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**EUROBODALLA SHIRE COUNCIL**

*Good Government, better living*

29 April 2003

Mr A Sands  
Australian Senate  
Finance & Public Administrations Reference Committee  
Parliament House  
CANBERRA ACT 2600

Mayor's Office Council Chambers  
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Dear Mr Sands

**AUSTRALIAN FINANCE & PUBLIC ADMINISTRATION REFERENCE COMMITTEE RE  
INQUIRY INTO FUNDING MATTER UNDER DRAP**

Further to our recent discussions please find attached Council's submission to the above Inquiry.

I look forward to receiving your advice as to whom the Committee wishes to invite to appear before the Reference Committee.

Yours faithfully

**JAMES F. LEVY  
GENERAL MANAGER**

# SUBMISSION

TO:

THE AUSTRALIAN FINANCE &  
PUBLIC ADMINISTRATION  
REFERENCE COMMITTEE

RE:

INQUIRY INTO FUNDING MATTER  
UNDER DRAP

-1-

Senators,

The Eurobodalla Shire Council totally rejects the allegations made in the Senate, that it, as a Council, has been involved in a conspiracy with the company Moruya Decking and Cladding Pty. Ltd., trading as Mordek, applying for a Grant under the DRAP program and thus being involved in money laundering and corruption.

Senator O'Brien said in his speech of 26 March 2003, at the bottom of Hansard page 10199:

*"There was an attempt to fund the provision of the sewerage system through the Dairy Regional Assistance Program in July 2001".*

This is not true. There has never been an attempt by the Council to fund the sewerage system by any application by the Council to DRAP.

The allegations of money laundering and corruption received front page headline press in the Eurobodalla and Batemans Bay weekend edition of its newspaper "Bay Post" with a heading "Corruption claim sparks senate inquiry". It was the lead item on the local Radio and TV stations.

This has caused the writer, as General Manager of the Eurobodalla Shire Council, Councillors and senior officers, a great deal of stress, personal angst and has made them subject to derision in the community.

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The writer is aware of one situation where, as a result of the Bay Post article, the statement was made along the following lines "did you know that the General Manager was involved in money laundering and is corrupt".

This serious allegation, made under Parliamentary privilege, has had a damaging effect on members of this Council. This Council has always been concerned for our local economy. The Council has supported the Government and made applications to the Government in an attempt to overcome unemployment in the Eurobodalla Shire Council area. The survey of our citizens has shown that unemployment is one of their greatest concerns. It has been, and will continue to be, part of the Business Plan of this Council to encourage business, small and large, Government and semi-Government, so that employment opportunities are provided for the people of the Shire.

Council is aware that it is the aim of the Government, in establishing the DRAP Program, to stimulate local economies that had been adversely affected by deregulation. The fact is the Eurobodalla Shire Council local government area has been adversely affected by Dairy deregulation and has one of the highest rates of unemployment in the State.

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It is true that the Eurobodalla Shire Council has always encouraged local businesses, facilitated and assisted local businesses in developing their businesses, improving their businesses, increasing their business thus increasing employment opportunities.

It is true that, as General Manager, I have often encouraged businesses to make Applications to State and Federal Governments for Grants and have facilitated them doing so by introducing the persons interested in making applications to the relevant Government persons.

In relation to the funding of the sewerage of the North Moruya Industrial Estate, this Council has never submitted an application to DRAP for such funding. The Eurobodalla Shire Council made an application for assistance in sewerage of the North Moruya Industrial Estate under the "Regional Solutions Program" and that Application is attached hereto and marked with the letter "A".

It is totally wrong to suggest that the Eurobodalla Shire Council was an applicant for DRAP funding which is the subject of the criticism of the Council. It is true that the Eurobodalla Shire Council referred Mr. Nader to the relevant DRAP Officer. It is true that the Eurobodalla Shire Council supported Mr. Nader's application.

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It should be noted and appreciated that the Application was made by the Moruya Decking and Cladding Pty. Ltd., trading as Mordek. That company is not the owner of the North Moruya Industrial Estate. As I understand the Application went, at all times, through normal channels. The use of the funds from the Application was a matter for the Applicant and for DOTARS.

It is not denied that the Eurobodalla Shire Council, in encouraging the Application for funding applied for by Mordek, did so on the basis of hoping to further stimulate the development of industrial facilities in the shire, thus improving employment opportunities.

The involvement of this Council was support, introduction and encouragement.

The Senator's comments in relation to retrospectivity are more properly addressed by the Applicant rather than by this Council. The Application, as our enquiries revealed, was fully audited by independent Auditors. The Application was found, by the relevant Department, to meet the necessary criteria for the Application. That criteria is set by the Department, and it is a matter for the Department.

The "cheque" representing the sum applied for under the Application by the company trading as Mordek, was presented to Mordek in February 2002 by the local Federal Member.

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The fact is that at a later time, that is 29 August 2002, the Eurobodalla Shire Council entered into a Memorandum of Understanding with the North Moruya Industrial Estate for assistance and funding the sewerage of that estate. Please find attached and marked with the letter "B" the letter dated 29 August 2002.

There was no agreement with either Mordek or the owner of the Industrial Estate, Moruya Industrial Estates Pty. Ltd. or any person at the time of the handing over of the cheque in February 2002.

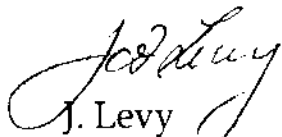
It is of grave concern to myself, as the General Manager of the Eurobodalla Shire Council, that this Council has been tainted by the serious allegations of money laundering and corruption, and that Senior Officers of this Council have suffered the indignity of being tainted with that slur, as have Councillors.

The information that has been provided to Senator O'Brien, by some unknown person, clearly leaves that person, on the basis of the allegations of money laundering and corruption, open to defamation proceedings by Officers of this Council and by some Councillors. I and Senior Officers would pursue such proceedings if the information as to who made those allegations was available.

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Senator O'Brien has decided to make his allegations under Parliamentary privilege, which of course does not give Officers of this Council, or representatives of this Council the opportunity to test those allegations in a Court of Law. However, it is vital that the Senate hearing this inquiry, at the end of the day, makes it clear that this Council has not been involved in money laundering or corruption. It is vital that the Senate Committee sees the actions of this Council as not only proper, but appropriate and encouraging in its efforts to stimulate the economy in the Eurobodalla Shire Council and thus stimulate employment and overcome the large percentage of unemployed persons in our Shire.

The Eurobodalla Shire Council appreciates that Parliamentary privilege is one of the basic tenet of our democratic system and that privilege is given to our elected representatives to assist and encourage them in their work for the community. The Council, however, points out that parliamentary privilege should be used sparingly and only when all the facts are known. It should never be abused. Its apparent abuse on this occasion based on misleading information irresponsibly supplied to a respected Senator, can only, at the end of the day, do hurt and damage to individuals, the Council and the community as a whole.



J. Levy  
General Manager  
Eurobodalla Shire Council