

# **Senate Select Committee on Superannuation and Financial Services**

## **Main Inquiry Reference (a)**

**Submission No. 205**

**Submittor:** Sorell Council  
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Our Ref: PP1717A:BBS  
Your Ref:  
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5 June 2001

Ms S Morton  
Committee Secretary  
Select Committee on Superannuation  
& Financial Services  
Parliament House  
CANBERRA ACT 2600



Dear Ms Morton

**SENATE INQUIRY INTO SOLICITOR'S MORTGAGE SCHEMES IN TASMANIA**

I would like to thank you for your letter dated 31 May 2001 with which you forwarded a copy of a submission numbered 175 from Mr David Newitt of Mt Garrett, Sorell.

Having read Mr Newitt's submission it appears that only some of the issues raised relate in any way to the Sorell Council.

These are as follows:-

**Page 1 – Paragraph 7** – this statement is not correct. In 1996 I was advised of certain allegations in relation to corrupt practices at Sorell Council. I immediately referred these allegations to the Director of Public Prosecutions and a police investigation was commenced.

At the conclusion of these investigations Council was advised, in writing, by the Divisional Superintendent, R E Belbin, Eastern District Tasmania Police as follows:-

"I am able to advise you that Detective Inspector John Stone found no further evidence, whatsoever, of systemic corruption, isolated individual corruption, or criminal wrongdoing by any member of the Sorell Council". Superintendent Belbin continued to state as follows:-

"To date, a very extensive enquiry/investigation has been conducted by police into this matter and a large number of people have been spoken to and/or interviewed. In spite of this, there is still no evidence to hand that would substantiate any claims or allegations against members of the Sorell Council."

Contrary to Mr Newitt's assertion in the following paragraphs subsequent investigations indicate these allegations were not true.

I attach a copy of Superintendent Belbin's correspondence dated 12 March 1998 for your information.

Mr Newitt continues to state that "if the police had followed up these serious allegations then this enquiry may not have been necessary." and "The corruption and/or professional misconduct may have been nipped in the bud."

These statements are without foundation as the police inquiry found no indication or evidence of either corruption or professional misconduct in the Sorell Council.

**Page 2 – Paragraph 2** – Mr Newitt suggests that his files "show a valueless bond accepted by the Sorell Council from Thomas Baron for a development application contrary to the Act and solicitor's advice".

The Sorell Council secured a legally binding solicitor's guarantee from Mr Thomas Baron practising as Lewis Driscoll & Bull Solicitors on 10 April 1997.

At the time the guarantee was given there was no reason for Council to consider that Mr Baron would not be able to fund it, or that it was not legally binding.

Lewis Driscoll & Bull was an established law firm in Hobart. There was also substantial performance of the subdivision works resulting in the reduction of the amount guaranteed by Mr Baron to \$167,821. It was reasonable for the Council to assume that the subdivision would be completed.

In the events which occurred Mr Baron became bankrupt and the works ceased. At that stage it was necessary for the Council to determine what action it would take in respect of the subdivision.

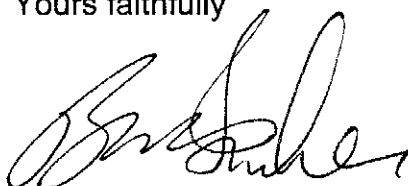
It would have been an irresponsible use of rate-payers funds for the Council to take on the works when the guarantor could no longer give sufficient security for payment of the works.

As a result of that the Council elected to establish a separate rate on the property in accordance with the provisions of the Local Government Act 1993.

The remaining issues raised by Mr Newitt appear to relate to State Government Agencies and I am therefore unable to comment on these.

If you require any further information or clarification of my response in any way please do not hesitate to contact me.

Yours faithfully



BRIAN INCHES  
GENERAL MANAGER

Encl:



18 MAR 1998  
5688

## EASTERN DISTRICT

My Ref: REB:AD

Superintendent's Office  
Eastern District  
GLENORCHY 7010  
Telephone: (03) 62 302674

12 March 1998

Mr Brian Inches  
General Manager  
Sorell Council  
Gordon Street  
SORELL Tas 7172

Dear Mr Inches

### COMPLAINT OF "JOHN THE DUKE OF AVRAM"

As you are aware, an investigation by personnel from the Eastern District CIB, commenced in August 1996 following allegations made by 'John the Duke of possible corruption within the Sorell Council.

Initially, Detectives R Batge and D Adams personally spoke with 'John the Duke of Avram' on Thursday 22 August 1996, with the purpose of obtaining a formal written complaint detailing the allegations.

I am able to confirm that no specific information was obtained by police on that occasion, nor has there since been any written complaint received by police from 'John the Duke of Avram', in fact, the complainant has stated to police that he did not wish to make any formal complaint.

I understand that Detective Batge spoke with you at this time and advised that in the absence of a formal complaint from 'John the Duke of Avram' no further police enquiries would occur as claims of corruption within Sorell Council could not be substantiated in the absence of further evidence.

In May 1997, the Deputy Commissioner of Police, Mr J Johnston directed that police provide a detailed report on the extent of the investigation into the claims made by 'John the Duke of Avram'. Detective Sergeant T Bennett provided a report after having spoken to 'John the Duke of Avram', with the result that no substantial information was received.

Detective Inspector G Johnstone of Eastern District CIB was then tasked with further investigation of 'John the Duke of Avram's' allegations. During the course of his investigation, the Inspector interviewed and/or spoke to a large number of persons in the Sorell area both councillors and civilians about 'John the Duke of Avram's' allegations.

I am able to advise you that, Detective Inspector Johnstone found no further evidence whatsoever of systemic corruption, isolated individual corruption, or criminal wrongdoing by any member of the Sorell Council.

The Minister for Local Government, the Honourable Denise Swan has appointed Mr Bruce Leaver, (the Public Land Use Commissioner) to mediate on matters associated with the Sorell Council, and whereas his duties in this are not formal, I understand that he is required to constructively address any situation which has or may cause any concern, between the Sorell Council and the local community in that area.

At this point, Detective Inspector Johnstone is maintaining liaison with Mr Leaver and the situation is being monitored.

To date, a very extensive enquiry/investigation has been conducted by police into this matter and a large number of people have been spoken to and/or interviewed. In spite of this, there is still no evidence to hand that would substantiate any claims or allegations against members of the Sorell Council.

I trust that this letter is of value to you in outlining the extent of the investigations conducted by police and confirming that it is not anticipated that further enquiries will take place.

My file on this matter is now closed.



**R E BELBIN**  
District Superintendent