoice dated 21 May 2018 for a 12-month subscription to the Casterton News.

344. After a conversation with the Administration Manager at the Hamilton Spectator about DPS's 'directive', Ms Kealy's office received an email from her attaching a credit note adjusting the subscription to a six-month period. Ms Kealy's Electorate Officer believed the Administration Manager must have understood and accepted her explanation and request to amend the subscription, as a credit note had been issued.

345. Her account is confirmed by the Administration Manager's evidence and the invoices and credit note issued by the Spectator partnership. The Administration Manager told investigators she recalled a telephone conversation with Ms Kealy's Electorate Officer about this subscription. She said this request did not align with the implication in the Advertising Consultant's email that Ms Kealy's Electorate Officer would have sought to circumvent the Members' Guide's requirements:

It was my impression that she would have totally misunderstood [Ms Kealy's Electorate Officer], and I say that because previously I had actually dealt with [Ms Kealy's Electorate Officer], not a matter of weeks before that in relation to a subscription to the Casterton News, and she actually rang me back [...] to terminate the subscription because once the election started, they were not to be having anything paid for by the government on that account.

346. Ms Kealy's Electorate Officer told investigators she had emailed Ms Kealy's allocated advertising consultant at the Hamilton Spectator in or around September 2018, requesting any invoices or further enquiries be directed to The Nationals' campaign committee.

347. Ms Kealy's Electorate Officer also told investigators that during the 2018 election period, she made enquiries about services and sought quotes from suppliers. She stated at interview that she had sent 'a standard email' to each supplier stating that invoices should be directed to the Nationals' local campaign committee.

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## Misallocation and correction of advertising bookings

348. In June and October 2018, seven campaign advertisements were scheduled to run in the Hamilton Spectator during the November election period. These were initially booked against Ms Kealy's parliamentary account. However, according to the Administration Manager and the General Manager at the time, these advertising bookings were mistakenly assigned to the wrong account.
349. Business records provided by the Hamilton Spectator indicate that all seven bookings assigned to Ms Kealy's parliamentary account were cancelled and reassigned to the Nationals' campaign account for the Lowan electorate.
350. Three of these advertisements were booked on 6 June 2018 and were cancelled on 18 October 2018, prior to their scheduled publication date. It is not clear from the evidence exactly how this error was identified or communicated. However, the Hamilton Spectator's records indicate that the invoices were cancelled by the accounts department on the instructions of the allocated advertising consultant at the Spectator who handled Ms Kealy's account.
351. The remaining four advertisements, booked on 22 October 2018, were cancelled on 15 November 2018, prior to payment being made. The initial booking email, dated 18 October 2018, requested that the relevant invoices be forwarded to the treasurer of the Nationals' campaign committee for the Lowan electorate. Their cancellation followed an email on 15 November 2018 from a Nationals campaign committee member, which stated the invoices had been sent to Ms Kealy's office and advised to whom the invoices should be sent.
352. Despite these instructions, the allocated advertising consultant mistakenly recorded the bookings against Ms Kealy's account. She appears not to have known there were separate accounts for Ms Kealy's electorate office and for the Nationals' campaign to assist Ms Kealy's re-election. The allocated advertising consultant had not worked at the Hamilton Spectator during the 2014 election and may not have been aware of the requirements during election periods.
353. The Administration Manager reviewed Ms Kealy's parliamentary account with the Hamilton Spectator after the misallocated invoices were identified and said:
- There has never been anything ever done incorrectly. Not ever. This was just the first time anything like this had literally happened.
354. When interviewed, Ms Kealy's Electorate Officer told investigators she had contacted relevant suppliers by email and asked them to direct invoices for election advertising to the Nationals' local campaign committee. She made enquiries for quotes for electoral advertising but did not place any bookings for such advertising in the lead-up to the 2018 Victorian state election.
355. Despite her direction to suppliers, Ms Kealy's Electorate Officer recalled that a number of advertising invoices in connection with the 2018 Victorian state election were misdirected to Ms Kealy's office, including some from the Hamilton Spectator. Ms Kealy's Electorate Officer stated that she contacted these suppliers to redirect the invoices to the Nationals' campaign committee, that these invoices were redirected as she had instructed, and that the invoices were not subsequently returned to or processed through Ms Kealy's office. Ms Kealy's Electorate Officer provided copies of several of these emails to investigators.

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## Conclusions

### Was there an intent to circumvent the Members' Guide's rules?

356. On the surface, the 2 July 2018 email gives the misleading impression of a blatant attempt to falsify invoices to circumvent the requirements of the Members' Guide during an election period.

357. However, the evidence obtained by the investigation does not suggest any 'practice of falsification of invoices' by or for the Member for Lowan, as referred to in paragraph seven of the Referral. The conduct of all parties involved cannot be reconciled with the implication that the Advertising Consultant's email of 2 July 2018 indicated Ms Kealy or her Electorate Officer had sought to circumvent the requirements of the Members' Guide.

358. Indeed, the evidence demonstrates a course of conduct by the Hamilton Spectator, Ms Kealy's Electorate Officers and the local Nationals campaign committee that was both honest, and consistent with the Members' Guide rules:

- No invoices on Ms Kealy's parliamentary account were amended or re-issued as a result of the 2 July 2018 email. Any amended invoices could only have been generated by the Spectator's accounts department in Hamilton, headed by the Administration Manager. All the relevant evidence, including interviews with the Advertising Consultant and Ms Kealy's Electorate Officer, indicates that the Administration Manager would neither have taken nor permitted such a course of action.

- On the evidence available, the actions of Ms Kealy's Electorate Officer and Hamilton Spectator staff were consistent with continuing efforts to comply with the requirements of the Members' Guide, rather than to subvert or circumvent them. Ms Kealy's Electorate Officer was made aware of the Members' Guide's requirements regarding payments of expenditures during an election period in early June 2018. From that time, she took active steps to ensure that invoices directed to Ms Kealy's office were for goods and services rendered prior to the dissolution of Parliament on 30 October 2018.
- This is also consistent with the Administration Manager's account of her previous dealings with Ms Kealy's Electorate Officer in respect of the request to amend a subscription to the Casterton News. It is possible that Ms Kealy's Electorate Officer's contact with the Hamilton Spectator regarding misallocated invoices resulted in the cancellation on 18 October 2018 of the advertising bookings made on 6 June 2018, which had initially been directed to Ms Kealy's account with the Hamilton Spectator.
- It is likewise clear that no attempts were made to take advantage of the misdirection of invoices for electoral advertising in the Hamilton Spectator. The allocated advertising consultant was apparently unaware that the Hamilton Spectator maintained separate accounts for Ms Kealy's electorate office expenditure and for electoral advertising promoting Ms Kealy as the Nationals' candidate for Lowan. She mistakenly booked advertising for the Nationals' electoral campaign in 2018 to Ms Kealy's account, despite clear directions in at least one email making the initial request for those bookings.

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359. These errors were identified by Ms Kealy's Electorate Officer and by the Administration Manager at the Hamilton Spectator. The invoices in question were either cancelled or redirected to the local Nationals campaign committee. In the latter case, the redirection of these invoices was consistent with the initial instructions regarding the advertising. The Spectator's relevant accounting files included notes explaining the cancellation and redirection of these invoices, none of which was paid through Ms Kealy's parliamentary account.

### How can the 2 July email be explained?

360. The Advertising Consultant's email does not accurately represent the substance of her conversation with Ms Kealy's Electorate Officer, given the apparent absence of any 'November bookings' with the Hamilton Spectator as described in the email and the Advertising Consultant's inability to recall the details of her conversation with Ms Kealy's Electorate Officer.

361. At the time, the Advertising Consultant was relatively inexperienced in her role, carrying an additional workload, and distracted by having to take a message for one of another advertising consultant's clients (with whom she had not previously worked).

362. A more likely explanation is that the conversation between the Advertising Consultant and Ms Kealy's Electorate Officer on 2 July 2018 related to a renewal of Ms Kealy's subscription to the Hamilton Spectator, given DPS's advice to Ms Kealy's office in June 2018.

363. This interpretation is supported by Ms Kealy's previous 12-month subscription to the Hamilton Spectator concluding on 3 July 2018 and the subsequent online subscription to the Hamilton Spectator only being finalised on 12 July 2018 and being limited to two months. It is also supported by Ms Kealy's Electorate Officer's earlier efforts to have an existing invoice for an annual subscription to the Casterton News adjusted to comply with DPS's requirements.

364. Neither Ms Kealy's Electorate Officer nor the Advertising Consultant clearly recalled their conversation on 2 July 2018. However, the expiration of the annual subscription is so proximate to the conversation and the 2 July 2018 email that the conversation must reasonably have concerned this matter. In July 2018, the Spectator's online subscription options were for two months, six months and 12 months. DPS would have refused to pay for subscriptions extending beyond 30 October 2018. Ms Kealy's Electorate Officer was aware of the Members' Guide's requirements regarding spending during election periods by that time, and she had previously taken active steps to ensure compliance with those requirements regarding the Casterton News subscription.

365. It is reasonable to conclude that the conversation on 2 July 2018 concerned arranging a subscription to the Hamilton Spectator which would expire at the end of October 2018 so that it would comply with DPS's requirements. The Advertising Consultant's email appears to have conflated the issue of the proposed subscription's end date with other bookings from Ms Kealy's office, which she was not familiar with because she did not manage Ms Kealy's account with the Spectator.

# Conclusions

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366. The investigation's conclusions in respect of each paragraph of the Referral are as follows.

## **Melbourne Mailing invoices and their authorisation by current and former Members of Parliament (paragraphs one, two and eight)**

367. The investigation obtained copies of 377 Melbourne Mailing invoices issued to current and former Members of Parliament.

368. DPS did not provide copies of Melbourne Mailing invoices remitted for payment from the offices of current or former Members not specifically identified in paragraph eight of the Referral. For this reason, it is not possible to determine the exact number of invoices issued by Melbourne Mailing to Members of Parliament during the relevant period.

369. Between April 2010 and October 2014, 54 current and former Members of Parliament received 208 Melbourne Mailing invoices which had been inflated at the direction of former LPV State Director Damien Mantach. Those Members and/or their delegated Electorate Officers authorised DPS to pay those invoices.

370. Seven of the 40 Members identified in paragraph eight of the Referral did not receive or authorise any inflated Melbourne Mailing invoices:

- Brian Paynter, former Member for Bass
- Graham Watt, former Member for Burwood
- John Pesutto, former Member for Hawthorn
- Tim Smith MP, Member for Kew
- Emma Kealy MP, Member for Lowan
- Louise Staley MP, Member for Ripon
- Geoff Shaw, former Member for Frankston

## **Provision and adequacy of Melbourne Mailing services, and what Members knew or ought to have known (paragraphs three and four)**

371. The investigation found that Melbourne Mailing provided the services and products described in its invoices. Evidence reviewed by investigators included documents printed by Melbourne Mailing obtained from open-source searches and public archives containing electoral ephemera. Current and former Melbourne Mailing staff confirmed to the investigation that they had processes in place by which printed materials were provided for delivery, whether by targeted or unaddressed mail. The former Campaign Operations Manager confirmed his satisfaction with Melbourne Mailing's performance. The former Key Seats Manager confirmed that Members would have raised concerns about the delivery of mailing material with the relevant LPV Campaign Officer, who would have communicated this to the LPV Secretariat for action.

372. Members who responded to Requests for Information were broadly positive about the quality and delivery of services received from Melbourne Mailing. Some Members recounted isolated delivery errors and concerns about price. Most were satisfied with the services received, with several noting that Melbourne Mailing arranged finishing and delivery as well as printing.

373. The investigation did not find evidence that identified a basis for Members to have been concerned that they were not receiving the services for which they had paid. Members who gave evidence did not state that they were dissatisfied with Melbourne Mailing's products, although some told investigators that they noticed Melbourne Mailing were becoming more expensive in 2014. Some Members gave evidence that their practice was to take steps to confirm delivery of mail items within their electorate, although these practices applied to all suppliers rather than specifically to Melbourne Mailing.

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### Whether invoices reflected fair commercial rates, and what Members knew or ought to have known (paragraph five)

374. The available evidence indicates that Members and their staff were not aware of the arrangement by which the invoice totals were inflated. Mr Mantach took advantage of the economies of scale available from large-scale printing organised through LPV to conceal the amounts being added to the 208 inflated invoices.
375. The products in those invoices were charged at an inflated price, in that they were higher than the best price that could have been achieved but for Mr Mantach directing Melbourne Mailing to increase the invoice totals. However, the investigation found that the work performed by Melbourne Mailing was typically charged at a comparable or better commercial rate than Members could have obtained had they arranged the printing through another supplier. This concealed the 'CML charge' included at Mr Mantach's instruction.
376. There were also non-monetary considerations for Members authorising these invoices. Melbourne Mailing offered a 'one-stop shop' service that included delivery. This reduced administrative burdens for LPV and Members' offices (where they contracted with Melbourne Mailing directly). Arranging for desktop publishing through LPV also provided Members with more consistent messaging and branding. This removed the need – and the costs – for Members to develop their own communications materials. The former Campaign Operations Manager stated that the quality of the finished product was also a factor in contracting with Melbourne Mailing, as distinct from simply getting the cheapest price possible for printing work.

### What Members knew or ought to have known about invoice inflation

377. Members were not involved in the invoicing process, other than to certify them as to their accuracy when authorising payment of the invoices from their Electorate Office and Communication Budgets. The 'CML charge' was not itemised in the inflated Melbourne Mailing invoices. In most instances, they included substantially abridged details compared to the information typically included in Melbourne Mailing invoices.
378. Given the process, Members could only have learned about the inflation of these invoices if Mr Mantach or Melbourne Mailing staff had told them. Neither of these events were likely to occur – Mr Mantach was the architect of the fraud, and Members would (not unreasonably) contact LPV in the first instance if they had questions about printing works arranged with Melbourne Mailing. Even when Members did raise these matters with LPV, it was Mr Mantach who dealt with Melbourne Mailing on their behalf. As a result, Mr Mantach was in a position to control what information Members ultimately received about their queries.
379. Sixty-one Melbourne Mailing invoices issued to Members of the Legislative Assembly and authorised for payment by DPS did not include the quantities of printing provided, including 50 inflated invoices. The quantities were apparently removed at Mr Mantach's direction. The effect of removing the quantities of items produced was that Members and their Electorate Officers could not properly assess the value of the printing work performed on the invoice alone. Nonetheless, these invoices were authorised for payment, and were paid by DPS from the Members' Electorate Office and Communication Budgets.

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380. The removal of the quantity of items produced from some of the invoices diminished Members' capacity to identify whether they were receiving value for money or whether that invoice had been incorrectly calculated or inflated. However, the evidence to the investigation was that Members trusted the Secretariat to determine how many items were required for their electorates. This reliance, and Mr Mantach's role in the process, means that the outcome may well have been the same in any case. The mechanism put in place by Mr Mantach to have Melbourne Mailing modify the inflated invoices also diminished Members' ability to identify the inflation.

381. Mr Mantach's position as Members' sole conduit to Melbourne Mailing, and Melbourne Mailing's willingness to inflate invoices at his direction, meant Members' chances of identifying the invoice inflation scheme were negligible. As a matter of good practice, receiving invoices without quantities should have raised alarm bells. However, the Hon Gordon Rich-Phillips MLC put to the investigation that:

This fraud involved a trusted senior officer (effectively Deputy and then Chief Executive) of a trusted and known organisation, LPV. Some trust is required in any commercial engagement and in this instance, the opportunity to look behind that trust, and a reason to do so, was limited. The essence of this fraud appears to be the creation of false documents by a person in a position of trust. To that extent, requiring additional, or more detailed documentation, or certifications by vendors, would equally be susceptible to the same fraudulent conduct.

Seeing the invoices together, it is apparent now that there are differences insofar that some include quantities, and some do not. To the extent this may have been a flag, that difference was not apparent at the time the invoices were received noting that there is a 5-6-month gap between the issuing of invoices with and without quantities. For the reasons outlined above, the absence of a quantity was not of itself a flag.

### **Could Members reasonably have identified the invoice inflation?**

382. After receiving invoices without quantities, Members and/or their staff should have taken reasonable steps to confirm the quantities produced (either with LPV or Melbourne Mailing). Ten Members told the investigation that quantities could be confirmed by referring to other records, such as delivery receipts and Australia Post invoices to LPV, although it is not clear whether or how frequently they did so. Twelve Members commented that the mail programmes had been described to them as electorate-wide, nine of whom added that they had assumed LPV would order corresponding quantities of printed material.

383. Where invoices did not include a quantity, Members and their delegates would not have been able to easily ascertain whether the amount they were certifying was commercially competitive. There is no evidence that any Members requested that invoices be re-issued with the quantities included.

384. However, even if Members had taken these steps, Members would not have identified – or had cause to suspect – the invoice inflation fraud. Obtaining the quantities would not have exposed that the invoices had been inflated, as demonstrated by the certification of inflated invoices which did include that information. In instances where Members and their Electorate Officers did contact LPV to query higher-than-expected prices on invoices, it appears Mr Mantach intervened to resolve their concerns directly with Melbourne Mailing.

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### **‘Kickbacks’ and ‘levies’ (paragraph six)**

385. No kickbacks or levies were received by LPV or any Members in connection with Mr Mantach’s frauds. The kickback was collected through the ‘CML charge’ and paid by Melbourne Mailing – ostensibly to Campaign Mail Logistics, but ultimately to a bank account controlled by Damien Mantach.

### **Explanation of the invoice inflation arrangement**

386. Felice Armato maintained that Melbourne Mailing made these payments on the basis that Mr Mantach had told him that the money collected and paid would be used for LPV’s political activities. Mr Mantach did not challenge Mr Armato’s version of these events. The investigation found that the money was not used for these purposes, but went to a personal account controlled by Mr Mantach.

387. Leaving aside Mr Mantach’s fraud, this arrangement was dubious even if the justifications given to Mr Armato had been truthful. Neither Mr Armato nor Mr Mantach could explain why the ‘kickback’ could legitimately and lawfully be paid to LPV where it had been obtained through inflating invoices paid by a third party (in this case, DPS). The arrangement as described to Mr Armato – and the ‘supply rebate’ explanation given to the former Campaign Operations Manager – would have contravened the Members’ Guide by converting a portion of Members’ parliamentary budgets to LPV’s use for campaigning purposes. This runs contrary to the direction that Members’ budgets are non-transferable and must not be used for party-political activities, such as electoral campaigning.

388. In response to the draft report, the former Campaign Operations Manager submitted that he was neither subject to, nor wholly familiar with, the requirements of the Members’ Guide. He added that he ‘had no knowledge of what was to happen to’ monies collected under the ‘supply rebate’ arrangement.

389. It is not suggested that the former Campaign Operations Manager breached the Members’ Guide’s requirements, or knowingly participated in such breaches. However, on its face, the ‘supply rebate’ arrangement described to him necessarily contravened the Members’ Guide’s requirements on the use of Members’ Electorate Office and Communication Budgets by accumulating a discrete fund for LPV to spend on electoral campaigning.

### **Tracing of proceeds of fraud**

390. The proceeds of the different types of Mr Mantach’s frauds were intermingled in the relevant accounts. For this reason, it was necessary to trace the receipt and disbursement of all of these monies to properly address paragraph six of the Referral.

391. It is apparent that no current or former Members received any payments, ‘kickbacks’ or ‘levies’ from Mr Mantach.

392. Investigators identified four isolated transfers from Mr Mantach to LPV of funds which derived from fraud proceeds, none of which resembled a ‘kickback’ or ‘levy’. Two were legitimate reimbursements or payments made while Mr Mantach was LPV State Director, with a third made shortly after he resigned from that role. The fourth occurred after Mr Mantach had confessed his actions and had liquidated his share portfolio to partially reimburse LPV.

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393. A substantial amount of the fraud proceeds were used to purchase and finance the Gusto Queenscliff café. Enquiries by investigators confirmed that Gusto Queenscliff was not used as a vehicle to pay for 'kickbacks', 'levies', or any political activities.

### **Integrity of invoices (paragraph seven)**

394. The investigation did not identify any practice of falsification of invoices by LPV or by Members to circumvent the requirements of the Members' Guide. Members were not involved in the processes of issuing or inflating Melbourne Mailing invoices.

395. The 2 July 2018 email concerning a purported request to amend invoice dates mischaracterised a request to amend a newspaper subscription to end before writs were issued for the 2018 Victorian state election. The email's author, the Hamilton Spectator's Advertising Consultant, had not dealt with Ms Kealy's office before, and her colleague who handled the relevant account was not at work that day. From the evidence provided, the Advertising Consultant was busy and distracted when she took the call from Ms Kealy's Electorate Officer, and significantly misconstrued the nature of her request (which related to payment for an annual subscription to the Hamilton Spectator).

396. Emails and business records from both Ms Kealy's electorate office and the Hamilton Spectator confirm that Ms Kealy's Electorate Officer had consistently taken active steps to comply with the Members' Guide's requirements around election periods after becoming aware of them. In one instance, Ms Kealy's Electorate Officer did so in relation to a separate subscription to another newspaper published by the Spectator group. The Spectator also maintained separate accounts for Ms Kealy's electorate office and for any Nationals electoral campaigning.

397. The investigation found a course of conduct that was honest and consistent with the Members' Guide's requirements. The Hamilton Spectator did not amend or re-issue any invoices to Ms Kealy's office as a result of the 2 July 2018 email. Some Spectator invoices were later incorrectly charged to Ms Kealy's electorate office account instead of the Nationals' electoral campaign account for Lowan. After requests from Ms Kealy's office and the Nationals' campaign committee for Lowan, all of these invoices were ultimately redirected to the Nationals' account. None of these invoices were paid by DPS.

# Comments and recommendation

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398. Parliament has made two referrals to this office in recent years requiring the Ombudsman to investigate Members' uses of their parliamentary allowances. There have also been a number of investigations by other agencies, such as IBAC and Victoria Police, into similar or related matters.
399. These investigations have consistently identified problems with the clarity and enforcement of rules governing the uses of those allowances. Rules for allowable expenditures rely on the common sense of those authorising invoices to decide how much detail is sufficient to determine whether value for money has been obtained, or whether the description of the goods received, including quantities, matches what is received. What might seem to be a logical appeal to common sense interpretation has its limitations for time-poor Members and their staff operating in a demanding and politically charged environment. However, this cannot detract from responsibilities to ensure the appropriate use of public monies.
400. Recent legislative changes and efforts to improve parliamentary standards are welcome developments. The appointment of a Parliamentary Integrity Adviser and guidelines published by the Victorian Independent Remuneration Tribunal (VIRT) in 2019 are positive steps in establishing consistent interpretation and guidance about how Members' allowances may be used. But they will not be enough unless Members' appreciation of the value of good office governance increases significantly and consistently – which may not be realistic in the political operating environment.
401. The matters examined by this investigation involved a trusted Party officer exploiting a longstanding practice of Members outsourcing electorate communications. The method of his deception was hard to detect by Members, and took advantage of Members' trust, but nevertheless should have been detected sooner by LPV. Practices such as abridging invoices – even to the point of not including quantities of goods provided – made detection all the more difficult. Furthermore, the explanations given for the arrangements underpinning the invoice inflation fraud might have been challenged if the rules governing Members' allowances were more clear and better understood outside Parliament.
402. As this office has previously been told, candidates for election to Parliament are seldom, if ever, pre-selected principally for their administrative skills. Many of their Electorate Officers may likewise not have backgrounds in financial management, procurement or administration. This is not to suggest that they cannot adequately perform their representative roles – only that a conscious focus on compliance and good governance may not be a high priority. Relying on Members' self-certification of expense claims leaves Parliament vulnerable to the misuse or misappropriation of public funds.
403. Opportunities to institute more robust checks and balances can and should be explored. Doing so would provide greater certainty for Members, reduce the risk of further scandals, and help to rebuild public confidence about how parliamentary monies are spent.

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## Recent changes

404. The Ombudsman made three recommendations in her report on a previous referral from the Legislative Council relevant to Members' expenses, including:

- separating the Members' Guide into an allowances and entitlements handbook, and a guide to other information relevant to Members of Parliament;
- increased training and guidance for Members and Electorate Officers; and
- establishing clear investigative pathways for alleged misuses of parliamentary resources.

405. Several of these recommendations have been implemented. Legislation enacted in early 2019 established the VIRT, which has issued guidelines for the use of Members' entitlements, allowances and Electorate Office and Communication Budgets. Unlike the directions in the Members' Guide, the VIRT guidelines are enforceable.

406. The Clerks of each House of Parliament and the Secretary of DPS also have statutory powers to determine whether claims by Members comply with VIRT guidelines and to recover monies from Members where non-compliant claims have been paid from parliamentary funds – a course of action that was not previously available for non-compliance with the Members' Guide. Members may appeal such decisions but must also pay a penalty (an additional 25 per cent of the original amount claimed) if their claims are found not to comply with the guidelines.

407. New legislation also requires public reporting of aggregated information about Members' claims. The *Parliamentary Administration Act 2005* (Vic) has been amended to state that Members cannot direct Electorate Officers to perform party specific activity.

408. A Parliamentary Integrity Advisor was appointed in August 2019, with a specific responsibility to educate Members on responsibilities and obligations regarding the entitlements and allowances bestowed on them by Parliament.

409. There are practical limitations for DPS in respect of scrutinising the approximately 50,000 invoices it receives from Members each year. As a result, DPS has increased its focus on inductions and training for Electorate Officers and Members, emphasising the new statutory framework. New systems and software have been introduced to facilitate reporting on Members' uses of their Electorate Office and Communication Budgets, with DPS providing training to facilitate their proper use. Members are being provided with recognised governance training to assist them in meeting their legislated obligations, which Members and their staff may not necessarily have obtained earlier in their careers.

410. DPS also retains its audit role in respect of Members' claims, periodically engaging external investigators to examine identified matters of concern. DPS informed the investigation that DPS also collaborates with the Victorian Auditor-General's Office to audit claims and processes for randomly selected Members.

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411. Although the practice of self-certification remains in place under the new statutory framework, Members' personal responsibility for expenses certified to be paid from their Electorate Office and Communication Budgets has been clarified. Members must now appoint their Electorate Officers as their nominated agents to certify invoices, rather than delegating their authority to approve them. But while these advances are necessary and welcome, and should bring positive change to Parliament's stewardship of public funds, self-certification of invoices by Members of Parliament continues to authorise the expenditure of public monies in a manner that is fundamentally inconsistent with accepted public sector principles of financial governance.
412. Members now bear the reputational and financial risk of mistakes, maladministration or malfeasance regarding their parliamentary allowances and entitlements, where detected. Thought should be given to building on these improvements, particularly in respect of the risks presented by self-certification, to encourage greater confidence in Members' uses of public monies.

## Recommendation

413. While improvements have been made since the Ombudsman's report tabled in March 2018, including the establishment of VIRT and the Parliamentary Integrity Advisor, Parliament should move towards a regulatory framework for Members' expenses similar to that which applies to senior public servants. This should give greater confidence in the stewardship of public funds while still maintaining the independence of Parliament.

### Recommendation

The Presiding Officers, in consultation with the Clerks of Parliament and DPS and/or the VIRT, should develop a framework for the scrutiny of Member expenses in which Members do not self-certify their own expenses.



## Victorian Ombudsman's Parliamentary Reports tabled since April 2014

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### 2019

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WorkSafe 2: Follow-up investigation into the management of complex workers compensation claims

December 2019

Investigation into improper conduct by a Council employee at the Mildura Cemetery Trust

November 2019

Revisiting councils and complaints

October 2019

OPCAT in Victoria: A thematic investigation of practices related to solitary confinement of children and young people

September 2019

Investigation into Wellington Shire Council's handling of Ninety Mile Beach subdivisions

August 2019

Investigation into State Trustees

June 2019

Investigation of a complaint about Ambulance Victoria

May 2019

Fines Victoria complaints

April 2019

VicRoads complaints

February 2019

### 2018

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Investigation into the imprisonment of a woman found unfit to stand trial

October 2018

Investigation into allegations of improper conduct by officers at Goulburn Murray Water

October 2018

Investigation of three protected disclosure complaints regarding Bendigo South East College

September 2018

Investigation of allegations referred by Parliament's Legal and Social Issues Committee, arising from its inquiry into youth justice centres in Victoria

September 2018

Complaints to the Ombudsman: resolving them early

July 2018

Ombudsman's recommendations – second report

July 2018

Investigation into child sex offender Robert Whitehead's involvement with Puffing Billy and other railway bodies

June 2018

Investigation into the administration of the Fairness Fund for taxi and hire car licence holders

June 2018

Investigation into Maribyrnong City Council's internal review practices for disability parking infringements

April 2018

Investigation into Wodonga City Council's overcharging of a waste management levy

April 2018

Investigation of a matter referred from the Legislative Council on 25 November 2015

March 2018

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## 2017

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Investigation into the financial support provided to kinship carers

December 2017

Implementing OPCAT in Victoria: report and inspection of the Dame Phyllis Frost Centre

November 2017

Investigation into the management of maintenance claims against public housing tenants

October 2017

Investigation into the management and protection of disability group home residents by the Department of Health and Human Services and Autism Plus

September 2017

Enquiry into the provision of alcohol and drug rehabilitation services following contact with the criminal justice system

September 2017

Investigation into Victorian government school expulsions

August 2017

Report into allegations of conflict of interest of an officer at the Metropolitan Fire and Emergency Services Board

June 2017

Apologies

April 2017

Investigation into allegations of improper conduct by officers at the Mount Buller and Mount Stirling Resort Management Board

March 2017

Report on youth justice facilities at the Grevillea unit of Barwon Prison, Malmsbury and Parkville

February 2017

Investigation into the Registry of Births, Deaths and Marriages' handling of a complaint

January 2017

## 2016

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Investigation into the transparency of local government decision making

December 2016

Ombudsman enquiries: Resolving complaints informally

October 2016

Investigation into the management of complex workers compensation claims and WorkSafe oversight

September 2016

Report on recommendations

June 2016

Investigation into Casey City Council's Special Charge Scheme for Market Lane

June 2016

Investigation into the misuse of council resources

June 2016

Investigation into public transport fare evasion enforcement

May 2016

## Victorian Ombudsman's Parliamentary Reports tabled since April 2014

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### 2015

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Reporting and investigation of allegations of abuse in the disability sector: Phase 2 - incident reporting

December 2015

Investigation of a protected disclosure complaint regarding allegations of improper conduct by councillors associated with political donations

November 2015

Investigation into the rehabilitation and reintegration of prisoners in Victoria

September 2015

Conflict of interest by an Executive Officer in the Department of Education and Training

September 2015

Reporting and investigation of allegations of abuse in the disability sector: Phase 1 - the effectiveness of statutory oversight

June 2015

Investigation into allegations of improper conduct by officers of VicRoads

June 2015

Investigation into Department of Health oversight of Mentone Gardens, a Supported Residential Service

April 2015

Councils and complaints - A report on current practice and issues

February 2015

Investigation into an incident of alleged excessive force used by authorised officers

February 2015

### 2014

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Investigation following concerns raised by Community Visitors about a mental health facility

October 2014

Investigation into allegations of improper conduct in the Office of Living Victoria

August 2014



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