



**CRIMINAL JUSTICE
COMMISSION**

**REPORT
ON A PUBLIC INQUIRY
INTO PAYMENTS MADE
BY LAND DEVELOPERS TO
ALDERMEN AND
CANDIDATES
FOR ELECTION TO
THE COUNCIL OF THE
CITY OF GOLD COAST**

NOVEMBER 1991

© Criminal Justice Commission, 1991.

Apart from any fair dealing for the purpose of private study, research, criticism or review, as permitted under the COPYRIGHT ACT, no part may be reproduced by any process without permission. Inquiries should be made to the publisher, Criminal Justice Commission (Queensland).

ISBN 0-7242-4662-2

Printed by Goprint, Brisbane.



**CRIMINAL JUSTICE COMMISSION
QUEENSLAND**

Telephone: (07) 360 6060
Facsimile: (07) 360 6333

Your Ref.:
Our Ref.:
Contact Officer:

The Hon Wayne Goss MLA
Premier and Minister for Economics & Trade
Development & Minister for the Arts
Parliament House
George Street
BRISBANE Q 4000

The Hon Jim Fouras MLA
Speaker of the Legislative Assembly
Parliament House
George Street
BRISBANE Q 4000

Mr Peter Beattie MLA
Chairman
Parliamentary Criminal Justice Committee
Parliament House
George Street
BRISBANE Q 4000

Dear Sirs

In accordance with Section 2.18 of the Criminal Justice Act 1989, the Commission hereby furnishes to each of you its Report on a Public Inquiry into payments made by land developers to Aldermen and candidates for election to the Council of the City of Gold Coast.

Yours faithfully

SIR MAX BINGHAM QC
Chairman

CONTENTS

PAGE NO.

EXECUTIVE SUMMARY	1
--------------------------	----------

INTRODUCTION

1.	The Genesis of the Inquiry	15
2.	Extension of the ambit of the public hearings	18
3.	Jurisdiction of the Commission	18
4.	A public hearing	21
5.	Mode of taking evidence	21
6.	Standard of Proof	22
7.	Public hearing days	23
8.	Appearances	23
9.	Logistics of the Investigation	23
10.	Acknowledgments	23
11.	Presentation of the evidence	24
12.	Perjury	24
A.	ALLEGED PAYMENTS TO CANDIDATES FOR ELECTION TO THE GOLD COAST CITY COUNCIL	
1.	The Gold Coast City Council	26
2.	The overview of development by Council	26

	<u>PAGE NO.</u>
3. The Developers	27
3.1 Lewis Land	27
3.2 The Niecon Group of Companies	27
3.3 The Raptis Group	28
4. The extent of payments made by Lewis Land	28
4.1 The evidence of Gregor Vale Mate	28
4.2 The evidence of George Sencariuc	29
4.3 The evidence of the Candidates	32
4.3.1 The 1988 Election	32
4.3.2 The 1991 Election	33
4.4 Conclusion	33
5. Extent of payments by Niecon Developments Pty Ltd	34
5.1 The evidence of George Sencariuc	34
5.2 The evidence of William Nikiforides and the response by the Candidates	35
5.3 Conclusions	37
6. The extent of payments made by the Raptis Group	38
6.1 The evidence of James Raptis	38
6.2 The evidence of the Candidates	40
6.3 Conclusions	42

PAGE NO.

7.	Why did Lewis Land financially support Candidates in Local Government Elections?	44
7.1	The evidence of Gregor Vale Mate	44
7.1.1	The philosophy behind the payments	44
7.1.2	The selection process	45
7.1.3	Denials that it was ever intended to have sitting Aldermen defeated at Elections	46
7.1.4	Denial of any knowledge of "dummy" Candidates	49
7.1.5	Denials of any party political considerations	50
7.2	The evidence of Kenneth Gilbert Newton	51
7.3	The evidence of June Margaret Redman	51
7.4	Conclusions	52
8.	Why did the Niecon Group financially support Candidates in Local Government Elections?	53
8.1	The evidence of William Nikiforides	53
8.2	The evidence of Constantine William Nikiforides	54
8.3	Conclusions	54
9.	Why did the Raptis Group financially support Candidates in Local Government Elections?	55
9.1	The evidence of James Raptis	55
9.1.1	The selection process	55
9.1.2	The philosophy behind the payments	55

	<u>PAGE NO.</u>
9.2 Conclusion	57
10. Was there an attempt to keep confidential the fact of any payments made by Lewis Land	57
10.1 The evidence of Gregor Vale Mate	57
10.2 The evidence of George Sencariuc	58
10.3 Newton's accounting procedures	58
10.3.1 The evidence of Elaine Muriel Todd	58
10.3.2 The evidence of Debbie Anne Young	59
10.3.3 The evidence of Kenneth Gilbert Newton	61
10.3.4 The evidence of Natalie May Viner	61
10.4 The evidence of the Candidates	62
10.4.1 The 1988 Election	62
10.4.2 The 1991 Election	64
10.5 Conclusions	64
11. Was there an attempt to keep confidential the fact of any payments made by the Niecon Group?	66
12. Was there an attempt to keep confidential the fact of any payments made by the Raptis Group?	67
13. Why were there attempts to keep confidential the fact of payments made by the developers?	67
14. Did Candidates believe that payments from developers would compromise them?	69
14.1 Some thought payments from developers would compromise them	69

PAGE NO.

14.2	Some thought payments from developers would not compromise them	72
14.3	Some thought payments from developers would compromise them if they knew the source	76
14.4	Receipt of donations – some observations	77
15.	Was any benefit sought or received by any developer for the payment of the funds?	77
15.1	Lewis Land	78
15.2	The Niecon Group	79
15.3	The Raptis Group	80
16.	Was any threat made or inducement given by any of the Aldermen or Candidates?	82
17.	Were any of the payments unlawful?	84
18.	The appropriateness of the donations and associated issues	87
18.1	The appropriateness of the donations	87
18.2	The experts' views on redressing the problem	89
18.3	Recommendations	91
18.4	"Dummy" Candidates	92
18.5	Taxation ramifications	94

B. ALLEGED PAYMENTS (UNRELATED TO ELECTIONS) TO AN ALDERMAN OF THE GOLD COAST CITY COUNCIL - THE AUSTRALIAN SECURITIES COMMISSION MATERIAL

1.	The information provided by the Australian Securities Commission	95
2.	The Players	95
2.1	Denis Duncan Pic	95
2.2	Dinlex Pty Ltd	96
2.3	The Qintex Group	96
2.4	Kodogo Pty Ltd	97
2.5	Rothwells Limited	98
3.	Chronology	99
4.	The evidence by George Sencariuc of payments	102
5.	On what commercial basis were the payments by Kodogo Pty Ltd purportedly made?	103
5.1	The evidence of Ian Cameron Curtis	103
5.2	The evidence of Peter Eric Burden	106
5.3	The evidence of Richard Andrew Jackson Capps	107
5.4	The evidence of Anthony John Schutz	108
5.5	The evidence of Geoffrey William Putland	108
5.6	The evidence of Christopher Charles Skase	109
5.7	The evidence of Thomas William Quinn	109

	<u>PAGE NO.</u>
5.8 The evidence of Denis Duncan Pic	110
5.9 Conclusion	111
6. On what commercial basis was the loan written off by Kodogo Pty Ltd?	114
6.1 The evidence of Vincent David Poncini	114
6.2 The evidence of Peter Eric Burden	115
6.3 The evidence of Richard Andrew Jackson Capps	115
6.4 The evidence of Christopher Charles Skase	115
6.5 The evidence of Geoffrey William Putland	116
6.6 Conclusion	117
7. Was there any connection between the payments by Kodogo Pty Ltd and development by the Qintex Group in the Gold Coast area?	117
7.1 Examination of Council documents	118
7.2 The evidence of the Town Planner	119
7.3 The evidence of the Qintex Group Executives	121
7.4 The evidence of Denis Duncan Pic	123
7.5 Conclusions and Recommendations	125
C SUMMARY OF FINDINGS AND RECOMMENDATIONS	
1. Findings relating to alleged payments to candidates for election to the Gold Coast City Council	129

	<u>PAGE NO.</u>
2. Findings relating to alleged payments (unrelated to elections) to an Alderman of the Gold Coast City Council – the Australian Securities Commission material	129
3. Recommendations	130
ANNEXURE "A" – Index to Witnesses	131
ANNEXURE "B" – List of Exhibits	135
ANNEXURE "C" – List of Legal Representatives	150
ANNEXURE "D" – Electoral Candidates for the Council of the City of Gold Coast	151
ANNEXURE "E" – Payments by Kodogo Pty Ltd for the benefit of Dinlex Pty Ltd	154

**REPORT ON A PUBLIC INQUIRY INTO PAYMENTS MADE BY
LAND DEVELOPERS TO ALDERMEN AND
CANDIDATES FOR ELECTION TO
THE COUNCIL OF THE CITY OF GOLD COAST**

EXECUTIVE SUMMARY

1. THE GENESIS OF THE INQUIRY

In November 1989, the ABC television programme "*The 7.30 Report*" made a number of allegations concerning, amongst other things, the relationship between the land developer, Lewis Land Corporation Limited (Lewis Land) and the then State Government and an Alderman of the Council of the City of Gold Coast (Gold Coast City Council). The Alderman, Lester Hughes, subsequently denied receipt of electoral assistance from the principal of that company Bernard Lewis in an article in the Gold Coast Bulletin. This denial was noted by Elaine Muriel Todd, a former employee of the media consultancy business Newton's Pty Ltd (Newton's). Todd believed she had contrary information and took it to a Gregory Rix, a director of a Gold Coast development company. Rix¹ was a prominent public opponent of Harbourtown, a Lewis Land development proposal which had benefited from a controversial ministerial rezoning.

On 13 December 1989, Rix and his Solicitor, John Henderson, approached the office of the Special Prosecutor with this and other information. They claimed they had evidence that Gold Coast politicians and political candidates on the Gold Coast had submitted their accounts for election campaign expenses to Newton's. The accounts would be met by Newton's but from funds provided by Lewis Land. They claimed further that employees of Newton's were required to keep the fact of the payments secret.

This information was forwarded by the Office of the Special Prosecutor to Sir Max Bingham QC, then Chairman of the Commission of Inquiry previously chaired by Commissioner G E Fitzgerald QC.

After the necessary investigative resources became available in October 1990, preliminary inquiries were commenced to determine whether the evidence produced warranted further investigation. During these preliminary inquiries, representations were made to the Commission that other land developers had contributed money to candidates for election to the Gold Coast City Council. It was claimed that

¹

In the interests of economy and consistency, surnames are used without the customary "Mr" or equivalents and, generally, honorifics and titles will be used only once. No discourtesy is intended.

payments had been made by the Raptis Group of Companies, as well as the Niecon Group of Companies.

Upon consideration of the preliminary evidence in the Commission's view the following questions were raised:

- What was the extent of payments made by land developers to Aldermen or candidates on the Gold Coast?
- To whom were these payments made?
- Why were they made?
- Was there an attempt to keep confidential the fact of any payments? If so, why?
- Was any benefit sought or received by any land developer for the payment of the funds?
- Was any threat made or inducement given by any of the Aldermen or candidates?
- Was any Alderman or candidate compromised by any payment?
- Was there a likelihood that a payment may have tended to compromise an Alderman or candidate?
- Were any of the payments unlawful?

On 15 April 1991, the Commission resolved to conduct hearings open to the public presided over by the Chairman of the Commission, Sir Max Bingham QC sitting alone assisted by C E K Hampson QC.

Although the Commission was primarily concerned with donations for the 1988 elections, it formed the view that some assistance in answering these questions would be derived by questioning candidates and developers in relation to other recent elections for the Gold Coast City Council.

2. EXTENSION OF THE AMBIT OF THE PUBLIC HEARINGS

As a result of the publicity generated by the public hearings, the Australian Securities Commission forwarded material which it believed was relevant to the public hearings.

During its own inquiries into the Qintex Group of Companies, the Australian Securities Commission located certain documentation which suggested that a company associated with the Qintex Group by the name of Kodogo Pty Ltd had made payments between 1986 and 1988 for the benefit of a company named Dinlex Pty Ltd, whose directors included Denis Pie, Mayor of the Gold Coast City Council from 1985 to 1988. These payments ceased shortly after Pie was defeated in the March 1988 Council election. From the papers provided, it appeared that the sum total of the payments, namely \$321,474 paid for the benefit of Dinlex Pty Ltd had been forgiven and that raised the suspicion that favours were given by Pie, in his capacity as Mayor, to the Qintex Group, which had undertaken developments on the Gold Coast at that time.

Although the material did not raise a suspicion that any payments had been made for the purpose of assisting in any election campaign, the Commission considered it to be sufficiently cognate to its current inquiries to extend the ambit of the public hearings to include the investigation of this further matter. Accordingly, on 23 May 1991, the Commission resolved to undertake the investigation of any alleged payment by Qintex Limited or any of its subsidiary companies of moneys to Gold Coast City Council Aldermen or candidates. It was also resolved that the Director of the Official Misconduct Division, Mr P M Le Grand sitting alone preside over the further matter.

3. PUBLIC HEARINGS

The Commission formed the view that the only satisfactory means of addressing the issues was by way of public hearing. The reasons for this were, inter alia:

- The provisions of the *Criminal Justice Act* imposed a prima facie obligation upon the Commission to hold open hearings;
- It was necessary to maximise the possibility of any person with direct evidence coming forward to assist in establishing the truth of any allegation or proving its falsity;
- To gain the confidence, co-operation and support of the public, the inquiry had to be as open as possible;
- The Commission is of the view that publicity generated by public hearings is of assistance in convincing people that public sector corruption is a social evil which ought not to be tolerated; and
- It considered that public hearings would raise the general level of knowledge and debate within the community concerning the

campaign and election process in the Local Government area, and the part played by donations from developers.

4. LOGISTICS OF THE INQUIRY

In all, 71 persons were called and gave evidence, either before the public or in-camera hearings. Police officers attached to the Commission interviewed a further 59 persons. A total of 2,096 pages of transcript was produced from the hearings and 279 exhibits were tendered. In excess of 3,500 work hours were expended by staff of the Commission.

5. PERJURY

The Commission was satisfied to the requisite civil standard that many witnesses (including a significant number of Aldermen) who gave evidence on oath were, at times, untruthful. However, the Commission has not taken any action with a view to any of these witnesses being charged with perjury for one or more of the following reasons:

- recognition of the difficulty in establishing, to the criminal standard, (in contrast to the civil standard applied by the Commission), the facts supporting an offence of perjury;
- lack of corroboration (which is required by the provisions of The Criminal Code before a person can be found guilty of the offence); and
- lack of "*materiality*" (which is a technical element of the offence of perjury pursuant to the provisions of The Criminal Code).

6. EVIDENCE RELATING TO ALLEGED PAYMENTS TO CANDIDATES FOR ELECTION TO THE GOLD COAST CITY COUNCIL

6.1 THE EXTENT OF THE PAYMENTS

The Commission was satisfied that Lewis Land contributed approximately \$94,000 towards the candidates for election in 1988 and \$32,500 towards the candidates for election in 1991. In relation to the 1988 election, the amount was divided between 19 candidates from all 10 divisions and the Mayoral candidacy. Six of these candidates were successful. In most cases the amount donated by Lewis Land was

the major portion of the candidates' campaign funding. Of the contributions made in 1988, the Commission was satisfied that the only cash contribution was a \$2,500 payment by the General Manager of Lewis Land, Gregor Mate to Keith Leonard Thompson, who denied the fact of the payment.

The Commission is satisfied that the Niecon Group contributed approximately \$17,000 to the benefit of candidates for the 1988 election. On the evidence before it, the Commission is further satisfied that the Group made no contributions for the 1991 elections. For the 1988 election, \$10,000 of the amount of the contributions was given to one candidate, the then Mayor Denis Duncan Pie, who was unsuccessful.

The Commission is satisfied that the Raptis Group contributed approximately \$28,000 to candidates for the 1988 election. The Commission is further satisfied that the Raptis Group made no donations for the 1991 election. Of the 12 candidates ultimately supported by the Raptis Group, four were elected to Council. Two candidates who had originally received cheques from the Group but had returned them were also elected to Council. The Commission finds that, of the money contributed by the Raptis Group, the only cash contribution was an amount of \$300 to \$400 paid by James Raptis to Kerry Terese Smith. She denied receiving the payment and claimed that she had always rejected offers from developers. She also claimed that she had never, and would never, approach developers for funding as she would feel obligated to them. Despite her assertions, the evidence before the Commission established that she had, in fact, orchestrated approaches to more than one developer for support.

6.2 WAS THERE AN ATTEMPT TO KEEP CONFIDENTIAL THE FACT OF ANY PAYMENTS?

The Commission gained the very clear impression that although there may not have been any specific requests by Mate or anyone from Newton's to keep matters involving the payment to candidates "*secret*", there would have been discussions about keeping matters as quiet as possible. There can be no doubt that it was perceived by the developer and Newton not to be in their interests for it to be publicly known that payments were being made by Lewis Land on behalf of the candidates. Indubitably, confidentiality was encouraged and perhaps stressed.

Whereas for the 1985 and 1988 elections the great majority of the Lewis Land electoral contribution was made to candidates indirectly by Newton's, for the 1991 election, the method of contribution changed. For this election, Lewis Land made payments directly to candidates or their campaign managers and, in two instances, anonymously. On consideration of the evidence, the Commission is left with the impression that the primary reason the method of payment was changed was the fact of the investigations then under way into the earlier electoral contributions

(although this was denied by Mate). The Commission is of the view that the changed mode of payments is further evidence of a general intention to keep the electoral contributions as confidential as possible.

In relation to the Niecon Group, the Commission is satisfied that the \$10,000 paid to the one candidate was made in a way to keep the nature of the payment confidential. Not only were the six cheques totalling the \$10,000 paid in response to false invoices, but in the books of account of Niecon Developments Pty Ltd the payments appeared as normal business expenses.

Although there is no evidence to suggest that Raptis took any extraordinary steps to keep the payments confidential, it is clear from his evidence that he had no desire to have the fact of them published widely as he knew such publication would cause disquiet amongst the voting public.

There is little doubt that the reason why there was an attempt to keep the payments confidential was the belief that the public would react adversely to the knowledge that developers helped the campaigns for election of the Aldermen. Notwithstanding the fact that many candidates expressed the view that they could not or would not be compromised by payments from developers, they maintained the position that public knowledge of the receipt of such payments would not enhance their election prospects as they believed the public would view such payments as having compromised them. Others claimed that they would have been compromised if they had known the source (many candidates denied they had knowledge of the source of the payments even in the face of cogent evidence to the contrary), and some claimed they refused donations from developers on the basis that they would be compromised.

6.3 WHY DID THE DEVELOPERS FINANCIALLY SUPPORT THE CANDIDATES?

The Commission heard evidence from all three developers and all but one of the Aldermen concerned. It also called evidence from Council officers and considered Council records and other relevant documentation. One purpose of this exhaustive process was to identify whether any specific favour was sought or received by any developer.

Ultimately, there appeared to be only one possibility of such conduct. Some Aldermen stated that they had received campaign contributions from the Raptis Group on the morning that a significant Raptis Group proposal was to be considered by the Council. Two of these Aldermen had also received telephone calls from Raptis relating to the proposal. However, after full consideration of this matter, the Commission formed the view that although the timing of the drawing and posting of the cheques and the manner of the delivery was monumentally

unfortunate, there was no intention on the part of Raptis to influence the particular proposal to be considered by the Council.

Although not an instance of misconduct, the Commission well understands how the incident could be seen in a sinister light, even by some of the Aldermen concerned. Two felt compelled to return the Raptis Group cheques upon the incident becoming known. If some of the Aldermen saw the incident in this light, the electorate could be forgiven for believing that a developer was attempting to buy a decision, and it underlines an urgent need for accountability with respect to electoral donations.

William Nikiforides, consultant to the Niecon Group, stated that support was given to those candidates who were regarded as *"the right people"*. These he explained were people who would make the place a lot better for tourism and development and create jobs. In the case of each donation, he stated that he did not expect anything in return from the candidates and he equated the payments to that of donations to charities. His original stated reason for giving donations was inconsistent with his later evidence that he gave donations to *"a group of Aldermen"* and it *"made no difference who they were"*.

James Raptis stated that the real basis for his selection of candidates was the fact that they had made an approach to him. He acknowledged that such a selection process meant that deserving people who didn't have the effrontery to approach him would not get assistance.

The question remains: if developers were not seeking specific favours in return for their considerable electoral contributions, what then were they seeking?

The evidence of Noel John Hodges, Manager of the Planning and Development Department of the Council, was that the Council approved about 95% of the development applications lodged and, therefore, there was little point in seeking to corrupt someone when they were going to get approval in any case. It seems that there was little need to influence a generally pro-development Council to favour either development generally or specific developments. Within this relatively congenial system of application and approval, it would appear to have been accepted that certain Aldermen would request developers to *"kick in"* to assist their electoral campaigns and that developers would so oblige. In the case of the Raptis Group and the Niecon Group, an electoral contribution was, in all but a small number of cases, the result of a request from an Alderman or candidate. In most instances, neither developer found difficulty in meeting the request or the sometimes unusual mode of payment requested.

However, electoral largesse delivered over three Local Government elections by Lewis Land would appear to go beyond any such general investment in Council goodwill. That the company did much more than respond to requests for assistance is not in dispute. Mate gave evidence that the company was seeking to

lift the standard of the Council by actively assisting candidates of "superior fairness, intelligence, honesty and perhaps courtesy". This explanation is inconsistent with the evidence. Some candidates supported patently did not meet these criteria. Further, seemingly, few adequate checks were made to establish whether prospective candidates possessed those criteria. Mate also stated that the politics of the candidates had nothing to do with their selection; however, this claim would also appear to be untenable in the face of the evidence. The predominant common element among the supported candidates was some association with the Gold Coast branch of the National Party which, along with Newton's, played an active role in nominating candidates for support from Lewis Land.

Mate also stated that Lewis Land was not seeking to determine the outcome of any of the electoral contests, however, the effect of the evidence would appear to be that in 1991, a larger than normal anonymous donation was directed to the campaign of the chief opponent of the Lewis Land critic, Alderman Alan James Rickard. There were also other individual electoral contests where, despite Mate's denials, one reasonable interpretation of the evidence would be that Lewis Land was seeking to influence the outcome.

However, the evidence does not extend to any indication that Lewis Land was seeking any influence on the Council itself. There was disputed evidence that Lewis Land enjoyed privileged access to the Planning and Development Committee, but on the evidence of Hodges, access to the Committee was not denied to any developer. In the relevant period, Lewis Land cannot be shown to have received any privileges from the Council. Indeed, on one significant development proposal, the company chose to by-pass the Council and seek State Government intervention by way of Ministerial rezoning.

A better indication of the overall purpose of the Lewis Land largesse may arise from evidence of the prior and parallel conduct of the company in respect to electoral contributions at other levels of government. Lewis, in a letter to the Commission, detailed considerable electoral contributions to the Queensland National Party² and a lesser contribution to the Queensland Liberal Party. Lewis stated that a change of government was perceived to be not in the interests of the company and the large amounts contributed to the State bodies "*require to be viewed in the context of the perceptions of the time that the Government was very much at risk of losing office.*" Lewis also detailed donations to the conservative side of politics in New South Wales. Lewis Land contributions to the Gold Coast City Council candidates appear to be in line with general company policy and

² The Ministerial rezoning of the Lewis Land proposal and Lewis Land donations to the State branch of the National Party and the company Kaldeal Pty Ltd were considered by the Commission of Inquiry. No finding of misconduct was made.

practice of funding electoral campaigns in accordance with the pro-development interests of the company.

Although the Commission was unable to establish that particular favours had been given by those Aldermen who had received donations or conversely any particular favours had been sought by developers, the Commission was concerned that the Aldermen who had received donations may have been influenced, albeit subconsciously, to vote in favour of those developers who had contributed to their campaigns. This concern was heightened by the fact that Lewis Land had organised for a number of Aldermen to attend a State of Origin football match in New South Wales (the actual expenses for travel to Sydney and overnight expenses were paid by Colgate Palmolive, who invited the Aldermen to inspect their site in Sydney). The evidence also suggested that the whole Council and the Town Planner had been on Lewis' sailing boat, "*Sovereign*".

As a result of these concerns the Commission sought the views of Professor Kenneth William Wiltshire and Doctor Paul Lincoln Reynolds, both expert in public administration. Wiltshire expressed the view that the Commission's concerns were not without foundation and explained that there had been studies in America which had shown a clear linkage between donations made and the subsequent behaviour of the donees. Such behaviour he explained was not always improperly motivated. Reynolds regarded as "*particularly sinister*" the fact that Council had a very important role in regulating the development industry which had large sums of money at its disposal. What amounted to a small fortune to a candidate seeking funds to support his election campaign, he explained, was petty cash to a developer. In these circumstances he was of the view that candidates could be compromised by donations and suggested that the present legislative proscriptions were totally inadequate.

These views are consistent with common sense. One cannot imagine that any developer would have contributed tens of thousands of dollars to campaign funds and an excursion to the State of Origin football without the expectation of something in return, even if nothing more than access to Council through familiarity with some of its members via previously mutually agreeable contact. Similarly, it cannot be accepted that the receipt of donations would have absolutely no effect upon the deliberations of an Alderman, however uninfluenced he may claim to be. (Although some candidates claimed they had insulated themselves by using campaign managers, the evidence showed that in many cases the managers were used merely as collectors and not "*insulators*").

The experts were of the view that experiences in Australia and elsewhere had shown the need to view the issue of election funding in a co-ordinated fashion. They considered that what was required was a consideration of three inter-related issues:

- the control or regulation of private donations;
- public funding of candidates and/or parties; and
- the regulation of the use of the media for political purposes.

Both were of the view that central to any co-ordinated approach was the disclosure of political donations. Each made extensive recommendations in relation to disclosure.

6.4 WERE THE PAYMENTS UNLAWFUL?

Despite the confidentiality attached to the payments, the Commission was satisfied that none of them was unlawful. It was also satisfied that no Alderman or candidate made any threat or inducement in return for funds. The Commission was further satisfied that no person was guilty of official misconduct.

6.5 RECOMMENDATIONS

The Commission is mindful that any solution to the problem of election funding involves consideration of a number of issues, such as public funding, media advertising and control over donations, which issues are currently subject to consideration by the Electoral and Administrative Review Commission (which Commission has a specific charter in this area). Although public funding and media coverage and the like do not arise for consideration in this report, the evidence before the Commission fairly and squarely raised the issue of disclosure. In view of the evidence and:

- the peculiar nature of Local Government elections (where candidates do not necessarily run on a party platform); and
- the nexus between developers and the role of Council, which enlivens the potential for purchasing influence by giving donations,

the Commission considered it appropriate that a small number of basal recommendations concerning the Local Government area be made.

These recommendations are founded on the Commission's firmly held view that the public has an entitlement to know the source of campaign funding in Local Government elections, so that the possibility of potential influence is open to public scrutiny. Long term viability of a democratic system depends on the public confidence in the probity, integrity and equity of the electoral system. Such

confidence cannot exist in a system which does not promote openness. Accordingly, the Commission recommends:

- The Electoral and Administrative Review Commission consider, pursuant to Section 2.10(b)(i) of the Electoral and Administrative Review Act 1989, the question of election funding in the Local Government electoral system;
- The introduction of legislation requiring, as part of a co-ordinated approach, compulsory disclosure of all donations made to Local Authority candidates;
- Such disclosure should not be linked solely to election campaigns, but all donations of cash or kind received by any Councillor or Alderman in the discharge of his duties; and
- The introduction of harsh and enforceable penalties for failure to disclose. (Forfeiture of the seat is likely to be the most effective sanction.)

6.6 "DUMMY" CANDIDATES

A matter of some concern to the Commission was the possible use of "dummy" candidates. To the public there would have been no indication that a number of candidates financially assisted other candidates in their division in return for their preferences. The full disclosure that the Commission recommends in relation to contributions to candidates would make it publicly known that a candidate was providing financial support to another candidate in the same division. It would also establish whether a developer was providing funds for more than one candidate in a division.

6.7 TAXATION RAMIFICATIONS

In the books of account of the developers, the donations were not universally recorded as donations to candidates. In some instances they were accounted for as ordinary business expenses. The question arose whether these companies had in any way attempted to avoid the payment of taxation. As a result the Commission formed the opinion that it was desirable and pertinent to the administration of criminal justice that the information relevant to any possible avoidance be forwarded to the Australian Taxation Office for its consideration.

7. EVIDENCE OF ALLEGED PAYMENTS (UNRELATED TO ELECTIONS) TO AN ALDERMAN OF THE GOLD COAST CITY COUNCIL - THE AUSTRALIAN SECURITIES COMMISSION MATERIAL

7.1 THE EVIDENCE

This Commission established that on 23 January 1985 Dinlex Pty Ltd, a shelf company whose directors were Denis Pie and Susan Pie, purchased a block of land near Caboolture for \$550,000. In order to finance this purchase they borrowed approximately \$672,000 from Rothwells Limited, which included a \$100,000 one-off fee paid to L R Connell & Partners. One month later Pie was elected Mayor of the Gold Coast City Council. In September 1985 the Qintex Group purchased land at Seaworld Drive on The Spit on the Gold Coast and commenced plans to build the Mirage Resort. After a series of applications to Council (which were approved) the resort opened in September 1987.

During the Qintex Group's negotiation with the Gold Coast City Council, Pie and the Chairman of the Qintex Group, Christopher Skase, met and Pie sought Skase's assistance in relation to the repayment of interest to Rothwells Limited on the land near Caboolture. On 17 April 1986 Pie accepted an appointment as consultant valuer to the Qintex Group and three months later the general manager of the Group, Ian Curtis, made an offer to Pie for the provision of funding to Dinlex Pty Ltd. Between 8 August 1986 and 9 May 1988, twenty-five cheques totalling \$321,427.60 were drawn by Kodogo Pty Ltd and recorded in its books of account under the heading of "loan Dinlex" or "Dinlex". Each of these cheques was paid to Rothwells Limited to reduce the indebtedness of Dinlex Pty Ltd.

Further examination of the balance sheet of Kodogo Pty Ltd for the year ended 31 July 1989 revealed that an account entitled "Loan - Dinlex Pty Ltd", under the assets category of "Investments", had an opening balance of \$321,427.60 and a closing balance of nil. The general journal of the company revealed that \$321,474.00 had been written off to bad debts and cancelled out the balance of the account.

Despite the assurances by Pie, Curtis and Skase that the payments made by Kodogo Pty Ltd to Rothwells Limited on behalf of Dinlex Pty Ltd were non-refundable option fees for the right of Kodogo Pty Ltd or its nominee to buy into the land at Caboolture (owned by Dinlex Pty Ltd), the documentary evidence did not support this. The documents which the Commission located were all consistent with monies being paid by way of a loan. It is clear that there were negotiations to enter into an option agreement, however no document could be located which established that an option agreement had been signed. The only option agreements which were located were unsigned drafts which would not have caused the

payments to Rothwells Limited to be regarded as non-refundable option fees. Further, the evidence of the Deputy Chairman of the Qintex Group (he was also its legal adviser) was that in his view the monies were in the nature of loans which were still outstanding, albeit written off in the books of account.

When it came to determine on what financial basis the loan was written off, the Commission was unable to locate any documentation, including company minutes or memoranda supporting the writing off of the loan or justifying it. Furthermore, none of the directors or the secretary to the company or any executive of the Qintex Group could assist the Commission in this regard. The Commission was therefore unable to reach a conclusion as to the commercial basis for writing off the debt. The Commission formed the view that not all of the witnesses were frank in this regard. It should be noted that at the same time that this loan was written off, Kodogo Pty Ltd also wrote off a number of other loans, including one of \$250,000 to a media buyer who was, in the opinion of the Deputy Chairman of the Group, capable of paying the debt. No documentation was located justifying this action either. One cannot, however, draw an inference that there was a corrupt or illegal motive simply from the fact that the loan was written off in these circumstances.

7.2 CONCLUSIONS

An examination of Council documents failed to reveal anything on the face of them which evidenced undue influence or any other impropriety by Pie (or any other Alderman). The City Town Planner gave evidence of the development and opined that Pie's conduct was not untoward in relation to it. Further, when one looks at the timing of the payments to Rothwells Limited and the ultimate writing off of the loan in the books of account in July 1989, vis-a-vis Council approval of the applications for the development on the Gold Coast, there would appear to be no temporal connection between them. In these circumstances the Commission has formed the view that there is insufficient evidence to establish that the monies were corruptly or improperly paid to the benefit of Pie in his capacity as Mayor of the Council. Further, there is insufficient evidence to conclude that the loan was corruptly or improperly forgiven as payment to Pie in his capacity as Mayor of the Council.

7.3 RECOMMENDATIONS

The Commission considered that notwithstanding Pie's position as a consultant valuer to the Qintex Group and his financial dealings with Kodogo Pty Ltd, he was not required pursuant to provisions of Section 14(4) of the Local Government Act to disclose these interests to Council or abstain from voting on any matter

involving the Mirage Resort (although he did declare an interest in a committee meeting in December 1986).

Section 14(4) of that Act requires a member of a local authority who has any pecuniary interest, direct or indirect, in any contract or proposed contract or other matter to disclose the fact and abstain from the consideration or discussion of the matter or voting thereon. On the legal authorities, Pie did not fall within the purview of the section.

Although the Commission was of the view that Pie was not statutorily required to declare this interest, it considered that the interest which he had was capable of causing a conflict with his duties as an Alderman and, as such, ought reasonably to be of the type that should be declared before Council. It reaffirms therefore previous recommendations made in its report titled "*Complaints Against Local Government Authorities in Queensland - Six Case Studies*" furnished in July 1991. Those recommendations are:

- The Local Government Act and Regulations, as they currently stand, do not adequately address the plethora of potential conflict of interest situations which may arise regarding the administration of local government in this State. It is recommended that the Minister for Housing and Local Government conduct a review of the present legislation and direct amendments to be drafted where necessary to ensure it is clearly and unequivocally expressed that the pecuniary interests of local authority members and employees cannot be allowed to conflict with their duties. Time limits for prosecution action and penalty options should also be reviewed.
- Local authorities should be assisted in establishing a uniform and comprehensive code of conduct.

The Commission notes that consideration of these specific areas is currently being undertaken by officers of the Department of Housing and Local Government (in response to the previously referred to recommendations made by this Commission) as part of an overall review of the Local Government Act.

INTRODUCTION

1. THE GENESIS OF THE INQUIRY

On 13 December 1989, John Henderson, a Solicitor with the Gold Coast legal firm of Reichelt & Associates and Gregory Rix, a Director of Rix Developments a Gold Coast development firm, approached Robert Needham, then Counsel Assisting the Special Prosecutor, with information which they believed would be of interest to that Office. Rix, who was a representative of the Small Business Development Association on the Gold Coast, had taken action against the State Government, seeking a declaration that the recommendation to the Governor in Council with respect to a rezoning of land at Labrador was invalid. The rezoning of the land had received ministerial approval, but not the approval of the Gold Coast City Council. As part of that action the Association had carried out extensive research into connections between the developers of the land, Lewis Land, and certain politicians and political candidates.

Henderson and Rix provided information to Needham that persons by the name of Elaine Todd and Debbie Young had worked as bookkeepers for a media consultancy business on the Gold Coast named Newton's which was owned by one Kenneth Newton. They claimed that Newton's worked as public relations consultants for Lewis Land which, in addition to being the developer responsible for the rezoning application, was otherwise a significant developer of land on the Gold Coast.

Henderson and Rix stated that although they had spoken to Todd, they were unwilling to relate the information she had provided to them as an undertaking had been given to the Supreme Court not to disclose this information pending the resolution of a civil action by Newton's and Lewis Land against The Australian Broadcasting Commission, television journalist Quentin Dempster, Todd and Rix. They did, however, provide details of what Young had told them.

Rix and Henderson claimed Young had stated that Todd and she once worked as bookkeepers for Newton's and during that time various Gold Coast politicians and National Party political candidates on the Gold Coast submitted their accounts for election campaign expenses to Newton's. The accounts would be met by Newton's, but from funds provided by Lewis Land. Henderson added that Young produced copies of documents she had obtained from the offices of Newton's which indicated the payments made and codes which had been allocated to the various politicians to be used in place of their names.

This information was forwarded by the Office of the Special Prosecutor to Sir Max Bingham QC then Chairman of the Commission of Inquiry previously chaired by G E Fitzgerald QC. Shortly after, on 19 December 1989, officers of the

Commission of Inquiry interviewed Todd who stated that she was employed by Newton's as a bookkeeper/accountant from September 1987 to June 1988. She claimed that:

- Lewis Land was a major client of Newton's and that she was responsible for keeping the books on all outgoings paid on behalf of Lewis Land.
- When the Gold Coast Local Government elections were announced, large sums of money were deposited with Newton's by Lewis Land.
- The money deposited by Lewis Land was then used for paying campaign expenses for and on behalf of candidates in that election.
- These campaign expenses, such as printing and advertising costs, were paid by way of cash cheque and the costs billed to Lewis Land as "*P R services rendered*".
- The money held in a credit account by Newton's was then offset against the payments made in respect of each candidate.
- Each candidate was known by a code or file number and bills paid in respect of, for example, advertising, would then be noted against the candidate's code number.
- She noted on cheque butts the relevant code and not the name of the candidate. For example, it contained the code "*LGE*" (Local Government Election), followed by three digits referring to the particular candidate.
- In this way, the name of the candidate would not appear on the records of Lewis Land or in Newton's own accounts.

Todd claimed that she approached Rix originally because she had seen an article published in the Gold Coast Bulletin on 4 November 1989 in which Alderman Lester Hughes reportedly denied receiving donations from Lewis Land.³ She believed that this did not accurately reflect the situation as she remembered that Hughes was one of the candidates who had benefited from the Lewis Land payments to Newton's.

³

Earlier in November 1989, the ABC television programme "*The 7.30 Report*" made a number of allegations concerning, amongst other things, the relationship between Lewis Land and the then State Government and Hughes.

Having received this information further investigation was stayed pending the transition to the Criminal Justice Commission and the acquisition of necessary resources for investigation.

In October 1990 preliminary inquiries were commenced with a number of in camera hearings before the Commission to determine whether the evidence produced warranted further investigation. The original complainants were called to provide their evidence on oath and to formally produce supporting documentation.

During these preliminary inquiries, representations were made to the Commission that other land developers had contributed money to candidates for election to the Gold Coast City Council. It was claimed that Mr James Raptis and the Raptis group of companies, as well as the Niecon Group of companies involving Messrs William and Constantine Nikiforides, had similarly provided funds for the use of candidates for Gold Coast City elections. James Raptis and William Nikiforides were summoned to attend further in camera hearings and gave evidence of their companies' practices and dealings in relation to donations made to local politicians.

Upon consideration of this evidence and after an assessment of the material obtained from other preliminary inquiries, the Commission concluded that there existed prima facie evidence that moneys had, in fact, been paid by Lewis Land, the Niecon Group and the Raptis Group to candidates for the 1988 elections to the Gold Coast City Council. In the Commission's view the preliminary investigations raised the following questions:

- What was the extent of payments made by land developers to Aldermen or candidates on the Gold Coast?
- To whom were these payments made?
- Why were they made?
- Was there an attempt to keep confidential the fact of any payments? If so, why?
- Was any benefit sought or received by any land developer for the payment of the funds?
- Was any threat made or inducement given by any of the Aldermen or candidates?
- Was any Alderman or candidate compromised by any payment?
- Was there a likelihood that a payment may have tended to compromise an Alderman or candidate?

● Were any of the payments unlawful?

The Commission considered that public hearings were called for to maximise the possibility of ascertaining the answers to these questions and, ultimately, on 15 April 1991, the Commission resolved⁴ to conduct hearings open to the public presided over by the Chairman of the Commission, Sir Max Bingham QC sitting alone assisted by C E K Hampson QC.

Although the Commission was primarily concerned with donations for the 1988 elections, it formed the view that some assistance in answering these questions would be derived by questioning candidates and developers in relation to other recent elections for the Gold Coast City Council.

2. EXTENSION OF THE AMBIT OF THE PUBLIC HEARINGS

As a result of the publicity generated by the public hearings, the Australian Securities Commission forwarded to the Criminal Justice Commission material which it believed was relevant to the public hearings. This material raised the possibility that the then Gold Coast Mayor, Denis Pie, had received payments from a member of the Qintex Group of companies.

Although the material did not raise a suspicion that any payments had been made for the purpose of assisting in any election campaign, the Commission considered it to be sufficiently cognate to its current inquiries to extend the ambit of the public hearings to include the investigation of this further matter. Accordingly, on 23 May 1991, the Commission resolved to undertake the investigation of any alleged payment by Qintex Limited or any of its subsidiary companies of moneys to Gold Coast City Council Aldermen or candidates.⁵ It also resolved that the Director of the Official Misconduct Division, Pierre Mark Le Grand, sitting alone, would preside over the further matter.

3. JURISDICTION OF THE COMMISSION

Where there was a suggestion of covert payments being made to Aldermen or electoral candidates, the Commission considered it had a clear jurisdiction to investigate the matters by virtue of Section 2.15 of the Criminal Justice Act 1989 (hereinafter referred to as "*the Act*") and, in particular, sub-section (f).

⁴ See Exhibit No. 739 for a copy of the Resolution.

⁵ See Exhibit 1013 for a copy of the Resolution.

Section 2.15(f) provides that the responsibilities of the Commission include -

"...in discharge of such functions in the administration of criminal justice as, in the Commission's opinion, are not appropriate to be discharged, or cannot be effectively discharged, by the Police Force or other agencies of the State, undertaking -

- (i) research and co-ordination of the processes of criminal law reform;*
- (ii) matters of witness protection;*
- (iii) investigation of official corruption in units of public administration;*
- (iv) investigation of organised or major crime."*

The Commission also considered that, by virtue of Section 2.20 of the Act and, in particular, sub-sections (2)(a) and (2)(e), the investigative unit of the Commission, namely, the Official Misconduct Division, had an obligation to investigate the matter with a view to determining whether there was any evidence of "official misconduct" within the meaning of the Act.

Section 2.20 (2)(a) and (2)(e) provide:

"(2) It is the function of the Division -

(a) to investigate the incidence of official misconduct generally in the State;

.....

(e) to investigate all cases of -

(i) alleged or suspected misconduct by members of the Police Force; or

(ii) alleged or suspected official misconduct by persons holding appointments in other units of public administration,

that come to its notice from any source, including by information from an anonymous source."

On the recommendations of Mr Fitzgerald QC the Legislature created in the Act a new "offence" - a disciplinary "offence" of "official misconduct". In broad terms,

official misconduct as it relates to a holder of an appointment in a "unit of public administration" includes behaviour which may directly or indirectly affect the honest and impartial discharge of public functions or which constitutes a breach of trust placed in an individual by reason of his appointment to the "unit of public administration" or which involves the misuse of official information. In addition, it must either be conduct which constitutes or could constitute a criminal offence or a disciplinary breach that provides reasonable grounds for the termination of employment. That is, it is concerned with the more serious acts of misconduct. One of the consequences of being convicted of an offence of official misconduct is that one is liable to dismissal.

In relation to a person who is not a holder of an appointment in a "unit of public administration", official misconduct includes conduct which adversely affects or could adversely affect the honest and impartial discharge of the public functions exercised by the holder of an appointment in a "unit of public administration". In addition, it must constitute or be such that it could constitute a criminal offence.

The term "unit of public administration" is defined by Section 1.4 of the Act to mean, inter alia, every corporate entity that is constituted by an Act or that is of a description of entity provided for by an Act, which in either case collects revenues or raises funds under the authority of an Act.

As the Local Government Act 1936 provides that every Local Authority shall be a body corporate and authorises it to collect revenues, the Gold Coast City Council, which is a Local Authority, falls within the definition of "unit of public administration".

It should be noted that, for the purposes of the Criminal Justice Act a person holds an appointment in a "unit of public administration" if he holds any office, place or position therein, whether his appointment thereto is by way of election or selection.⁶

It should also be noted that Section 2.22(3) of the Act provides:

"Conduct engaged in by, or in relation to, a person at a time when he is not the holder of an appointment in a unit of public administration may be official misconduct, if he becomes the holder of such an appointment."

⁶

See Section 1.4(2) of the Criminal Justice Act 1989-1990.

This provision would cover the situation where a candidate for election engages in conduct which would be official misconduct if he were a holder of an appointment in a "*unit of public administration*" and then is elected to office.

4. A PUBLIC HEARING

The provisions of the Act impose a prima facie obligation upon the Commission to hold open hearings. Section 2.17(4) of the Act provides that hearings shall, as a general rule, be open to the public but if, having regard to the subject matter of the investigation, or the nature of the evidence expected to be given, the Commission considers it preferable, in the public interest, to conduct a closed hearing, it may do so. This provision recognizes the many benefits of holding hearings in public.

Commissioner Fitzgerald QC to a large extent attributed the success of his Inquiry to the fact that the hearings were held in public. He stated at Page 10 of his report that in order to gain the confidence, co-operation and support of the public, the Inquiry had to be as open as possible so the public, including people with information, could see that it was a genuine search for the truth.

In its 1990 Annual Report, the Chairman of the Independent Commission Against Corruption in New South Wales (ICAC), Mr Ian Temby QC, recognized that public hearings also have the great benefit of public education. He stated that publicity generated by hearings was of assistance in convincing people that public sector corruption is a social evil which ought not to be tolerated. He further stated that public hearings ensured public accountability without which public confidence and support would not arise.

The Commission agrees completely with these observations. In the light of these considerations and the prima facie statutory obligation to hold public hearings and in view of the matters of great public interest that were raised by the preliminary investigations, the Commission considered that it was essential that a searching public inquiry be held with the object of ascertaining the truth, attributing blame if blame was due and disposing of suspicions, rumours and allegations which were unjustified. It considered that public hearings would raise the general level of knowledge and debate within the community concerning the campaign and election process, particularly in the local government area, and the part played by donations from developers.

5. MODE OF TAKING EVIDENCE

By virtue of the provisions of Section 3.6 of the Act, the Commission is armed with coercive powers to summon witnesses and to require the production of

documents. All persons who were summoned to attend or to produce documents, gave their evidence under oath from the witness-box.⁷

However, as the provisions of Section 3.21 of the Act permit the Commission to inform itself on any matter and conduct its proceedings as it thinks proper, (it is not bound by the rules or the practice of any court or tribunal as to evidence or procedure), the Commission saw fit to accept, where appropriate, evidence by way of statutory declaration, signed statement or report.⁸

6. STANDARD OF PROOF

The very nature of an inquiry under the Act (including, in particular, the fact that the Commission is not bound by the rules of evidence applicable to litigious proceedings) raises the question as to the degree of satisfaction which should be attained before it is safe for the Commission to conclude that any of the allegations the subject of inquiry have been established. The Act is silent on the standard of proof required, however, *"the common law recognises only two standards of proof - the civil standard and the criminal standard - but the civil standard may vary according to the gravity of the finding to be made"*.⁹

Although the proceedings before the Commission were not criminal or civil in nature, after consideration of the authorities the Commission considered that the appropriate standard of proof was the civil standard which varies according to the gravity of the finding to be made. This standard is often called the Briginshaw principle or the standard of *"reasonable satisfaction"* and in applying it the Commission adopted the statement of Sir Owen Dixon in Briginshaw v. Briginshaw (1938) C.L.R. 336 at pp. 361-362 where he stated:

"Reasonable satisfaction' is not a state of mind that is attained or established independently of the nature and consequence on the fact or facts to be proved. The seriousness of an allegation made, the inherent unlikelihood of an occurrence of a given description, or the gravity of the consequences following from a particular finding, are considerations which must affect the answer to the question whether the issue has been proved to the reasonable satisfaction of the tribunal. In such matters 'reasonable

⁷ See Annexure "A", List of Witnesses.

⁸ See Annexure "B", List of Exhibits.

⁹ See Taylor v. L., ex parte L. [1988] 1 Qd.R. 706 at page 714.

satisfaction' should not be produced by inexact proofs, indefinite testimony, or indirect references."

The Commission is comforted in its view that the requisite standard is that of "reasonable satisfaction" by the adoption of that standard in similar inquiries such as the National Hotel Royal Commission (1963-64) and the recent Commission of Inquiry into Certain Allegations concerning Mr Justice Vasta conducted by Sir Harry Gibbs, Sir George Lush and the Honourable Michael Helsham. (There are many other examples.)

7. PUBLIC HEARING DAYS

The public hearings commenced on 16 April 1991. The Commission sat for a total of 16 days, spread over a three month period terminating on 14 June 1991.

8. APPEARANCES

For the public hearings Mr Cedric Hampson QC was appointed Senior Counsel Assisting the Commission and Mr Peter Kelly was appointed Junior Counsel Assisting. Other appearances by legal representatives are listed in Annexure "C".

9. LOGISTICS OF THE INVESTIGATION

In all, 71 persons were called and gave evidence, before either the public or in camera hearings. Police Officers attached to the Commission interviewed a further 59 persons. A total of 2,096 pages of transcript was produced from the hearings and 279 exhibits were tendered.

Eleven investigators were engaged for the majority of the investigation in the interviewing of witnesses, the serving of summonses and notices to produce and associated duties. Two support officers were engaged for the duration of the investigation in the preparation of the voluminous documentary material produced during the hearings and two financial analysts spent a considerable period of time assessing and analysing the financial material received by the Commission.

In excess of 3,500 work hours were expended by staff of the Commission.

10. ACKNOWLEDGMENTS

During the Commission's investigations, a number of Notices to Produce were served on suppliers or possible suppliers of goods and services to candidates who

had allegedly been paid by Lewis Land through the medium of Newton's. These Notices were served at a sensitive time, shortly prior to the 1991 Local Government elections in March. As part of this process, Notices were served on the Gold Coast Bulletin and Radio 97. Discussions were held between the Commission and staff of these two organizations during which the possible adverse consequences of any publication flowing from the service of the Notices to Produce were canvassed. As a result of these discussions, both organizations agreed not to publish any information relating to the Notices to Produce.

The Commission wishes to express its appreciation to the Gold Coast Bulletin and Radio 97 for acting in a manner which the Commission regards as highly responsible. The Commission recognizes that the decision to forbear from publication was not an easy one.

11. PRESENTATION OF THE EVIDENCE

The evidence before the Commission fell into the following two categories:

- A. Evidence relating to alleged payments to candidates for election for the Gold Coast City Council;
- B. Alleged payments (unrelated to elections) to an Alderman of the Gold Coast City Council - the Australian Securities Commission Material.

Each of these areas will be addressed separately in the report.

12. PERJURY

The Commission was satisfied to the requisite civil standard that many witnesses (including a significant number of Aldermen) who gave evidence on oath were, at times, untruthful. However, the Commission has not taken any action with a view to any of these witnesses being charged with perjury for one or more of the following reasons:

- recognition of the difficulty in establishing, to the criminal standard, (in contrast to the civil standard applied by the Commission), the facts supporting an offence of perjury;
- lack of corroboration (which is required by the provisions of The Criminal Code before a person can be found guilty of the offence); and

- lack of "*materiality*" (which is a technical element of the offence of perjury pursuant to the provisions of The Criminal Code).

A. ALLEGED PAYMENTS TO CANDIDATES FOR ELECTION TO THE GOLD COAST CITY COUNCIL

1. THE GOLD COAST CITY COUNCIL

The Local Government Act 1936 provides that a Local Authority shall, in relation to the functions of Local Government, be charged with the good rule and government of the area to which it relates and shall have the control of the working and business of such good rule and government. Further, that Act provides that a Local Authority (called a Council) shall be comprised of not less than five members and not more than 13 members, including a Chairman.

The Gold Coast City Council is constituted by an elected Chairman, known as the "Mayor", and 10 other members who are called "Aldermen". Every Council, including that of the City of the Gold Coast, is subject to a triennial election of the Council. The last three elections for the Gold Coast City Council were held on 13 March 1985, 19 March 1988 and 23 March 1991. For those elections, there were 3, 5 and 2 candidates respectively for the position of Mayor and 62, 51 and 35 candidates respectively for the 10 positions of Aldermen. In all three elections, each candidate ran as an independent candidate, although it is fair to say that there was an element of political patronage for some of the candidates. A list of all candidates for election for the last three elections for the Gold Coast City Council is to be found in Annexure "D".

2. THE OVERVIEW OF DEVELOPMENT BY COUNCIL

A significant function for any Local Authority is to overview development in its area. The Gold Coast area has, in recent years, seen a great influx of population. With this influx has come the need for new accommodation and facilities. Land development companies, understandably, recognized the area as one in which there were many opportunities and, accordingly, committed substantial resources to it.

The Commission heard evidence from the Manager of the Planning and Development Department of the Council, Mr Noel John Hodges, who stated that the staff in that department had increased from 4 to 28 in the previous seven years in order to cope with the burgeoning development. He outlined the basic function of the department which is to process applications for development, rezonings and subdivisions. He stated that each application would be assessed by staff from his department who would make recommendations to him. When he is satisfied with the recommendations, they are signed by him and the Town Clerk and presented to the Planning and Development Committee of the Council who consider and discuss each application and then submit them (as amended, if necessary) to the full

Council which has responsibility for the ultimate approval or rejection of any application.

3. THE DEVELOPERS

3.1 LEWIS LAND

Gregor Vale Mate gave evidence that he is the Queensland Manager of Lewis Land, which is an umbrella company for the trading company, Lewiac Pty Ltd. He stated that Lewiac Pty Ltd is a private company which he believed is entirely owned by Bernard Lewis who was also a Director of Lewis Land. He stated that Lewis Land has been responsible for two developments on the Gold Coast in the last 10 years, these being the only ones that Lewis Land had undertaken in Queensland during this period. He listed the two developments as the Sovereign Islands Development and the Pacific Waters Development, the latter involving the Harbour Town Project.¹⁰

3.2 THE NIECON GROUP OF COMPANIES

William Nikiforides gave evidence that he is a consultant to the group of companies which includes Niecon Developments Pty Ltd, Tower Construction Pty Ltd, Vanbay Pty Ltd, as well as the Niecon Group of Companies. He stated the Niecon Group of Companies had caused a number of buildings and developments to be constructed on the Gold Coast during the last 12 to 13 years. He stated that around 1988 the group had 7-8 people in the office and 2-3 permanent staff on site. Everyone else on site was employed as a subcontractor.

He indicated the principal shareholder in the company was his eldest son, Constantine William Nikiforides who gave evidence that the group of companies is a family concern and he is, in effect, its Managing Director as well as principal shareholder. Notwithstanding this, William Nikiforides stated that it was his responsibility to determine whether any candidate would receive support.

¹⁰

In a letter dated 17 June 1991 forwarded to the Commission, Lewis stated that the Corporation had commenced land subdivision on the Gold Coast 24 years ago and listed several developments which provided housing for approximately 10,000 persons. (See Exhibit No. 1515).

3.3 THE RAPTIS GROUP

James Raptis gave evidence before the Commission that he is the Director of a number of companies within the Raptis Group. One of these companies was Klingon Pty Ltd which is a private investment company under his control. The Raptis Group has been involved in significant developments on the Gold Coast over recent years.

4. THE EXTENT OF PAYMENTS MADE BY LEWIS LAND

4.1 THE EVIDENCE OF GREGOR VALE MATE

Mate, the Queensland Manager of Lewis Land, gave evidence of contributions made to candidates' election campaigns in the 1985, 1988 and 1991 elections. According to Mate, Lewis Land only once paid money directly to a candidate for the 1985 and 1988 elections, this being a cash payment of \$2,500 to sitting Alderman Keith Thompson in 1988. (Such payment was denied by Thompson).

He stated all other contributions in the 1985 and 1988 elections were made, not to the candidates, but to the media consultancy business Newton's for services it rendered to candidates. He added, however, for the 1991 elections, Lewis Land made campaign donations directly to candidates or their campaign managers.

According to Mate, for the elections in 1985, \$25,000 to \$30,000 was paid to Newton's for the benefit of candidates. (Kenneth Gilbert Newton, the principal of Newton's, believed that this amount was about \$50,000 against the campaign costs of eight or nine candidates). Mate believed that for the 1988 election, about \$91,000 was contributed by Lewis Land.

For the election in 1991, Mate said that Lewis Land had outlaid in the order of \$32,500 for the benefit of five or six candidates. Included in this sum was a \$10,000 donation to Vincent Camilleri and a \$5,000 donation to Gina Challenger, both of which were made anonymously.

Mate detailed the other 1991 donations as follows:

Denis O'Connell	\$ 500.00
Lester Hughes	\$ 5,000.00
David Childs	\$ 5,000.00
Keith Thompson	\$ 5,000.00
Gary Muller	\$ 2,000.00

4.2 THE EVIDENCE OF GEORGE SENCARIUC

In an attempt to establish the extent of payments made by Lewis Land in 1988, George Sencariuc, a Financial Analyst attached to the Commission, prepared two reports¹¹ from documents acquired pursuant to Notices to Produce served on Newton's, Lewis Land and its subsidiaries. In his reports he stated that between 8 January 1988 and 27 May 1988, Newton's presented 23 invoices for a total of \$147,045.08 to Lewis Land and these were paid by means of nine cheques drawn on the account of Lewiac Pty Ltd. Lewiac Pty Ltd charged this amount to "sales and advertising expenses" which formed part of the total \$1,022,948 sales and advertising expenses for the company for that financial year.

Of this \$147,045.08, some \$95,896 was invoiced under an account code LL015. This account related almost entirely to the publicity expenses of Gold Coast City Council candidates for election. The account LL015 was broken down into further codes under the title LGE (Local Government Election). Each LGE number related to a specific candidate and \$87,281.87 represented the total amount charged under these codes. A further \$4,246.32 was found to relate to candidate expenses, but not entered under any LGE code.

Of the total which was represented under the LGE codes, some \$56,000.87 appeared to concern work performed by other suppliers and paid by Newton's. However, only \$46,593 could be verified by reference to order forms, invoices and cheque butts. No explanation was provided for an amount of approximately \$9000. The remaining \$31,282 charged under the LGE total could be reconciled with time sheets and other records of Newton's employees as work performed by them.

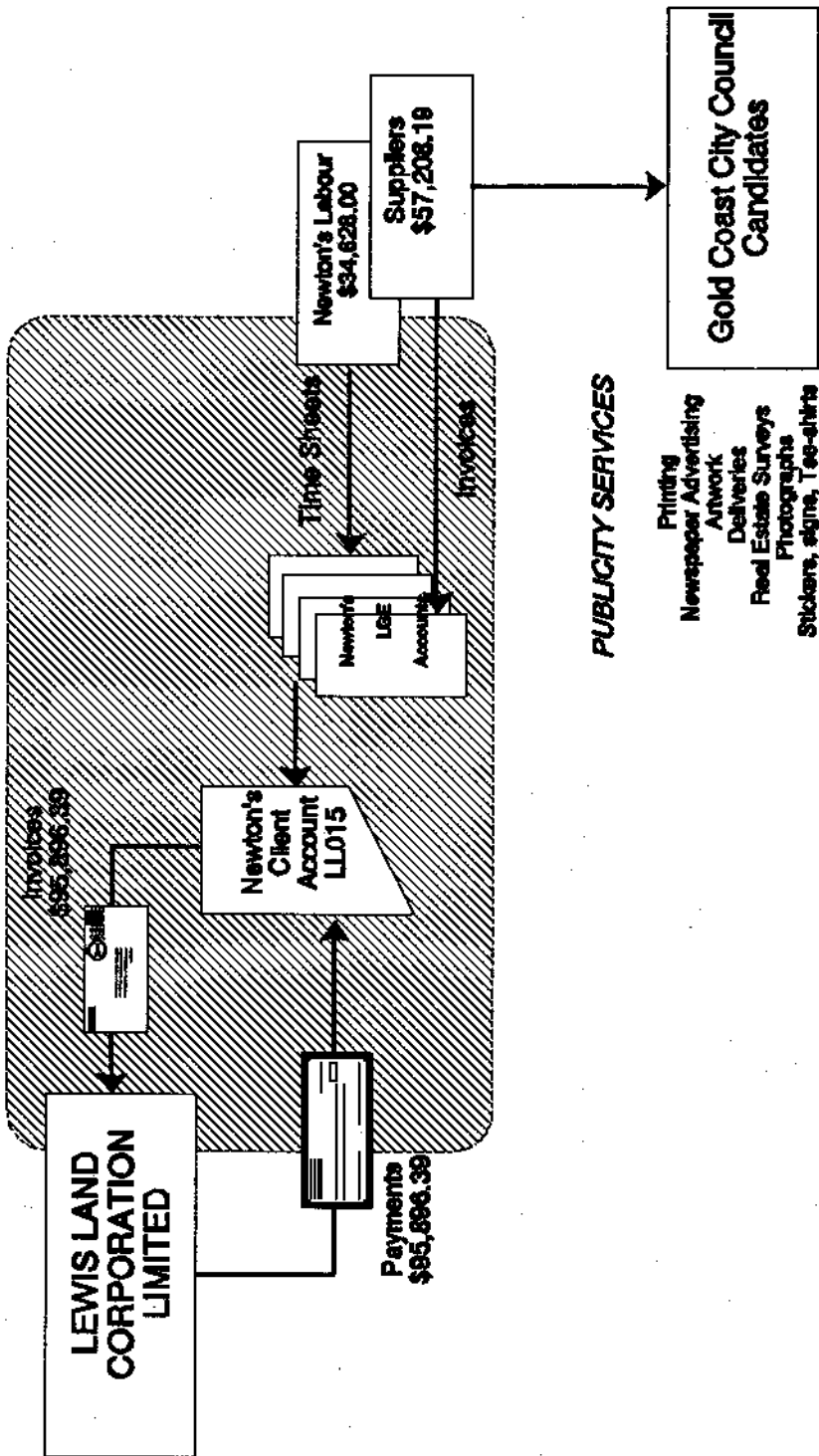
It would seem that the difference between the \$147,045.08 paid by Lewis Land to Newton's and the \$95,896 invoiced under the LLO15 account were payments made to Newton's for bona fide sales and advertising expenses (unrelated to payments for candidates) incurred by Newton's on behalf of Lewis Land.

Sencariuc prepared two charts summarizing his investigations. The first outlines Newton's role in processing payments for the candidates' publicity services in the 1988 election and the second is a full reconciliation of the accounts of Newton's and the amount expended by that organization for each candidate in the 1988 election. These two charts are set out on the following two pages.

¹¹

See Exhibit Nos. 740 and 740A

NEWTON'S ROLE IN PROCESSING PAYMENTS FOR CANDIDATES' PUBLICITY SERVICES



SUMMARY OF INVOICES, JOB COSTS & SUPPLIERS

Relating to Newton's Client Account LL015

**INVOICES ISSUED TO
LEWIS LAND CORP LIMITED**

No	Date	Amount
0202	16/2/88	\$30,000.00
0208	28/2/88	\$20,000.00
0214	29/2/88	\$22,988.20
0328	31/3/88	\$16,940.19
0402	27/4/88	\$ 5,980.00

\$95,896.39

INVOICES
ISSUED

**NEWTON'S JOB COSTING
LGE ACCOUNTS**

Code	Name	Amount
LGE 198	O'CONNELL (MAYORAL)	\$ 5,895.00
LGE 340	HUGHES (DIV 2)	\$11,217.00
LGE 341	COOMBER (DIV 8)	\$ 6,104.31
LGE 345	CAREY (DIV 10)	7.00
LGE 348	GAMIN (DIV 6)	\$14,499.45
LGE 349	BERGIN (DIV 7)	\$ 5,688.00
LGE 480	ALLEN (DIV 7)	\$ 3,542.85
LGE 481	ALCOTT (DIV 1)	\$10,238.22
LGE 482	MCDONALD (DIV 8)	\$ 4,833.85
LGE 484	MEARES (DIV 2)	\$ 3,485.07
LGE 486	MACNELLIE (DIV 1)	\$ 2,489.34
LGE 488	MCNEIL (DIV 3)	\$ 3,760.00
LGE 487	PATERSON (DIV 4)	\$ 3,349.48
LGE 488	NEWMAN (DIV 6)	\$ 5,387.20
LGE 500	TAYLOR (DIV 10)	\$ 5,282.80
LGE 501	FRASER (DIV 6)	\$ 1,571.00
LGE 505	THOMPSON (Marjorie) (Div 4)	\$ 1,158.50
-	TRAVERS (DIV 3)	\$ 898.32
-	ADMINISTRATION COSTS	\$ 3,347.00

LL015

JOB COSTS
INCURRED

\$91,836.19

SUPPLIERS

Supplier Name	Amount
Admin Lewis Bromides	\$ 10.00
Ashmore Printing	\$ 1,662.00
Australia Post	\$ 1,776.00
Burdall Printing	\$ 34.10
Concorde Printing	\$ 648.00
Daily News Gold Coaster	\$ 577.00
Designomite	\$ 3,969.90
Gold Coast & Albert	\$ 1,071.00
Brochure Distributors	\$ 1,067.90
Gold Coast Bulletin	\$ 572.00
Gold Coast Sun	\$ 500.00
Goodie & Associates	\$ 3,383.20
Heaney's Printing	\$ 1,419.00
Hinterland Leader	\$ 220.00
John Earl Paper Laminates	\$ 947.38
Just Black & White	\$ 4,058.00
Mitida Printing	\$ 1,000.00
MIMA	\$ 2,889.00
Newton Media Marketing	\$34,628.00
Newton's Labour	\$ 3,380.00
Radio 4GG	\$ 402.80
Roger Welsh Signs	\$ 2,960.00
Stam Advertising Pty Ltd	\$ 345.18
TAK Distributors Pty Ltd	\$ 5,116.60
Tweed Newspaper Co Pty Ltd	\$ 1,520.00
Tweed Radio & Broadcasting	\$ 1,522.40
Typographx	\$ 382.40
Unsourcec	\$ 988.82
Reimbursement to Richard Travers	\$ 988.82

\$91,836.19

4.3 THE EVIDENCE OF THE CANDIDATES

The Commission called evidence from all but one of the candidates (Michael A Carey, who received support only to the extent of \$7) who had seemingly benefited by donations made by Lewis Land for the 1988 election and all the candidates who apparently benefited by payments from Lewis Land in the 1991 election.

4.3.1 THE 1988 ELECTION

In relation to the 1988 election, the majority of candidates did not dispute that services had been received by them to the extent claimed by Newton's as being performed. A small number were surprised at the high cost charged for those services by Newton's, but did not suggest that Newton's had in any way been dishonest in charging that amount.

On the other hand, Trevor McDougall Coomber, a former Alderman and now MLA for the seat of Currumbin, stated that Ken Newton had told him prior to the 1988 campaign that funding from the business community was available to be put towards his campaign. Coomber claimed that he had not requested the source of the funds, but suspected that they may have come from Lewis Land. On one of his visits to Newton's to discuss the election campaign costs, Coomber claimed that he saw one of his opponents apparently also being supported by Newton's and, as a result, terminated the arrangement with Newton's. He stated that he inquired how much was owed by him and then paid Newton's staff that amount. Coomber could not account for the \$5,104.31 for which Newton's had billed Lewis Land under the Coomber campaign code of LGE 341, nor for a \$2,000 credit entry which an unknown person had apparently also contributed towards the Newton's account for Coomber.

The other person to deny receiving any assistance was Keith Leonard Thompson who Mate had claimed to have paid \$2,500 in cash on 22 February 1988. Mate gave evidence that Thompson spoke to him and indicated that he needed assistance. Mate told him that his normal way of assisting candidates was to direct them to Ken Newton. However, he claimed that Thompson stated that he would run his own campaign and would like a contribution. Mate then said that he asked in what form he wanted the contribution, to which Thompson replied he wished to have it in cash. Mate then claimed that he said to Thompson that it was an unusual way to handle such a matter, to which he claimed Thompson replied that that was the way he wanted it handled. Mate then stated that he withdrew \$2,500 in cash from the bank on 22 February 1988 and took it to Thompson's house at about 4 o'clock in the afternoon and handed it to him. Mate provided the Commission with documentation supporting his drawing of a cash cheque for \$2,500 on the date in question.

Thompson was examined at length about this incident and could give no reason why Mate would fabricate such an incident and no basis for antipathy towards him by Mate. He categorically denied the incident.

4.3.2 THE 1991 ELECTION

In relation to the 1991 election, the candidates acknowledged receiving donations to the extent that Mate claimed had been made, although in the case of Gina Challenger, she took the advice of her solicitor and opened a special account and placed the donation cheque in it which, in her words, "*was gathering dust*".

Although the extent of services received by candidates for the 1988 and 1991 elections was not greatly in dispute, a number of candidates claimed that they were not aware of the source of the funds which provided these services. (This matter will be further canvassed later in the Report.)

4.4 CONCLUSION

The Commission prefers the evidence of Mate to that of Thompson on the issue of the \$2,500 payment and considers it unlikely that Mate would fabricate such an event. In the circumstances the Commission is satisfied to the requisite standard that \$2,500 was paid in cash by Mate to Thompson.

The Commission did not find Coomber a credible witness in relation to the \$5,104.31 Newton's had allegedly billed Lewis Land in respect of services provided to Coomber, and is satisfied from, inter alia, the documentary evidence that the donation was made for Coomber's benefit.

The Commission is satisfied that Lewis Land expended funds to the extent of \$94,336.19 towards the candidates for election in 1988 and \$32,500 towards the candidates for election in 1991. In relation to the 1988 election, the amount was divided between 19 candidates from all 10 divisions and the mayoral candidacy. Six of these candidates were successful.

The \$94,336.19 may, indeed, have been "*petty cash*" to Lewis Land as Mate described it, but it represented, in most cases, the major portion of the candidate's campaign funding. Indeed, in at least one instance, it was the totality of the

candidate's funding. In contrast, candidates who did not receive Lewis Land support, in general, spent far less on their campaigns.¹²

5. EXTENT OF PAYMENTS BY NIECON DEVELOPMENTS PTY LTD

5.1 THE EVIDENCE OF GEORGE SENCARIUC

Sencariuc prepared a report¹³ on his examination of the records produced pursuant to Notices to Produce served on Niecon Developments Pty Ltd and Bundall Printing. He found that between 3 September 1987 and 17 March 1988, 13 cheques were drawn on Niecon Developments Pty Ltd., apparently for the benefit of candidates for the 1988 election. Of these, six cheques totalling \$10,000 were made payable to Denis Pie & Associates. The total of all cheques was \$19,596.40. Details of the cheques are listed below. Listed beside details of the cheques are the names of those candidates for whose benefit the cheques were drawn.

03/09/87	\$1000.00	Denis Pie & Assoc. (Pie)
17/11/87	\$1500.00	Denis Pie & Assoc. (Pie)
05/02/88	\$1134.00	Longbeach Publications (Gamin)
08/02/88	\$1980.00	Bundall Printing (Hughes)
11/02/88	\$2288.40	Bundall Printing (Bergin)
11/02/88	\$1500.00	Denis Pie & Assoc. (Pie)
25/02/88	\$ 728.00	Bundall Printing (Coomber)
25/02/88	\$1274.00	Bundall Printing (Coomber)
03/03/88	\$1992.00	Denis O'Connell Enterprises (O'Connell)
08/03/88	\$ 200.00	Mayoral Campaign GCCC (O'Connell)
10/03/88	\$2500.00	Denis Pie & Assoc. (Pie)
11/03/88	\$1500.00	Denis Pie & Assoc. (Pie)
17/03/88	\$2000.00	Denis Pie & Assoc. (Pie)

Sencariuc's examination revealed that in the Niecon Developments Pty Ltd ledger, only one of these cheques, that of 8 March 1988, payable to "*Mayoral Campaign - GCCC*" was recorded as a non-deductable donation. The remainder were recorded as "*printing*", "*advertising*", "*consultancies*" or "*valuations*", and were often committed to a particular development.

¹² In his letter dated 17 June 1991 forwarded to the Commission, Lewis claimed that the budgets for contributions to candidates for the 1985 and 1988 elections were exceeded by around 100 per cent. (See Exhibit No. 1515).

¹³ See Exhibit No. 925

5.2 THE EVIDENCE OF WILLIAM NIKIFORIDES AND THE RESPONSE BY THE CANDIDATES

William Nikiforides, who is a consultant to the corporate group, gave evidence that no payments were made to or on behalf of candidates in the 1982, 1985 or 1991 elections for the Gold Coast City Council. In 1988, however, he said the company had for the first time received requests for campaign donations and had responded to those requests.

William Nikiforides claimed that the \$10,000 said by Sencariuc to have been paid to Pie was not a political donation and neither was the money paid to O'Connell. He claimed that in late 1987, Pie approached him for a donation of \$10,000, but he was unwilling to give such a large amount for electoral expenses. He then claimed that Pie said to him that he (Pie) had given him advice as a valuer and property consultant over the years which he had not charged for, and he (Nikiforides) would now be charged for that advice. He claimed that he was quite annoyed that Pie would claim that he was owed money dating as far back as 1981 and 1982, but in any event said to Pie to send the bills to him and he would pay them. He stated Pie sent him a number of invoices. In cross-examination, William Nikiforides conceded that the invoices received from Pie related to advices:

- which were stale or dated;
- which totalled in value what was originally sought by Pie as a political donation, namely, \$10,000;
- which were only verbal and for which William Nikiforides had no documentary support.

Nikiforides also conceded that over the years since 1981, Pie had done other valuation work for him, for which Pie had been paid.

Pie said he could not recall any conversation where he had asked William Nikiforides for a \$10,000 contribution and, when this was not forthcoming, suggested the raising of invoices for past services rendered. He did, however, concede in cross-examination that it may have happened as this method of raising campaign funding may have been used in relation to another developer. He was, however, adamant that the invoices that were sent by his campaign manager to William Nikiforides did not relate to any professional work he had performed for him. Pie provided a statement of contributions¹⁴ received for his campaign, which included the several amounts totalling \$10,000 from the Niecon Group. Pie stated that they were treated as campaign funds, not payments to his valuing business.

14

See Exhibit No. 948

In relation to the payment made to O'Connell, William Nikiforides recalled that the lesser of the two amounts paid to O'Connell, namely \$200, was for the purchase of two tickets for a campaign fundraising function. William Nikiforides said that the \$1,992 amount was for a consultancy by O'Connell in respect of a block of land in Ferry Avenue, for which O'Connell had acted as a real estate agent, although unlicensed. William Nikiforides could not provide a bill for the consultancy service, but claimed that there must have been one for it to have been paid.

O'Connell said the consultancy related to a proposed laundry project of O'Connell's and some associates in the Whitsunday area. He conceded that no laundry was ever built and that William Nikiforides had never joined the proposed syndicate. He claimed that he had an oral agreement with William Nikiforides to be paid for this work and that he had declared and paid tax on it as income, not as a donation.

In relation to the payment of \$1,134 to Longbeach Publications on behalf of Gamin, William Nikiforides stated that he had discussed with either Judy or Paul Gamin that he would assist them in their campaign. They asked whether he would pay for some advertising and he replied that he would. He then received an account and paid it. (Judy and Paul Gamin claimed that the amount paid by the Niecon Group was approximately \$2,500.)

In relation to the cheques paid to Bundall Printing on behalf of Hughes, Bergin and Coomber, William Nikiforides assumed that the three had attended a company lunch which had also been attended by a number of other Aldermen, the names of whom he could not remember. William Nikiforides stated that at this lunch it was suggested that it would be a good idea if the Aldermen would pool any funds that they received for advertising and printing and he took that to mean that he would donate moneys to a fund which then would be distributed amongst the Aldermen. He conceded that he may have said that the company was prepared to pay a reasonable amount up to a total of something like \$8,000. He acknowledged that the money said by Sencariuc to have been paid to the three candidates had been paid by Niecon Developments Pty Ltd as political donations.

As he had done in relation to the alleged payment by Lewis Land on his behalf, Trevor Coomber also denied being the beneficiary of any moneys from Niecon Developments Pty Ltd. Despite being shown the three Bundall Printing invoices prepared for him and paid with two cheques drawn on Niecon Developments Pty Ltd, Coomber denied that he had any knowledge of it and disputed the matter. Coomber was adamant that he paid the accounts at Bundall Printing and stated that he did not believe the payments by Niecon Developments Pty Ltd were for his accounts.

The principal of Bundall Printing, Heinz John Leonhart, gave evidence that his records revealed that three invoices for a total of \$1,859.20 were prepared for services performed for Coomber. These invoices were paid for with two cheques,

both drawn on Niecon Developments Pty Ltd in the total sum of \$2,002, leaving an excess of \$140.80 remaining. He claimed at the time that he knew nothing about Niecon Developments Pty Ltd. He stated that he could not say who delivered the cheque to Bundall Printing, nor who picked up the work that had to be delivered to Coomber. He does, however, confirm Coomber's evidence that he (Coomber) paid an additional amount of \$1,659 to Bundall Printing.

James Dalton Bergin stated that he believed the amount of the contribution by William Nikiforides was about \$1,500, whereas Lester John Hughes acknowledged that he received some contribution from William Nikiforides, but the amount was not specified.

5.3 CONCLUSIONS

The Commission is satisfied that Niecon Developments Pty Ltd contributed to the benefit of candidates for use in their election campaigns those amounts located by George Sencariuc in the books of account of Niecon Developments Pty Ltd., with the exception of the payment by the company to Denis O'Connell Enterprises. In relation to this amount of \$1,992, the Commission is unable to determine whether it was for campaign purposes or otherwise.

The Commission rejects the evidence of William Nikiforides in relation to his donations to Denis Pie and Associates for the following reasons:

- In relation to this issue, William Nikiforides did not impress as a witness of credit;
- It is inherently incredible that Pie would send invoices to him which related to stale or dated advice when Pie had been paid for other advices in the meantime;
- It would appear to be more than coincidental that the total value of the advices was the amount originally sought by Pie as a political donation, namely, \$10,000;
- The invoices forwarded by Pie and Associates were all in relation to verbal advice only for which William Nikiforides had no documentary support;
- The evidence of Denis Pie was credible where he stated that the \$10,000 was not paid for services rendered by him as a valuer.

The Commission also rejects the evidence of Trevor Coomber in respect of his dealings with Bundall Printing and Niecon Developments Pty Ltd. There is no

reason to reject the documentary evidence and the evidence of Leonhart and Sencariuc in relation to the payment of \$2,002 to the credit of Coomber's account at Bundall Printing by Niecon Developments Pty Ltd.

In conclusion, the Commission is satisfied that the Niecon Group contributed at least \$17,604.40 to the benefit of candidates for the 1988 election. Further, on the evidence before it, the Commission is satisfied that the corporate group made no contributions for the 1982, 1985 or 1991 elections.

6. THE EXTENT OF PAYMENTS MADE BY THE RAPTIS GROUP

6.1 THE EVIDENCE OF JAMES RAPTIS

James Raptis readily agreed that his company, Klingon Pty Ltd, had paid in excess of \$30,000 to or for a number of candidates, some of whom were sitting Aldermen, for the 1988 election to the Gold Coast City Council. Raptis claimed that Klingon Pty Ltd was the only company in the group which provided donations to any candidates. Raptis indicated that he could not recall whether any donations were given by the group in 1985. He added that he had looked through his records, but could not seem to locate any indication of any donations. He stated that as the Gold Coast development scene was not perceived to be in "very good shape" currently, his group were not requested to and did not provide any donations for the 1991 election.

Mr Richard Perry, Counsel for Raptis, tendered a schedule¹⁵ of payments which it was claimed were made to candidates. Details of these payments are set out below.

¹⁵

See Exhibit No. 892

NAME	POSITION	AMOUNT	DRAWN	PRESENTED
D O'Connell	Candidate	5,000.00	02/02/88	22/02/88
V Camilleri	Candidate	3,000.00	10/02/88	12/02/88
L Hughes	Alderman	6,000.00	17/02/88	23/02/88
T Coomber	Alderman	2,000.00	17/02/88	17/03/88
A MacNellie	Candidate	1,000.00	17/02/88	23/02/88
J Alcott	Candidate	1,000.00	17/02/88	23/03/88
K Thompson	Alderman	1,500.00	17/02/88	26/02/88
P Gamin	Alderman	1,500.00	24/02/88	29/02/88
A Paterson	Alderman	1,000.00	24/02/88	Not presented
J Bergin	Alderman	2,000.00	24/02/88	26/02/88
J Allen	Candidate	1,000.00	24/02/88	07/03/88
J Taylor	Candidate	1,386.44	02/03/88	02/03/88
B Shepherd	Candidate	2,000.00	04/03/88	16/03/88
J Taylor	Candidate	1,175.00	08/03/88	08/03/88
B Shepherd	Candidate	1,000.00	25/03/88	28/03/88

The total of these payments is \$30,561.44. (These figures were consistent with an analysis carried out by Commission Financial Analyst Sencariuc on documents received from Klingon Pty Ltd.)

As Counsel Assisting was running through the list of all candidates for the 1988 election with Raptis, he (Raptis) remembered that he had provided a \$300-\$400 cash donation to Kerry Smith for her campaign in Division 7. He claimed that she telephoned him persistently to ask for assistance. He said that as she was "pestering" his secretary, an appointment was made for him to visit Smith at her Broadbeach office, which he believed at the time was the office of her husband's law firm. He claimed that she said at this meeting, "Look I need your support, I am going to make a terrific candidate." He stated that he was put in a position where he said to her:

"Look Kerry, I didn't bring anything with me, a cheque or anything else, but I have got some money on me. I'll give you that and I will support you with that sort of assistance and that is all that I have got on me."

He claimed that she replied, "Look anything will do, I'm very appreciative of that help." He then provided to her a cash amount in the order of \$300-\$400 which she accepted.

When it was suggested to Raptis by Counsel Assisting that he would have been able to subsequently send a cheque to her, he indicated that he was in two minds whether to support her and thought, "*He had better just clean up the matter then and there*" as he did not want her calling him on the telephone all the time. Raptis said he did not obtain any receipt from Smith.

Raptis, however, did provide a photocopy of notations in his diary for March 1988, which indicate the name "*Kerry Smith*" and her address at Broadbeach.¹⁶

6.2 THE EVIDENCE OF THE CANDIDATES

Paul Gamin in his evidence indicated that he had received a cheque for \$1,500 from Raptis on a day that "*a contentious matter*" relating to a Raptis development was to come before Council. (This issue will be further canvassed later in the report.) He claimed that on his instructions the money was returned to Raptis. The return of the \$1,500 donation was confirmed by Raptis himself.

Athol Paterson stated that he also received a cheque for \$1,000 just prior to the same contentious matter coming before the Council, and returned it because he thought "*it was a very inappropriate time to make an election contribution*". Raptis' records show that the cheque to Paterson was never presented.

In his evidence, Trevor Coomber stated that he had received a cheque for \$1,500 or \$2,000 from the Raptis Group on Friday, 11 March 1988, but in view of the controversy surrounding the contentious matter relating to the Raptis development that was before the Council a few weeks before, he instructed his financial adviser to return the cheque to Raptis. He added that he had no idea if the moneys were returned to Raptis. The schedule tendered by Counsel representing Mr Raptis, shows that a cheque was drawn by Raptis on 17 February 1988 in favour of Trevor Coomber in the sum of \$2,000 and was presented for payment on 17 March 1988, two days before the election. Raptis in his evidence denied having any discussions with Coomber in relation to the return of the cheque or the funds and added that he had provided a further \$5,000 donation to Coomber on 10 November 1989 towards his campaign for the Liberal seat of South Gold Coast.

Denis James O'Connell, who was a mayoral candidate for the 1988 election, said that his largest donation was in the vicinity of \$2,000. He said that he received about that amount from the Greek business community, although he conceded it may have been largely from Raptis. He stated the negotiations for this money were carried on through his campaign manager. Raptis' records revealed that, in fact, \$5,000 was provided to O'Connell. As this donation was made through his

¹⁶

See Exhibit No. 903

campaign manager, this fact may account for O'Connell's different recollection as to the amount contributed.

Vincent Camilleri recalled receiving a campaign contribution from the Raptis Group. He said that he received a total of about \$2,000 in donations to his 1988 campaign and he thought that the cheque from the Raptis Group, which was the largest contribution, was for \$1,000 or \$1,500. Camilleri, however, conceded that he could not remember exactly how much was provided by the Raptis Group. Raptis stated that a cheque for \$3,000 had been sent for Camilleri's campaign, following a telephone call to him by Camilleri specifically requesting a donation of \$3,000. This amount accords with the records of Klingon Pty Ltd.

Kerry Terese Smith, who described the hearings as "*an absolute witch hunt*" (although she volunteered to give evidence before the Commission), acknowledged that she had a meeting on 4 March 1988 with Raptis at her campaign office at Broadbeach, but the discussion at that time was in relation to a complaint by a Roger Gardiner to her about one of Raptis' high rise buildings. She denied any discussion of moneys occurred other than some discourse concerning the refund of moneys for tickets to a campaign dinner. She categorically denied receiving any moneys from Raptis for her campaign. She did, however, claim that Raptis had some time previously telephoned her and offered her \$5,000 for her election campaign, which she rejected. (Raptis and William Nikiforides, who she claimed also offered to contribute \$5,000 to her 1988 election campaign, both denied offering her \$5,000.)

In support of her account that the meeting of 4 March 1988 was in relation to a complaint by Gardiner, she tendered a copy of an entry in her diary for that date.¹⁷ Her diary bears the following entry for that date:

office
"4.00: Jim Raptis: at Clints husband"

Above that entry, in smaller print (written in a different colour ink), is a reference to the subject matter of the complaint by Gardiner. It appears as:

"Floodlit tennis - 2 yrs ago.
19 storeys - Roger Gardner - 'Mark'."

On any view of this entry it was inserted after the "*4.00: Jim Raptis...*" entry. Below the "*4.00 Jim Raptis...*" entry in smaller print (in a third coloured ink) than that of the "*4.00 Jim Raptis...*" entry is the following entry:

¹⁷

See Exhibit No. 945

"Raptis pty of 30 couldn't attend fundraiser but did not want refund on his tickets because of catering"

Smith denied recently inserting the entries in smaller print in her diary.

6.3 CONCLUSIONS

The Commission is satisfied that cheques to the total of \$30,561.44 were forwarded by Raptis to candidates for the 1988 election. The Commission is also satisfied that Paterson did not present his cheque and that Gamin, although presenting the \$1,500 cheque for payment, reimbursed the Raptis Group for the \$1,500. The Commission has no difficulty accepting the documentary evidence and the evidence of Raptis that \$5,000 was forwarded to O'Connell and \$3,000 to Camilleri for use on their campaigns. The Commission is also satisfied from the documentary evidence and the evidence of Raptis that the cheque forwarded to Trevor Coomber was not returned to the Raptis Group.

The Commission is further satisfied to the requisite standard that Raptis did provide an amount of cash in the order of \$300-\$400 to Smith for her 1988 campaign. Smith was a very unimpressive witness who appeared to be very loose with the truth. The Commission rejected her account of events after considering, inter alia, the following:

- the credible manner in which Raptis provided his evidence on this issue;
- the fact that there appears to be no motive for Raptis to lie;
- the forthright manner in which Raptis introduced the event into evidence – that is, after having his memory prompted by reference to Smith's name as Counsel Assisting went through the list of candidates for 1988. (If Raptis had intended to falsely suggest that he had paid Smith money in order to embarrass her, he had many opportunities to do so before this incident);
- if, indeed, as Smith suggested that Raptis was meeting with Smith to discuss a complaint against Raptis, then one would have imagined that Smith would have gone to the premises of Raptis rather than Raptis attending upon her;
- as Smith was seen to be, at least in her public posture, against high-rise development close to the beach front (or, as she claimed, along the beach front), she had a very strong motive to disassociate herself from any payments by developers;

- as, on her own evidence, she acknowledged that taking moneys from a developer would make her obligated to them, she had a very strong motive to disavow receiving any payment from Raptis;
- the diary entry provided by Smith to substantiate her version of the meeting of 4 March 1988, i.e., the Gardiner complaint, appears, to the contrary, to establish either that the reference in the diary to the Gardiner complaint was a recent insertion or, at best for Smith, made some short time after the appointment had been made with Raptis to be used as an aide-mémoire at the forthcoming meeting. If the former explanation is correct, then clearly Smith has put false evidence before the Commission. If the latter explanation is correct, then it follows (as there is no prior reference in the diary to the making of a complaint by Gardiner), that the appointment with Raptis had already been made when the entry relating to the subject of the Gardiner complaint was inserted above the "4.00: Raptis..." entry. That being the case, the meeting with Raptis was arranged for a purpose other than that claimed by Smith, namely to discuss the Gardiner complaint, perhaps to discuss contributions by Raptis towards Smith's election campaign. In either event, the evidence does not support Smith's claim;
- if the real or significant reason for holding the meeting of March 1988 was the Gardiner complaint, one would have expected the entry below the "4.00: Raptis..." entry to have reflected the outcome of those discussions, yet, the entry to be found there relates to the outcome of a discussion relating to the election campaign;
- Smith's very poor demeanour in the witness-box and, in particular, her prevarication and evasiveness;
- Smith's implausible explanations in relation to some of the collateral issues canvassed with her in the witness-box.

Of the twelve candidates ultimately supported by the Raptis Group, four were elected to Council. Gamin and Paterson, although not benefiting from the donations made by the Raptis Group, were also elected to Council.

7. **WHY DID LEWIS LAND FINANCIALLY SUPPORT CANDIDATES
IN LOCAL GOVERNMENT ELECTIONS?**

7.1 **THE EVIDENCE OF GREGOR VALE MATE**

7.1.1 **THE PHILOSOPHY BEHIND THE PAYMENTS**

Mate, the General Manager of Lewis Land gave evidence that Lewis Land was not seeking any preferential treatment from any of the candidates if and when they became Aldermen, but rather to lift the standard of the Council¹⁸. Mate said that the realization that this was necessary or desirable occurred to him after an unpleasant experience before the Planning and Development Committee of the Council in 1981. He explained that it became necessary for him to take a particular proposal to the Committee and as he entered the Chamber, he asked whether he could remove his jacket. He was told by one of the Aldermen namely, Sir Jack Egerton, *"Don't bother taking your jacket off. We have made up our minds, you won't be here for that long."*, to which he replied that he would still like to take his jacket off as he had a proposal (which was ultimately rejected) to put to the Council. He claimed that Egerton then said, *"Don't take your jacket off. Please piss off."*¹⁹

Mate continued at page 5489 of the transcript:

"I realized that there had to be a better way and that it was important that Councillors who would be fair, honest and intelligent and perhaps courteous would be the norm other than those people that I had talked to. So I guess that in - early in 1981 I felt a need to improve the standard of the Aldermen that I'd been spoken to on that particular day."

¹⁸ In his letter dated 17 June 1991 forwarded to the Commission, Lewis stated the philosophy behind the contributions was as follows: *"...to get reasonable people on the relevant Local Authority. People who were capable of being objective and impartial and who were prepared to listen. Not single issue people..."*. (See Exhibit No. 1515).

¹⁹ Sir Jack Egerton, in an interview with officers of the Commission on 24 April 1991, acknowledged that he had told Mate not to take his coat off and to piss off. He claimed he said this because Mate had *"gate crashed"* the meeting.

And later at page 5490 of the transcript he added:

"We have may have failed in our definition of some of these attributes, but that's what we were looking for, and if we believed that a candidate would make a good Alderman, then I would discuss this with Bernard Lewis, and with his approval and agreement we would assist them usually via Ken Newton."²⁰

7.1.2 THE SELECTION PROCESS

Somewhat surprisingly, in view of Mate's stated intention to improve the standard of Aldermen, Mate claimed that Lewis Land did not seek out any candidates for the 1988 election. He said that the candidates had made the approaches to Ken Newton, June Redman of the National Party, or him directly. (Some of the candidates claimed that they had been approached.)

In relation to people who had approached Newton, Mate explained that he would discuss with Newton the background of the particular person and what sort of candidate he or she would make. They would also discuss the person's honesty, integrity, good manners, intelligence and similar matters, and if he felt that this was an appropriate person, he would then take Newton's recommendation to Lewis who, like himself, thought very highly of Newton. At that stage Lewis would discuss with him matters similar to that which he had canvassed previously with Newton in relation to the candidate. On occasions Lewis would question him very strenuously on these matters before he (Lewis) made his decision. Mate claimed that Lewis would also seek advice from his solicitor and a surveyor friend, both of whom resided in Sydney.

In relation to people who had approached June Redman, Mate said a similar process occurred, although on occasions he had actually sat down with Redman and some of the candidates and had a chat to them and found out *"where they were coming from and what sort of attitudes they had."* He also claimed to have indicated to them very clearly that if support was given to them in any way, there would be no strings attached to that support.

Where people had approached him directly, he directed them to Newton after he had made inquiries concerning the person and cleared the matter with Lewis.

²⁰

In his letter dated 17 June 1991 forwarded to the Commission, Lewis confirmed that in relation to specific candidate support it was a matter of consensus between Mate and Lewis, with ultimate responsibility lying with Lewis. (See Exhibit No. 1515).

Counsel Assisting questioned Mate in relation to the candidate MacNellie, with a view to determining how well MacNellie fitted the criteria previously given by Mate for suitable candidates, namely, fairness, honesty, intelligence and courteousness. (MacNellie had stated that he decided to run for Council following a conversation in the bar of the Runaway Bay Hotel because he was "a fisherman".) At page 5502 of the transcript, Counsel Assisting asked Mate what sort of report did he receive on MacNellie that caused Lewis Land to support him. Mate replied:

"Well, again it's easy to be wise in hindsight, and I saw Aaron MacNellie for the first time the other day and if I indicate to you that I - that he was described to me as being highly intelligent, highly articulate or highly anything you would probably think that I was not talking a lot of sense. I got a report from June Redman indicating that he believed he could win. He was a popular local candidate and he could well have won the election."

Mate gave no other reason for supporting MacNellie.

Counsel Assisting also questioned Mate in relation to the Lewis Land policy of not seeking out candidates who fitted the criteria of fairness, honesty, intelligence and courtesy and so forth. It was suggested to Mate that the system of waiting for the candidate to come forward would probably mean that there were a lot of competent candidates who did not know that Lewis Land was likely to provide funds and who may miss out on being elected because of inadequate funds to mount a good campaign. Mate responded that he recognized that the system was inadequate.

7.1.3 DENIALS THAT IT WAS EVER INTENDED TO HAVE SITTING ALDERMEN DEFEATED AT ELECTIONS

Mate was specifically asked whether one of the policy objectives of Lewis Land in the 1985 election was to get rid of Egerton. At page 5491 of the transcript, the following exchange takes place between Counsel Assisting and Mate:

"Would it be fair to say that one of the policy objectives in 1985 was to get rid of Egerton?---No.

I mean you put it in a rather positive way---?---Oh, no.

.....(you) were looking for candidates who were going to be candidates who are fair, honest and courteous people, but would it be fair also to say that what you wanted to do was to get rid of candidates who to your - or Aldermen who to your mind were

unfair or dishonest or discourteous?---No, I don't believe it came down to that. Not at all.

No. I see. Did you, in fact, in 1985 support somebody against Egerton?---To be truthful I can't recall.

In fact he was the member, or the Councillor, for Division 7?---That's correct, yes.

And he was defeated in that election in 1985 in a straight contest with James Dalton Bergin, B-e-r-g-i-n?---Yes.

Did you support Bergin in 1985?---I believe that we did.

You did support him?---I believe that we did. I don't have any direct evidence of that, but I believe that we did.

O.K. You didn't give any money to Egerton?---No.

Well, could I draw the inference from that one of the reasons for this campaign - or its inception, anyway - was to try to have Egerton defeated?---Oh, no, I wouldn't put it as strongly as that by any means."

When Mate was asked how Bergin came to be assisted, he stated that he imagined that Bergin would have written to them seeking assistance.

Bergin, in his evidence, acknowledged that he had sent a begging letter, but claimed that he had been told by Newton, who had contacted him after the letters had been sent and was offering assistance that, "it was some businessmen who thought I was worth supporting and - he was doing as a public relations man all he could to help get rid of the incumbent."

Later in Mate's evidence, the issue of having an Alderman defeated was again raised, this time by the Chairman. At page 5840 of the transcript, the following exchange between the Chairman and Mate took place in relation to the election of the Alderman for Division 1 in 1991:

"First of all, the list that has been tendered about the 1991 election?---Yes.

The smallest donation was five hundred and the largest was ten thousand?---Ten thousand. Yes, sir.

What was the basis of the disparity?

.....

In the case of Camilleri; I guess we were anxious that Camilleri became the new incumbent for Ward 1, because we believed he would make a far better Alderman than the one who was ultimately elected.

Who was that?---Alan Rickard.

What was the reason for that preference?---The preference for Camilleri than Rickard? Again, because Camilleri is a businessman. He has a great knowledge of council matters and we believed he would make a better Alderman.

Was Mr Rickard not an Alderman at the time?---He was.

Did you have difficulties with him?---Disappointment rather than difficulties.

In what way?---Alan Rickard is a very - I know that what I am about to say is being said before the press so I have to be fairly guarded in the comments that I make. I don't believe that Alan Rickard necessarily makes good council decisions.

He was - did you have some difficulty with him in respect of Harbourtown?---No.

No?---No.

Was he - did he express a view to you, or a view that you knew about in relation to Harbourtown?---Not in relation to Harbourtown, no.

I see. It was in relation to some other developments you have?-- It was in relation to Sovereign Islands that he has been fairly damning publicly in relation to that development - a development that we are very proud of, incidentally.

So that you were prepared to pay \$10,000 to get rid of him?---I wouldn't have put it in those terms.

No?---I would have expressed it in the positives; that we felt that there was a better person for the job.

Somebody who was likely to be less troublesome to you?---Not less troublesome; fairer.

Less disappointing?---Less disappointing.

Somebody whom you preferred, to the extent of \$10,000?---Preference is hard to evaluate. Sometimes it is just the face of the man and nothing more.

.....

All right, but at any rate, there was a preferred candidate to the extent of \$10,000?---Yes.

So that clearly you were prepared to spend money to get the result you wanted?---To get better candidates.

To get the result you wanted?---If the result we wanted was to get a better candidate, the answer is yes."

It is instructive to note that an examination of the records of the Council revealed that many Lewis Land development interests occurred in Division 1.

7.1.4 DENIAL OF ANY KNOWLEDGE OF "DUMMY" CANDIDATES

Mate specifically denied that Lewis Land had supported "dummy" candidates who were those candidates with no real chance of success, who would stand because they would attract votes and direct the second preferences of their supporters to some other candidate. (The issue of "dummy" candidates will be further discussed later in the Report.)

He stated that he had no knowledge of any of the candidates that Lewis Land supported making any such arrangements, although he conceded that in some divisions Lewis Land had supported more than one candidate. He claimed if he had known that one of the candidates was running as a "dummy", Lewis Land would have "moved away from that at a thousand miles an hour".

Mate specifically denied any knowledge of any relationship between John Alcott and Aaron MacNellie who were both candidates for Division 1 in the 1988 election. In his evidence Alcott conceded that he had encouraged MacNellie to stand for election and had seen him as a running mate who would provide his

(MacNellie's) preferences to him. When Mate was shown a letter²¹ dated 31 May 1988 from Alcott to him in which were listed his (Alcott's) election campaign expenses for 1988, including the following entries:

Cash disbursements:-

MacNellie - Cash	225.00
Cash	20.00
Cash	20.00

Mate stated that he could not explain it.

When the Chairman put to Mate that the letter from Alcott would have placed him on notice in respect of the relationship between Alcott and MacNellie, Mate replied, "*At the time, as I said, it never came into my mind*".

7.1.5 DENIALS OF ANY PARTY POLITICAL CONSIDERATIONS

When questioned on Lewis Land support for candidates who appeared to have strong National Party affiliations, Mate claimed that "*the political persuasion of the particular candidate had absolutely nothing to do with the selection*".²² He did, however, concede that, at least, all those who had approached June Redman for support and had been provided with funds by Lewis Land had strong National Party connections. In a list²³ provided to the Commission by Mate, he acknowledged that in 1988 he knew that 10 of the candidates supported, (over half), had been introduced via June Redman. (It would appear from the evidence that 13 of the 19 candidates supported in 1988 had National Party affiliations or associations.)

²¹ See Exhibit No. 866

²² It should be noted that in his letter dated 17 June 1991 forwarded to the Commission, Lewis acknowledged that Lewiac Pty Ltd had made election contributions to the State National Party (and, to a lesser extent, the State Liberal Party) since 1981, on the basis that, inter alia, "*the Nationals were a pro development Government*" and Labor Governments in other States had, by creation of State Land Commissions, virtually eliminated the Group's business of private enterprise land subdivision. He also added that a change of Government was perceived to be not in the interests of the company and the large amounts of State election contribution "*require to be viewed in the context of the perceptions of the time that the Government was very much at risk of losing office*". Lewis also detailed donations to the conservative side of politics in New South Wales. (See Exhibit No. 1515).

²³ See Exhibit No. 800

He also acknowledged that several meetings between candidates, who were ultimately assisted by Lewis Land, June Redman and himself, took place at National Party headquarters.

7.2 THE EVIDENCE OF KENNETH GILBERT NEWTON

Newton stated that in 1985 he was already performing public relations work for Lewis Land when Mate approached him and indicated that Lewis Land wished to support candidates and sought his assistance. He stated that approaches would come in from candidates to get assistance from Lewis Land (and other developers as well) and with his assistance, if required, attempts would be made to try to ascertain whether the candidate was a suitable one to be supported. He indicated that in many cases he interviewed candidates by himself and on some occasions he interviewed them with Mate. He also acknowledged that many people were introduced through June Redman of the National Party and she would be involved in their interviews and assessments. Ultimately, however, the decision was not for him to determine whether the candidate was suitable for support.

When asked what were the criteria that Mate and he had discussed in relation to the candidates, Newton, at page 5439 of the transcript, replied:

"...Well I guess in the case of those people who came to the National Party, we knew enough about the National Party to be satisfied that they had obviously spoken to them and they wanted them supported and they came to us for that support."

Further to this issue, Newton was asked by Counsel Assisting whether the exercise (of supporting candidates) was going to be only in favour of National Party people, to which he replied, *"It certainly was, yes."*

7.3 THE EVIDENCE OF JUNE MARGARET REDMAN

Redman gave evidence that she was a Director of the National Party on the Gold Coast and had been for the last 10 years. As part of her responsibilities she acknowledged having the conduct of State and Federal elections where there were National Party candidates. She explained that these candidates would be given access, to a certain extent, to National Party funds for the purpose of their campaigns. She stated that Newton was known as the best public relations person on the Gold Coast for some time and that he had been used as the public relations company for National Party candidates over many years.

Redman explained that in 1988 she became aware that funds were available from Lewis Land and when some National Party candidates needed help, she advised them that she would try and get some assistance from Ken Newton. She would

discuss the candidate with Newton, who would then take their recommendation to Mate for a final decision.

Redman explained that the National Party was against the idea of party politics in the Gold Coast City Council and, as such, National Party candidates were not run. They did, however, "*run as independent Nationals*", who had the same persuasion as others in the National party. She added that she made it quite clear to all those coming to her seeking assistance that all funds that would be obtained or could be obtained for them were not National Party funds, but funds from businessmen who were willing to support candidates in the elections. She also added that on one or two occasions she had independent discussions with Mate in relation to the suitability of candidates, but that was, in fact, the exception.

7.4 CONCLUSIONS

Notwithstanding Mate's statement that the political persuasion of the particular candidate had absolutely nothing to do with the selection, the evidence of Redman and Newton shed considerable doubt on Mate's assertion. If fairness, honesty, intelligence and courtesy were the guidelines for supporting a candidate, then one might have expected that the candidates fulfilling these requirements would have had a reasonably even distribution in terms of prior political leanings. However, of the 19 candidates supported for the 1988 Council elections, 13 stated some affiliation or association with the National Party. Indeed, many of the candidates were referred to either Mate or Newton by the secretary of the Gold Coast branch of the National Party and a number of the meetings with candidates were held at the National Party's Southport offices. In other words, the most predominant feature shared in common by the candidates supported by Lewis Land was an association with the National Party. This, of course, is not inconsistent with the Lewis Land pro-development stance as the National Party was at the time regarded as pro-development.²⁴

Further, if Lewis Land had been genuinely interested only in appointing candidates who were "*fair, honest, intelligent and perhaps courteous*", then one would have expected that they would have sought out candidates in the 1988 election and sought more than they did in the 1991 election. Furthermore, the checks carried out on some of the candidates, for example MacNellie, were hardly conducive to ascertaining whether they had the requisite personal characteristics.

Despite Mate's rejection of the suggestion that Lewis Land had attempted to remove Aldermen who were seen as being against Lewis Land or its interests, the

²⁴ This was acknowledged by Lewis in his letter dated 17 June 1991 forwarded to the Commission. (See Exhibit No. 1515).

evidence suggests otherwise. It seems clear that Newton sought out Bergin (although Bergin had already sent begging letters) in the 1985 election with a view to providing him with funds from Lewis Land to run against Egerton who in 1981 had been "discourteous" to Mate.

Further, given that there is no evidence that Camilleri solicited any donation from Lewis Land, it appears that Lewis sought out this candidate and provided an anonymous \$10,000 donation with a view to having the "inconvenient" Rickard defeated in the forthcoming election.

Notwithstanding the suspicion that arises from the reference to expenses paid to MacNellie in the Alcott letter to Mate, the Commission is not satisfied that MacNellie was supported by Lewis Land knowing him to be a "dummy" candidate. The Commission is also not satisfied that Lewis Land knowingly supported any "dummy" candidate.

8. WHY DID THE NIECON GROUP FINANCIALLY SUPPORT CANDIDATES IN LOCAL GOVERNMENT ELECTIONS?

8.1 THE EVIDENCE OF WILLIAM NIKIFORIDES

As has been previously indicated, William Nikiforides gave evidence that it was his decision whether or not the Niecon Group would make a donation to a candidate's election campaign. He said that at no stage did anyone from the Niecon Group approach any candidate. Invariably the case was that candidates would come and seek funds from him.

In determining to whom to provide funds, Nikiforides said at page 4869 of the transcript:

"What we would like to do is see the right people in the Gold Coast City Council for the actual electorates for each of the divisions..."

When asked to explain what he meant by "the right people" he explained at page 4870 of the transcript:

"Well somebody that certainly has a responsible position. Possibly understands what the particular city wants, and makes the place a lot better place for tourism and for development, be nice, and because he creates more jobs. If there are more jobs, our shops are busy."

William Nikiforides went on to say that the Niecon Group were sponsors of the Surf Life Saving Club at Broadbeach and also contributed moneys to the Heart Foundation and the Leukaemia Foundation. In each instance he said that he did not expect anything back from these bodies; he just did it for the good of the community. He equated this sort of donation to that of donations to the candidates for their campaigns.

When questioned as to details of Niecon Group payments to suppliers of services to the specific candidates, William Nikiforides claimed that he did not scrutinize each bill forwarded for payment by the suppliers. He added that he was unsure in some instances which candidates received funds and stated that, in effect, he was paying for a "group of Aldermen", (the names of whom he was unsure), who had attended one of the company lunches.

Counsel Assisting then put to him the following question, "*And it didn't matter greatly to you who they were, did it?*", to which he replied, "*It made no difference.*"

William Nikiforides was specifically asked whether the payment to Pie was made because he was an important person, being a former Mayor who was standing again for the Mayoralty and who might, if elected, be in a position to help or hurt the company, to which he replied, "*No*", adding that it had nothing to do with the fact that he was or was not a Mayor.

8.2. THE EVIDENCE OF CONSTANTINE WILLIAM NIKIFORIDES

Constantine Nikiforides gave evidence that it was for his father, William, to speak to any of the Aldermen or any campaign managers or candidates concerning campaign expenses. The only exception to this was on one occasion when he had a meeting with Kerry Smith and her campaign manager, Victoria Martin. (This meeting will be canvassed further later in the Report.)

8.3 CONCLUSIONS

It is difficult to reconcile William Nikiforides' stated reason for giving donations, namely, that he wanted to get the right Alderman for the area when he was not in a position to remember the names of the Aldermen to whom he had given support. This is especially so when he stated that funds were given to "*a group of Aldermen*" and, "*it made no difference*" who they were.

It is also difficult to conclude that payments to Pie, which, as previously indicated, are considered to have been provided for Pie's election campaign, were made for any reason other than the influential position which Pie held at the time.

It is also of note that, other than the \$200 donation to O'Connell, all other support was to sitting Aldermen who were seeking re-election.

9. WHY DID THE RAPTIS GROUP FINANCIALLY SUPPORT CANDIDATES IN LOCAL GOVERNMENT ELECTIONS?

9.1 THE EVIDENCE OF JAMES RAPTIS

9.1.1 THE SELECTION PROCESS

Raptis gave evidence that in every case, with the exception of one Alderman, namely, Athol Paterson, he had received a request from a candidate or sitting Alderman for a donation to their election campaign. These requests were made during telephone calls to him, during discussions at functions and, in one case, in a "begging" letter. (Some of the candidates claimed that Raptis approached them or had sent unsolicited cheques.)

He explained that the donation to Athol Paterson (in relation to which the cheque was never presented by Paterson), came about during a discussion in Raptis' office with his manager and another staff member. The three men considered that, as Paterson had been in Council longer than any other Alderman and was, according to Raptis, *"pretty fair and considers all proposals you put to him in a very fair manner"*, he deserved support.

Raptis claimed that if he was asked for a donation, he would normally give one and believed that he had not knocked anyone back for the 1988 election. He also claimed that in most cases the amount provided was determined in discussions with the candidate.

9.1.2 THE PHILOSOPHY BEHIND THE PAYMENTS

Counsel Assisting questioned Raptis in relation to the criteria by which he selected persons suitable for support as candidates and at page 5938 of the transcript, the following exchange occurred:

"What is the criterion then by which you support people; merely that they ask you?---Well, asking is one element. I mean,

sometimes you've got to give people some credit for even asking, and you don't particularly just say no and be rude about it, but basically you analyze the people and you sort of say, yes, they are decent people and they want to stand for Council and put something into the community and you support them. And there's not one candidate that I've met that doesn't think that they will win. So, you can't tell them, look, you really haven't got a chance. They all believe that they will win, so you give them as much support as you think is a fair thing."

Counsel Assisting then questioned Raptis in relation to his mode of assessment of candidate MacNellie, who Raptis claimed had merely rung him up on the phone and said, "Look, you gave \$1,000 to Alcott....what about giving \$1,000 to me?" (MacNellie denied ever speaking to Raptis.) Acknowledging that he did, in fact, provide \$1,000 to MacNellie, he explained that in some instances it is easier to say "yes" than "no". When it was put to him that MacNellie could have been a frightful candidate, Raptis answered at page 5938 of the transcript:

"Well, on the - on the phone he sounded not a bad sort of person, and he introduced himself through Alcott, who had said that we knew mutual people, and I gather that the association wasn't a bad one. That's why I would have assisted MacNellie."

Further, when it was suggested to Raptis that his only exposure to Alcott prior to 1988 was over the telephone, (Alcott denied speaking to Raptis prior to the 1988 election), Raptis, acknowledging that it was his only pre-1988 election contact with Alcott, replied at page 5939 of the transcript:

"Well, as I said, only through his confidence and mentioning people that we knew, and so on, he didn't seem like a bad person at all."

In a later exchange, at page 5940 of the transcript, Counsel Assisting put the following proposition to Raptis:

" -if times are good, you get somebody who rings up, and he's confident and he says he's going to win, he's got a fair chance of getting a donation from Mr Raptis?"

to which Raptis replied:

"I think that could be right. If times are good, is the essence."

Raptis then conceded that the real basis of selection of people was, in fact, that they selected themselves by making an approach to him. He also acknowledged

that such a selection method meant that deserving people who didn't have the "effrontery" to approach him would not get assistance from him.

9.2 CONCLUSION

It is difficult to accept the claim made by Raptis that he supported candidates on the basis of his assessment that they were "decent" and wanted to "put something into the community". On his evidence the "checks" that he made in relation to MacNellie and Alcott were minimal to say the least. Certainly, if these were the criteria he applied, there were not many tests made to ascertain whether the candidates fulfilled the criteria.

10. WAS THERE AN ATTEMPT TO KEEP CONFIDENTIAL THE FACT OF ANY PAYMENTS MADE BY LEWIS LAND?

10.1 THE EVIDENCE OF GREGOR VALE MATE

Mate denied that there was any secrecy surrounding the payments made to the candidates, but at page 5493 of the transcript he qualified this by saying:

"It is probably fair to say that we didn't go out of our way to make it known that it was Lewis Land that was supporting some of the candidates."

Counsel Assisting asked Mate whether there was an agreement or understanding between himself and Ken Newton that Newton should be circumspect about the payment of the candidates expenses by Lewis Land, to which Mate replied that all matters between Lewis Land and its consultants, whether they be engineers or media consultants, were a matter of confidentiality and privacy. He added that he expected Newton to respect that confidentiality. Mate, however, would not accept that Newton was required to deceive the public by saying that Lewis Land was not paying the expenses as he claimed there was no need for him (Newton) to make any statement one way or the other.

When asked by Counsel Assisting why candidates who had approached Mate for assistance were directed to Newton, Mate explained that Newton "was probably one of the primary people on the coast that knew how to handle things like advertising, preparation of how-to-vote cards, this sort of thing..." and denied that there was anything untoward in this procedure.

When Mate was asked how Lewis Land actually treated the payments that were made to Newton's for the candidates, he indicated that its books of account were handled in Sydney and he had no knowledge of how they were dealt with in them.

Counsel Assisting inquired of Mate whether he had obtained from the candidates the impression that they thought that the use of Newton's masked the contribution that Lewis Land was making, in other words, made it look as if the candidate was paying for his own expenses. Mate replied that he had absolutely no idea of the candidates' attitudes or sentiments in the matter as they had all their subsequent dealings with Newton's rather than himself.

10.2 THE EVIDENCE OF GEORGE SENCARIUC

As previously explained, Sencariuc, a senior financial analyst with the Commission, examined the books of account of Lewiac Pty Ltd and located nine cheques drawn on Lewiac Pty Ltd for payment of amounts totalling \$147,045.08 to Newton's. These amounts were charged to "*sales and advertising expenses*" in the books of account of Lewiac Pty Ltd and formed part of the total sales and advertising expenses for the company for the 1988 financial year. No reference to political campaign donations appeared in the records of Lewis Land.

10.3 NEWTON'S ACCOUNTING PROCEDURES

10.3.1 THE EVIDENCE OF ELAINE MURIEL TODD

Todd had originally given evidence to a closed hearing of the Commission in October 1990, but was recalled to give evidence in public. She stated that she was employed by Newton's as a bookkeeper/accountant from September 1987 to June 1988 and that after staff were advised that Newton's would be working for candidates for the 1988 Local Government elections, Newton asked her to devise means to receive moneys from Lewis Land for this purpose and to keep track of expenditure on the various candidates. She claimed that Newton wanted it all kept "*extremely secret*" so that nobody, in the long term, could come in and identify that Lewis Land had paid the funds.

The system devised by Todd (more fully described in the introduction to this Report) provided for advances from Lewis Land to be paid into the Lewis Land General Account and moneys credited as needed against the expenditure on campaigns. Each candidate was known by a code number and bills paid in respect of that candidate would then be noted against the candidate's code number, thereby limiting the exposure of the candidate's name. She added that the code was to be deleted from the computer once all the transactions were finalized.

Todd explained that it was her responsibility to delete the codes from the system. However, she left the employment of Newton's before performing this task.

In cross-examination by Counsel for Lewis, Todd did concede that her role in the organization was restricted purely to book-keeping and accounting and, as such, she was not in a position where she was required to understand the full workings of the office and was, therefore, unable to comment upon the question of whether client files with client names were also kept by Newton's. She also acknowledged that the journalists who were preparing the work for the candidates may have been fully aware of the client names and codes.

When further cross-examined by Counsel for Lewis, Todd acknowledged that if the accounting system had been designed so that it would appear as if the candidates had themselves paid their own accounts, then it was not a successful one. She added that in her view the accounts were designed to deceive the general public.

She also conceded that if it had been Ken Newton's plan to destroy the evidence in relation to the LGE codes, it would have been a simple thing to accomplish.

Of some significance to the issue of whether Todd believed Newton had asked her to keep the matter "secret" was her opinion that confidentiality in respect of clients' transactions did not normally apply to public relations companies. This was a very different view to that expressed by Newton and Mate.

In cross-examination of Todd, it was put to her that she had been dismissed (Newton was adamant that she was dismissed) for a failure to supply routine reports and to input accounting information into the computer system correctly. It was also suggested that she had breached client confidentiality. Todd denied this, stating that she resigned because of a difference of opinion over a task that was not, in her opinion, physically capable of being fulfilled in the required period. She denied any ill-feeling towards Newton's and said that she had come forward with information originally because of published denials by Lester Hughes, in which he claimed not to have received any assistance with his campaign from Lewis Land. (This incident involving Hughes will be canvassed later in the Report.)

10.3.2 THE EVIDENCE OF DEBBIE ANNE YOUNG

Young gave evidence that she had worked as a bookkeeper, financial adviser and administrative assistant for Newton's on a contract basis from late 1985 to the beginning of 1987. She was, in effect, Todd's predecessor.

She explained that for the 1985 election, she was handed a piece of paper by Ken Newton with the amount of \$19,471.47 written on it. She claimed that Newton told her that this was owed to Newton's by Lewis Land as it had been run up by "*National Party Councillors for their election campaigns*" and that Lewis Land was to pay this account on behalf of "*the Councillors*".

She claimed that at the end of each month she would sit down with Newton and his co-director, Natalie May Viner, and reduce the amount outstanding by inflating the bills for other work performed for Lewis Land by Newton's. Young claimed that she inquired why Lewis Land could not simply be billed for the total amount, and claimed that Viner replied that Lewis Land wanted to pay the National Party politicians and Councillors' accounts at Newton's, but this was not to be seen as happening that way. She claimed further that Viner told her that it had to be kept as secret as possible.

Young produced to the Commission copies of documents²⁵ which she had prepared at the time which substantiated her evidence insofar as it related to the amount of \$19,471.47 being reduced over time by having other Lewis Land accounts inflated.

Young claimed that she resigned because of the difficulties of separating Viner's private expenses from the business accounts, but conceded that she had been involved in a dispute with Newton's with respect to her final payment. This dispute, it was acknowledged, had progressed to the stage of solicitors exchanging letters before Young decided not to pursue it any further.

Young also gave evidence that at the beginning of 1990 she received a telephone call from Lewis at her office, where Lewis reassured her that nothing untoward had been occurring between him and the Councillors. She claimed that Lewis intimated that she should keep everything to herself and not to talk to anyone else about what she knew. When it was suggested to her by Counsel for Lewis that, in fact, she may have initiated the contact with Lewis, she stated that she did not think so.²⁶

²⁵ See Exhibit Nos. 867 and 868

²⁶ In his letter dated 17 June 1991 forwarded to the Commission, Lewis provided documentary evidence which suggested that, in fact, the initial contact was made by Young. (See Exhibit No. 1515).

10.3.3 THE EVIDENCE OF KENNETH NEWTON

Newton denied telling Todd that he wanted the accounting system to give the appearance of the candidates having paid their own campaign expenses. He also denied that he told anyone that he did not want there to be a connection between the candidates and the money supplied by Lewis Land. He said that although the candidates' names did not appear in the computer, both names and the LGE codes were on working files (files which contained the names of candidate were produced to the Commission) and other documents used by Newton's. He claimed that there was no secret about the list reconciling the LGE code numbers with the names of candidates and explained the absence of candidates' names in the computer system for the Lewis Land accounts was simply part of the system established in the office.²⁷

Newton also stated that there was no attempt to keep secret from the candidates who was paying their accounts and at Page 5441 of the transcript, the following exchange took place between Counsel Assisting and Newton:

"Yes. I mean, if you wanted the candidates, if they got elected, to give you a fair hearing, you'd like it to be known that you were the person who helped to get them there?---That's correct. We never purposely hid from any of the candidates who was paying.

Did you ever say to any of the candidates who were being supported, 'I can't tell you who it is' when they asked you?...---No, I don't believe I've ever said that."

10.3.4 THE EVIDENCE OF NATALIE MAY VINER

Viner explained that she was a Director of Newton's and had worked there for some 13 years. She claimed she had very little to do with the election work carried out by Newton's, although she was aware that it was carried out.

She denied that she had ever heard Newton make the statement, "*Lewis Land was, in fact, paying for the candidates, but it should be seen as though the candidates themselves were paying for the expenses*". She added that if that had been Newton's intention, then the time sheets, purchase orders, suppliers' invoices and

²⁷

In his letter dated 17 June 1991 forwarded to the Commission, Lewis observed that there was nothing sinister or furtive about the codes. He stated that, "...to anyone who has been in commerce, or in government, the codes were not of the secret service nature, but were simply conventional computer codes, costing/management accounting control codes and not intended to hide or conceal anything." (See Exhibit No. 1515).

other documents would not have mentioned the candidate's names, whereas, in fact, they were clearly marked on all such documents. Viner, in response to a question by Counsel for Lewis, stated that, *"All the working files had the candidate's number and name on the front of the file and the person doing work for the candidate would have those files"*. She also agreed with the proposition that every income-producing employee would have a printout list of all code numbers for files.

Viner also denied telling Debbie Anne Young that Lewis Land wanted to pay accounts on behalf of politicians, but that it did not want to be seen to be doing it. She later qualified it by saying that she could not remember and still later said that, in any event, there was no reason for her to say something like that.

10.4 THE EVIDENCE OF THE CANDIDATES

10.4.1 THE 1988 ELECTION

Many of the candidates showed great surprise and even outrage when it was put to them that they had received funds from Lewis Land.

Keith Thompson denied receiving any moneys at all from Lewis Land.

MacNellie denied having any contact with Newton's and could not explain the reconciliation for Newton's showing \$2,489 that was expended on his campaign.

Meares claimed that she was not aware that Lewis Land had any interest in her campaign and believed the National Party had paid for it.

Paterson stated that he was told by Ken Newton that *"a team of developers"* who felt that he was worth backing had supported him. (This was denied by Newton. Mate stated that Paterson had approached him directly.)

Marjorie Thompson denied any knowledge of Lewis Land support.

Newman insisted that until media publicity of the Commission's hearings he had no knowledge that Lewis Land had funded his campaign, although under cross-examination by Counsel, he conceded that it was possible he did have a brief discussion with Mate which he could now not recall. (Mate claimed to have met with Newman at Redman's office in the presence of Newton).

Fraser believed that Newton had donated his services and stated that he had no knowledge of Lewis Land assistance. He added that his account may have also been paid by the National Party.

Bergin claimed that he was told by Newton that he was being funded by some businessmen who thought that he was worth supporting. He added that he was never told by Newton who they were, although he did assume that it was Lewis Land. (Newton denied not telling Bergin who was providing the funding.)

Allen claimed that although she went to Newton's for assistance, he did not tell her who was providing the funds. (Mate, in his evidence stated that Allen's campaign manager had asked him for assistance and doubted that Allen knew that the money had come from Lewis Land.)

Coomber stated that Newton told him prior to the 1988 campaign that funding from the business committee was available to be put towards his campaign, but was never told who this was, although he suspected it would have come from Lewis Land.

McDonald claimed that she believed the National Party paid for her campaign through Newton's.

Taylor stated that he had no knowledge that Newton's accounts had been paid on his behalf by Lewis Land. He believed they had been paid either by himself or through the Raptis Group.

It is appropriate at this stage to refer to some of the evidence given by Lester Hughes. Although Hughes admitted always knowing that some of his support had been provided by Lewis Land, some of his answers to questions from Counsel Assisting shed light on the issue of "confidentiality".

Hughes agreed that he had spent some time with Lewis since the 1988 Council elections, including time on Lewis's yacht. In relation to this, Counsel Assisting asked whether there had been an attempt to keep this "secret", to which Hughes, at page 5256 of the transcript replied, "Oh I suppose it's like everything, you don't want these things to get out. There's always people put the wrong connotation on them." Having expressed this view, Hughes was questioned in relation to an article which appeared in the Gold Coast Bulletin on 4 November 1989 after an interview with Hughes. (This is the article seen by Todd which she says was inconsistent with her knowledge and caused her to come forward.) The article said:

"Alderman Hughes said he had never received political campaign donations from Mr Lewis, but the developer had supported functions Alderman Hughes had run.

.....

Alderman Hughes said he had a campaign manager, and all had been handled professionally. Alderman Hughes said he did not

know who may have donated to his past campaign funds and added, 'This is why you have a campaign manager. A candidate rarely knows about who was contributing'."

Hughes acknowledged that his conversation with the reporter was "fairly correctly reported". When asked to explain what appeared to be inconsistencies between what he had told the reporter and what he had said to the Commission, Hughes stated that there was nothing inconsistent as he had been responding to the reporter in relation to a brochure that referred to the "Joh for Canberra" campaign and, in any event, he had not received a cheque or any political donations personally from Lewis.

Although the "Joh for Canberra" campaign brochure may have formed part of the discussion with the reporter, the Commission cannot see how that bears on the issue of the apparent inconsistency. Whatever one concludes in relation to the inconsistency question, there seems little doubt that Hughes' response to the reporter was designed to mislead the public. It was an attempt by him to ensure his financial association with Lewis Land was not made publicly known. He perceived that it would not be in his interests to alert the public to a financial relationship between himself and a developer.

10.4.2 THE 1991 ELECTION

Camilleri and Challenger both claimed that their donations were anonymous. (As has been previously stated, there is no reason to doubt this.) Childs believed his \$5,000 donation from Lewis Land had been "engineered" by Newton and claimed he did not know that it had come from Lewis Land. Muller did not know whether his \$2,000 contribution came from the National Party or from somewhere outside the party.

10.5 CONCLUSIONS

The Commission was left with the very clear impression that, although there may not have been any specific request by Mate, Newton or Viner to keep matters involving the payment to candidates "secret", there would have been discussions about keeping matters as quiet as possible. The Commission is of the view that, to a very large extent, the difference in accounts given by Todd and Young in contradistinction to Newton and Viner, can be explained by Newton's desire and efforts to keep matters "confidential". (It should not be forgotten that Mate stated that he expected that confidentiality would be respected.) This would largely explain why Young and Todd had the appreciation of the situation that they did. It should be said that the means of payment to Newton's (as explained by Young) by

billing other projects carried out for Lewis Land in 1985 is substantially corroborative of the evidence of Todd and Young and would quite understandably make any person believe that the payments had to be kept a "secret".

The Commission is satisfied that the system of accounting used by Newton's in 1988 was not designed to keep payments to candidates a "secret", although there is little doubt that the use of the codes made the chance of information being inadvertently disseminated much smaller. If the payments were to be a secret, documents and other records would have been destroyed as soon as was possible; they were not. Further, clients' names would not have appeared on files and other Newton records in the first place.

There can be no doubt that it was perceived by the developer and Newton not to be in their interests for it to be publicly known that payments were being made on behalf of the candidates by Lewis Land. Indubitably, confidentiality, was encouraged and perhaps stressed.

Whereas for the 1985 and 1988 elections the great majority of the Lewis Land electoral contribution was made to candidates indirectly by Newton's, for the 1991 election, the method of contribution changed. For this election, Lewis Land made payments directly to candidates or their campaign managers and, in two instances, anonymously. On consideration of the evidence, the Commission is left with the impression that the primary reason the method of payment was changed was the fact of the investigations then under way into the earlier electoral contributions (although this was denied by Mate). The Commission is of the view that the changed mode of payments is further evidence of a general intention to keep the electoral contributions as confidential as possible.

The Commission is unable to determine, in every case, whether or not the candidates knew that the funds were coming from Lewis Land. In most cases, the Commission is of the view that, despite their denials, they must have known. Clearly, some of those who claimed that they had no knowledge were established by the evidence to be incorrect. For example, John Alcott was recalled to give evidence before the Commission after denying that he had known that Lewis Land had provided the funds to Newton's to support him. He was asked expressly when he first found out that Lewis Land had provided the funds to Newton's and he replied that the earliest he knew was 12 months prior to him giving evidence. Before that he had no inkling that Lewis Land was, in fact, providing the funds.

Counsel Assisting then showed Alcott a letter dated 31 May 1988, addressed to Mate, which was in Alcott's handwriting. It stated:

"Enclosed is an account for the municipal election from Fast Proof Press. Also a costing of the election which does not include your company's involvement, for which I thank you. I am sure the

costing will help you in your construction of contributions in future. It's real. I handled all of the enclosed with our contributions. I wonder if you're able to dive into your funds for this item."

Attached to the account was a list of actual disbursements by Alcott. The account for Fast Proof Press was for \$690. Alcott admitted that it was quite inconsistent with his evidence to the Commission beforehand and put it down to a pure lapse of memory.

It is not necessary to make individual findings in relation to this issue of the knowledge of the candidates as, for the purposes of this Report, the Commission can safely conclude that in the majority of cases the candidates made it abundantly obvious that they did not believe that it would be in their interests to have it known that developers were contributing to their campaigns. Certainly they wished to keep the fact of any contributions from Lewis Land confidential and away from the public eye.

11. WAS THERE AN ATTEMPT TO KEEP CONFIDENTIAL THE FACT OF ANY PAYMENTS MADE BY THE NIECON GROUP?

It is clear from the evidence that the Niecon Group did not use a middle man, like Newton's, for the purpose of providing funds or support to Aldermen or candidates. In relation to the cheques paid to Bundall Printing for services provided to Hughes, Bergin and Coomber, William Nikiforides acknowledged that the cheques were drawn on Niecon Developments Pty Ltd. It would have been clear to anybody checking the books of Bundall Printing that the Niecon Group was paying for the printing costs for these candidates. Similarly, in relation to the payment to Longbeach Publications for Gamin, the cheque was drawn on Niecon Developments Pty Ltd.

In relation to the \$10,000 paid to Pie, as previously indicated the Commission is satisfied that there was an attempt to keep the nature of the payments confidential. Not only were six cheques totalling \$10,000 paid in response to "false" invoices forwarded by Denis Pie and Associates, but in the books of account of Niecon Developments Pty Ltd the payments appeared as normal business expenses. In evidence, Pie was unsure whether there had been a conversation between him and William Nikiforides in which the forwarding of invoices for past services rendered was suggested, but he did concede that it may have happened this way as this method of raising campaign funding may have been used in relation to another developer. In any event, he was adamant that the invoices sent by his campaign manager to William Nikiforides did not relate to any professional work he had performed for him.

12. WAS THERE AN ATTEMPT TO KEEP CONFIDENTIAL THE FACT OF ANY PAYMENTS MADE BY THE RAPTIS GROUP?

In evidence Raptis agreed that his company, Klingon Pty Ltd, had paid in excess of \$30,000 to or for a number of candidates. Sencariuc, the Commission's financial analyst, gave evidence that in the books of account of Klingon Pty Ltd cheques drawn in favour of the candidates were recorded as "donations" in the payments analysis book. There is clearly no endeavour to hide any payments made by Raptis in the books of account of Klingon Pty Ltd.

Although there is no evidence to suggest that Raptis took any extraordinary steps to keep the payments confidential, it is clear that he had no desire to have the fact of them published widely as he knew such publication would cause disquiet amongst the voting public.

13. WHY WERE THERE ATTEMPTS TO KEEP CONFIDENTIAL THE FACT OF PAYMENTS MADE BY THE DEVELOPERS?

The question of why there were attempts to keep confidential the donations is interwoven with what the developers and candidates perceived the public reaction would be to the payments. As Lester Hughes said in relation to his association with the developer Lewis, *"You don't want these things to get out. There is always people put the wrong connotation on them."*

Raptis, in his evidence, expressed a similar view in the following exchange with Counsel Assisting at page 5952 of the transcript:

"Well, that would be, no doubt, because the public - some of the public, or the journalists - people are going to say, 'Oh look this is - looks a bit like an effort to buy their votes.', know what I mean?---Yes.

.....

But I'm drawing your attention to the public sort of outcry about the matter?---The perception could be that, yes.

.....

Because the public would say, 'Oh, here's Raptis, he's giving money to these people to get into Council, so they ought to stay in Council, so that, in fact, they'll be a bit beholding to him and he'll get his developments through a bit - more easy than somebody who doesn't pay their expenses.', you follow what I mean?---Yes.

Coomber took the matter one step further in the following exchange with the Chairman at page 5652 of the transcript:

"Mr Coomber, there's just one matter I wanted to clarify with you if I may. I noted you were saying in your evidence this morning that you thought it was undesirable for Councillors to be seen to be receiving money from developers. Did I note you correctly? Was that something you said, something you thought?---Well, I think it's undesirable on the scale of things when you are an elected official, that you have to be seen to be aloof from any influence whether it's inferred or whether it's true. I mean, in the times that I've been on Council for nine years, I don't believe any Alderman has been put in that position, but the city has grown in such a way that the development industry had been part of the funding of a lot of not only Local Government elections, but State elections as well.

*Yes, but are you - are we understanding each other here? I noted you as having said that you thought it was undesirable for Councillors to be seen to be receiving money from developers?--
-Yes, I agree. Yes. Yes, I---*

You take that view?---Yes, I do.

But your letter of 2 February was addressed to how many developers?---Oh there could have been five or six.

And you were quite happy to receive donations to your campaign fund from them?---Yes, as long as I didn't know where the moneys had come from. I was interested in the bottom line, if you-----

Yes, and I understand that. So really what you're saying in the passage I noted earlier, that it is undesirable for Councillors to be seen to be receiving money from developers. It's all right if they get it, but the problem is they're being seen to get it?---Yes. In the eyes of the public, I believe that that is not in the best interests of the system.

Does that seem to you to be honest?---Well, I don't think it's dishonest.

As long as the public doesn't know?---No, it's - it's not that at all. It's just that any donation that comes from a vested interest in the eyes of the public, that that person may have a vested interest

in dealings with Council, the innuendo and the inference is that the Councillors have a - something to return to that person for making a donation to a campaign."

And later at page 5653 the Chairman, in an attempt to summarize the situation, posed the following question to Coomber:

"And I put it to you again, that what you're saying is that it's all right for developers to make contributions so long as the public doesn't know about it?---Well, I guess a short answer is yes, but the fact of the matter is the public don't worry about it unless it is drawn to their attention by the press. And is only - it only occurs when it becomes drawn to the public that a developer or developers had made public donations to elected officials.

That didn't stop you addressing your letters of request to a whole series of development firms?---No."

The Commission got the distinct impression that what Coomber had articulated in these passages was the view of the majority of candidates, although they did not expressly state it.

The question of candidates being perceived by the public to be compromised by payments from developers raises the next issue of whether the candidates believed they were, in fact, compromised by such payments.

14. DID CANDIDATES BELIEVE THAT PAYMENTS FROM DEVELOPERS WOULD COMPROMISE THEM?

There were many different views expressed in relation to this question by candidates who had accepted payments from developers and by those who had rejected such payments.

14.1 SOME THOUGHT PAYMENTS FROM DEVELOPERS WOULD COMPROMISE THEM

This view was best expressed by Elizabeth May Diamond who was an Alderman of the Gold Coast City Council from 1976 to 1988, reaching the position of Deputy Mayor prior to her retirement. She gave evidence of returning a cheque sent to her by a developer (not one referred to in this Report), prior to the 1985 Gold Coast City Council elections and of advising other candidates against accepting cheques from developers. At page 5331 of the transcript, she said:

"You can tell who is receiving big money by the big advertisements which appear in the newspapers. These ads do not come cheap. It leaves a nasty taste in your mouth that Aldermen are being backed by developers in the elections. There is no way in my humble opinion that you could take a donation from a developer and then deal with his project in Council without looking favourably upon him."

A similar view was expressed by Daphne McDonald who was a candidate in 1988 and again in 1991, when she was successful. McDonald had received assistance from Lewis Land for the 1988 campaign. She appeared genuinely concerned when shown that, in fact, it had been Lewis Land providing the assistance through the medium of Newton's as she believed the funds had been supplied by the National Party. At page 5544 of the transcript she stated:

"I was so adamant that I didn't want to take any money from any developers because - or builders - because I feel that when you're in Council you've got to be your own person and you can get up and speak as your conscience dictates, and - and I just felt that, you know, once somebody has got you in your (sic) clutches, well, you're not free to do as you feel that you can."

McDonald claimed that she received a telephone call on 4 March 1991 from Desley Slatter, an employee of Lewis Land, during which she was told by Slatter that she (Slatter) knew of people who could assist with the sum of \$5,000. McDonald claimed that she rejected the offer because she did not want to take money from developers and assumed that as Slatter worked for Lewis Land that the offer was coming from Lewis Land.

Slatter denied making an offer, but acknowledged that she may have had a discussion concerning McDonald's campaign funds and also acknowledged she may have said to Mate that McDonald was a good candidate.

Whether or not an offer was made to McDonald by Slatter, there is no doubt that McDonald believed an offer had been made as she raised the matter with Diamond on the same day, claiming that she was approached by Slatter and offered \$5,000.

It is appropriate at this stage to make further reference to the evidence of Kerry Smith insofar as her attitude to candidates receiving support from developers. She, of her own volition, sought to give evidence before the Commission and claimed that approximately two weeks prior to the 1988 elections, she was contacted independently by telephone by Raptis and William Nikiforides who both offered her a sum of \$5,000 to assist with her campaign costs. She claimed that she informed them that if she accepted their offer, she would feel obligated to them should she be elected. She claimed, therefore, that she declined their offers.

Both Raptis and William Nikiforides denied ever offering \$5,000 to Smith's 1988 campaign. Raptis claimed that Smith had pestered his secretary for an appointment in 1988. Again, in 1991 Smith, her husband and her campaign manager, Victoria Martin, had contacted his office in relation to campaign assistance.

William Nikiforides claimed that prior to the 1991 elections, Smith's husband had made several attempts to contact him and, as a result, he telephoned her and told her that he could not help her as he did not have any money to spare.

Constantine Nikiforides claimed that in October 1990 Smith, her campaign manager, Martin, and a real estate agent named Rogers, (Bruce Wellesley Malcolm Rogers), had called at the Niecon Pty Ltd office and he had spoken to them in his father's office. He claimed that Smith leant over, put her hand on the table and said in relation to her campaign, "I want \$5,000.", at which time he was stunned. He stated that he eventually told her that he did not know whether to provide her with funds. (Later, in evidence, he acknowledged that he may have said that he might be able to give her something, but he would have to talk to Bill or some other staff member about it.) He claimed that soon after the meeting he was sent a letter²⁸ thanking him for receiving them and also thanking him for the pledge. He claimed in evidence that he could not remember giving them a pledge, but in any event did not respond to the letter and did not provide them with any funds.

Victoria Kate Martin was called to give evidence before the Commission and supported the evidence of Constantine Nikiforides. She also produced documents which, on their face, suggested that part of Smith's campaign was to solicit, or at least try to solicit, funds from developers.

Smith denied categorically seeking \$5,000 from Constantine Nikiforides during this meeting. She claimed that the meeting with Constantine Nikiforides was to gain support by way of attendance at fundraising functions for Greeks on the Gold Coast.

Bruce Wellesley Malcolm Rogers was also called. His account of the meeting with Constantine Nikiforides supports Smith's version.

For the purposes of this report, it is not necessary for the Commission to make a finding as to whether offers of support were made on these occasions to Smith or whether she sought funding from the developers. (As previously stated, the Commission found, however, that she did receive a cash donation of a far smaller amount from Raptis.) Suffice to say Smith was very aware of the adverse public perception if it were known that she was associated with developers. In any event,

²⁸

See Exhibit No. 933 for the letter signed by Victoria Martin.

she had stated the view that if she were to receive payments from developers, she would feel obligated to them if elected.

14.2 SOME THOUGHT PAYMENTS FROM DEVELOPERS WOULD NOT COMPROMISE THEM

Some candidates expressed the view that they would not be compromised. This view is probably best expressed by Lester Hughes, who said at page 5245 of the transcript:

"I've got no qualms about receiving donations for campaigns or whatever as long as the ground rules are set and the ground rules are that everything is treated on its merits. I don't think that there is anything wrong at all with making donations because it is a widely accepted practice in Australia. I do not agree that accepting donations would affect or influence my decision. It may influence some people, but certainly not me."

When asked to explain why some people may be influenced, Hughes originally said that he did not know. He then added that he only conceded some may be influenced because *"there had been a few people charged in recent times for similar things"*.

Counsel Assisting sought further explanation from Hughes in relation to this passage and eventually at page 5264 the following exchange occurred:

"Well, what you're conceding is that there are some people, if they receive donations for the political campaign from, let's say a developer, they may be influenced in their decision-making regarding that developer because of the donation?---That's what I'm saying.

That's what you're saying?---That's correct.

All right. O.K. And the reason is because they feel that they are under some obligation to the developer?---That's correct.

This concession by Hughes should be considered against the evidence referred to above that he had actively sought to hide any financial association between himself and Lewis Land from the press.

Denis O'Connell was also of the view that it was not wrong to accept contributions from people like developers. At page 5110 of the transcript, O'Connell justified his view as being the usual thing to do:

"But did you think that it was quite right that people who had frequent dealings with the Council would be contributing to your campaign funds?---Well I didn't see anything wrong with it.

Didn't see anything wrong with it?---No.

Would you see anything wrong with it, supposing that during the year, you were on the Council and somebody like that who had a lot to do with the Council, making a lot of applications, sent you a cheque of \$100 every month or something of that kind for your next lot of electoral expenses for the next time that there was an election; do you follow what I mean?---It would be unusual.

I'm not suggesting it wouldn't be unusual, but I'm asking you would you have accepted such a payment; would that have seemed to you to be all right?---What periodic payments?

Yes?---During the term of my office?

During the term of your office if they sent along \$100 - if they said, 'The easiest thing, Mr O'Connell, is you'll be standing for election at the end of the three years, we hope, so for a sinking fund for electoral expenses, we'll send you \$100 a month,' or something?---Well, that's never happened to me.

No, I didn't suggest it did, but what I'm suggesting, would you see anything wrong with accepting that periodic payment and banking it so when the next election came it went towards your expenses?---Well, I wouldn't - yes, I don't think that would be normal.

No, not whether it's normal or not, whether there would be anything wrong with it? Would you see anything that would embarrass you in any way?---Well, I certainly-----

Would you think that it's morally wrong or dishonest or-----?---Yes, yes, I wouldn't do it that way no, no. If I was to get a contribution, I'd wait till election time.

Well, why, what's the difference?---I don't know, I just - I've never known it to happen.

It's sort of usual that you can take contributions from people who might be interested in doing business with the Council at election time?---Mm.

But unusual to take it at other times?---I think so.

And it's just a question, so far as you're concerned, as you'd like to do what's usual and not do what's unusual?---Yes.

.....

All right. So you would think a periodic payment made like that during the term of your office could be construed as an effort to bribe you and you'd reject it?---I think, yes, that's the way I'd look at it.

But a payment made at about election time you would say, no, that couldn't be construed as an effort to bribe me, because it's a usual sort of thing: everybody does that and therefore I'll accept it?---Yes. Well, you just can't run elections without raising funds."

O'Connell, seemingly, attempted to justify receiving donations in this fashion, firstly, because it was the usual thing to do and, secondly, "because you just cannot run elections without raising funds."

Brian Paterson, by far the longest serving of the Aldermen to give evidence, was of the view that it was different to receive cash assistance through a middle man rather than directly. At page 5091 of the transcript, the following exchange between Counsel Assisting and Paterson occurred:

"(PATERSON).....For some strange reason you may not be able to understand, I felt that the receipt of cash assistance was in some way different to an offer made, you know, directly from a person that I knew was in some way different to the assistance we received through Ken Newton from Lewis Land.

So if Lewis Land, in fact, had sent you a cheque and Mr Newton had given it to you, you would have rejected it?---Yes.

Your opposition, really, was you'd take assistance in the form of services but not in the form of money; is that what it gets down to?---It gets down to a little bit more than that-----

All right, well come on?---Because if you remembered the statement I said that at the time, one, I've got a lot of respect for Ken Newton and, two, that he said it's not even necessary for you to know who has sent the money - not the money - but is giving the assistance and, you know, time has proven that it was right,

because Lewis Land have never, ever said at any stage that - 'Remember we supported you in an election'."

Vincent Camilleri had a far more practical point of view. He stated that he solicited a donation prior to the 1988 election from the Raptis Group despite apparently being opposed to its principal development. He stated he did not feel there was any impropriety involved in this, adding at page 5301 of the transcript:

"I thought if the guy was fool enough to (give) me a donation, I was silly enough to use it. I needed funding at the time. I had certain ideals, and those ideals were no good sitting outside in the winds, and certainly I could have put them to use had I been successful in Council."

Keith Thompson was of the view that Aldermen should exercise caution in soliciting for donations and described his own practice at page 5079 of the transcript as follows:

"....Say we're coming up to an election time, and then there is a development about to occur that hadn't - that would have been controversial and hadn't actually come to Council yet, I don't - I wouldn't have approached that particular company and asked for a contribution. But had that matter been decided by the Council, then perhaps I would consider making an approach, because the necessary decision-making process had passed."

In evidence, Counsel Assisting canvassed with Jill Allen her views on whether she would be compromised by receiving donations from developers. At page 5127 of the transcript, this exchange with Counsel Assisting appeared:

"Don't you think though that you would feel that you were a little bit beholden to such a person?---No.

You'd be more likely to help that person than somebody who just rang out of nowhere, wouldn't you?---I don't see why."

John Alcott must have considered that receiving payments from developers would compromise him as he claimed that he accepted \$1,000 from Raptis on the basis that if he won the election he would return the funds, whereas if he lost he would retain them.

14.3 SOME THOUGHT PAYMENTS FROM DEVELOPERS WOULD COMPROMISE THEM IF THEY KNEW THE SOURCE

Trevor Coomber stated that he was of the view that if he did not know the identity of the source, then he could not be compromised. At page 5639 of the transcript, he stated:

"I don't have a problem with people making donations to my campaign. I do have a problem with the knowledge of the source of the donation and that is about it."

He added that he could not be compromised unless he knew the source of the funds. Counsel Assisting entered into an exchange in relation to this comment, at page 5628:

"And it doesn't matter who they are, whether they're the worst known criminals in Australia you'd have no compunction about accepting their money. Is that the position?---Of course, if I was aware of that, yes, you would have serious concerns, yes."

All right. If you were aware of it you'd have serious concerns. Well, if you would have serious concerns why don't you think some limited steps at least to try to check the people who are making the donations lest they are a poison source. Do you follow what I mean?---Mm."

If it can be a matter of serious concern that people make donations without your knowledge who are criminals, why would you blindly then just close your eyes and say, 'I'm perfectly protected providing I don't know where the donations come from.'?---

.....

I took the view and I still take the view that I would prefer not to know who has contributed to my campaigns."

Judith Gamin, who was the campaign manager for her husband, Paul Gamin in the 1988 elections, explained that as campaign manager it was her responsibility to distance her husband from any financial donations. At page 5008 she stated:

"As far as I'm concerned the campaign was conducted in the normal manner and it had been properly run. The funds that were received were banked and used for campaign purposes. There were no strings attached to any of them, and none of them would

have been construed as a bribe or inducement or anything like that. They were all straight out campaign donations to support the candidate."

14.4 RECEIPT OF DONATIONS - SOME OBSERVATIONS

Notwithstanding the fact that many candidates expressed the view that they could not or would not be compromised by payments from developers, they maintained the position that public knowledge of the receipt of such payments would not enhance their election prospects.

Although it was suggested that the position of a campaign manager would insulate the candidate from the fundraising, one has to be very sceptical of the results of the "insulation" when the campaign manager handling the funds is the spouse of the candidate. Further, on the evidence, many of those who had campaign managers (who were not spouses) utilized them not as "insulators", but purely as "collectors" required to seek funds from those persons or bodies determined by the candidate in consultation with the campaign manager or campaign committee as likely sources of largesse.

15. WAS ANY BENEFIT SOUGHT OR RECEIVED BY ANY DEVELOPER FOR THE PAYMENT OF THE FUNDS?

The reasons given by the developers for providing the funds have been previously canvassed in this report. It is fair to say that an examination of the records of the Gold Coast City Council relating to projects by the land developers did not reveal evidence of any favour having been obtained by the developers. The Commission's officers inspected all Gold Coast City Council records in relation to every project by the three developers for the period 1 July, 1987 to 30 June, 1990.

As part of the examination of these files, Commission officers paid specific attention to the following to determine whether any evidence of impropriety could be detected:

1. Council site appraisal documentation;
2. Town Planning consent applications, including objections and the developer's response;
3. Documentation evidencing the Town Planner's investigation and recommendations;

4. The recommendations by the Council Planning and Development Committee as revealed in Minutes;
5. Council Minutes in relation to the development;
6. Handwritten notations made on the files; and
7. Any memoranda raising suspicion of intervention by an Alderman in the due process of the approval stage.

As previously stated these examinations proved fruitless.

15.1 LEWIS LAND

Notwithstanding this, there is disputed evidence that benefits accrued to Lewis Land. Alan Rickard, who is the current Alderman for Division 1, claimed that Lewis Land had easy access to the Planning and Development Committee of the Council and was given preferential treatment by them. At page 5222 of the transcript he said:

"By way of access the Planning and Development Committee traditionally allows both applicants for developments and those objecting to them to come in to put their point of view, just in case there is more to be said on a personal basis than what is on paper and to get a better feeling of what's happening in the community. Over the three - the previous three years of that Council - that's between 1988 and 1991 - I felt that whenever the Lewis Land wished to come in to discuss the matter they were able to, and sometimes at short notice, whereas some other applicants might have found it quite difficult to get in to speak to the Committee - maybe because of pressure at work, but I did feel sometimes they were given access for matters which I didn't think warranted coming in to speak to the Committee; after all, they had made their application, it was in writing, and our officers were able to assess that."

Rickard could give no greater detail other than saying that it was the frequency with which Lewis Land attended before the Committee on matters which he thought did not justify the time of the Committee. He did, however, add at the end of his evidence in chief that he got the impression that those representatives from Lewis Land who attended felt that they could influence the Committee by attending.

Noel Hodges, the Manager of the Department of Planning and Development for the Gold Coast City Council, in evidence rejected the view that Lewis Land or any of the developers received preferential treatment. He explained that whenever a developer or an objector sought to make an appointment with the Committee, they would be heard. He had never heard of an occasion when someone had been refused.

Hodges stated that the Council approved about 95% of the development applications that were lodged and, therefore, there was little point in seeking to corrupt someone because they were going to get approval in any event. In clarification of this point, the Chairman at page 5403 of the transcript, entered into the following exchange with Hodges:

"It occurs to me that by the imposition of conditions, stringent or onerous conditions, you could substantially change the nature of an application that was put before you?---When you put it like - that's true. I've never - I thought of it - the way the question was put to me when the statement was done is - as though we would refuse an application or that the application would get approved but certainly in the area of conditions and amendments to the application, it could be an area where the people doing the application could be, you know, subject to - it could make a big difference, as you say."

Despite the evidence of Rickard, the Commission, without anything more specific, is unwilling to conclude that preferential treatment had been shown to Lewis Land.

There simply is no evidence that particular favours were sought or obtained by Lewis Land.

15.2 THE NIECON GROUP

In relation to the Niecon Group, William Nikiforides claimed that his company was not given any favours or assistance by the Gold Coast City Council. He also denied receiving any advice from the then Mayor, Pie, to whom he had contributed \$10,000 in campaign funds. (William Nikiforides claimed that this was a repayment of outstanding debts.) The Commission has been unable to obtain any evidence to suggest that particular favours were sought or received by the Niecon Group.

15.3 THE RAPTIS GROUP

At least three Aldermen, Paterson, Gamin and Thompson, received Klingon Pty Ltd cheques through their pigeon holes at the Council Chambers on the day that a Raptis Group proposal was due to come before Council (which was a few days before the 1988 election). Coomber described the proposal for a development on Ephraim Island as *"most probably, the most sensitive application in the three years of that Council."* Two of these Aldermen, Gamin and Thompson, also each received one telephone call from Raptis; Gamin on the morning that it was to come before Council and Thompson on the night before. These calls came from Tokyo where Raptis was on a business trip.

In the minds of Gamin and Paterson, the combination of a cheque, telephone call and contentious matter for decision was one of sufficient concern for them to feel that they should not accept the Raptis donations. Paul Gamin, in his evidence, at page 4961 stated in relation to the telephone call:

"Mr Raptis pointed out that the matter was going before Council that day. I don't think there was anything sinister about his telephone call, but I did not feel comfortable with it on account of it was discussed that day in Council. I remained uncommitted and did not tell him whether I was in favour of or against what he was proposing. Anyway, the proposal was defeated in Council."

Gamin returned the money to Raptis following adverse media publicity. Gamin claimed that he was always intending to return the money, conceding that it certainly could have been construed as being a bribe.

Thompson, at page 5057 of the transcript, gave his account of the telephone conversation with Raptis:

"I think it was - he was putting his side of the case for the rezoning to be approved. I think, from memory, that I explained to him that I would not be voting that way."

Raptis' account of the telephone calls with Thompson and Gamin is not inconsistent. He maintained that there was no connection at all between the cheques and the telephone calls, adding that he had received a call from his town planning manager, Ian Morrison, who had indicated to him that he had a feeling that the application involving Ephraim Island, although it had been approved at the Town Planning Committee stage, was not "sitting right" with some people. As a result of this conversation he decided, in consultation with his Director, Peter Lacey, to call one or two of the Aldermen to see if there was anything that was out of the ordinary that he should know about.

He went on to explain that he had given instructions to his secretary to have the cheques forwarded on the Monday or Tuesday prior to the Friday Council meeting, but that she had inadvertently not drawn the cheques and posted them until the Wednesday, thereby creating the unfortunate timing. (This account was supported by his secretary.)

Peter John Lacey, Director of the Raptis Group, confirmed the evidence of Raptis. He, too, was embarrassed by the timing of the payment of the funds and denied that they were made in an attempt to curry favour with the Aldermen.

The Commission is inclined to the view that the cheques sent by the Raptis Group were not sent in order to influence the decision of the Aldermen on the Ephraim Island application (although the timing was monumentally unfortunate) for the following reasons:

- If there was any improper motive in forwarding the cheques to the Aldermen, one would not expect them to be forwarded to the pigeon holes at the Council Chambers;
- In relation to the cheques received in the pigeon holes on the morning of the Council's consideration of the contentious issue, evidence established that those cheques were drawn and mailed at the same time as a cheque of a similar amount was forwarded to a candidate for the forthcoming election who could clearly not influence the outcome of the Ephraim Island application;
- Of the eleven candidates forwarded cheques by the Raptis Group prior to the Ephraim Island application being heard in Council, five were not sitting Aldermen and could not influence the decision on the Ephraim Island proposal. If Raptis was intending to improperly influence the Aldermen in relation to the Ephraim Island application, one would reasonably have expected that he would have rung from Tokyo (where he was staying) all those he had provided funds to, which the evidence quite clearly showed he did not. It appears that only Thompson and Gamin were called, although an attempt was made to ring the Chairman of the Town Planning and Development Committee, Alderman Bell, (who was not a recipient of any support from Raptis);
- Despite the denials of Thompson, Gamin and Bergin, the Commission is not satisfied that approaches for funds were not originally made by them to Raptis;
- At the time the cheques were posted, it appeared that the matters would proceed smoothly through Council.

A further matter raised was an allegation made by Elizabeth Diamond to the effect that the Raptis Group was favoured by Council in respect of an application concerning the Rusty Pelican Café in Orchid Avenue. She claimed that Council approved the building of the restaurant, which was partially on the roadway, in circumstances where the approval should not have been granted. She claimed this occurred during the term of the 1983/1985 Council and named those Aldermen whom she believed showed favouritism. (No further specifics of the favouritism were given.)

Raptis, through his Counsel, stated that the application was made on 30 May 1986 at a time when two of the four Aldermen who Diamond claimed favoured the Raptis Group were no longer Aldermen.

Further, Raptis claimed that Diamond herself voted for the application and, in fact, had no concerns at the time about it. Minutes²⁹ of the Council meeting relating to the particular application confirm that the Council decision was made on 8 August 1986. It is apparent from these minutes that the application was approved, but was subject to a number of onerous conditions.

In the circumstances, the Commission is unable to conclude that Raptis received favouritism in the application.

There is no other evidence to suggest particular favours were sought or obtained by the Raptis Group.

16. WAS ANY THREAT MADE OR INDUCEMENT GIVEN BY ANY OF THE ALDERMEN OR CANDIDATES?

No witness before the Commission gave evidence that a candidate, whether a sitting Alderman or not, had threatened, if donations were not made, to misuse his power when or if he attained or retained elected office. Similarly, there was no evidence that any inducements were offered in return for funds for campaigns.

At this stage it is appropriate, however, to refer to some evidence given by Soheil Hazini, who is a structural engineer by occupation and one of the directors of the construction company, Unique Constructions and Development, which commenced operations in 1988. He claimed that he had discussions with Kerry Smith in relation to the purchase by him of property situated at Old Burleigh Road on the Gold Coast, some of which was owned by Smith. He stated that in previous discussions with Smith, she had informed him that the land was zoned Residential E and, accordingly, he had prepared a computer plot ratio of the land based on

²⁹

See Exhibit No. 841

Residential E zoning. This plot ratio calculated the potential residential density of the land and, accordingly, determined, to some extent, its value. He claimed that whilst examining some documents involving the land, he saw that the zoning of the property was actually Residential C, which meant that the plot ratio would be lower and its value accordingly lower. He further claimed he told Smith that the property with a zoning of Residential C was worth a maximum of \$5-600,000, rather than the \$3 million sought by Smith. He stated Smith said to him that she needed \$1 million and she said something to the effect that: *"You know what I can do for you when I get to the Council, I can change the land to Residential E."* According to Hazini, he told Smith that the rezoning did not matter; he was not interested in her property. By this time he claimed he wanted nothing to do with Smith. Hazini stated that in a conversation with Victoria Martin and Smith who had attended his office (some time before the alleged conversation involving the rezoning of the property), his support for her campaign was sought. He claimed that Smith personally asked for \$20,000.

Hazini remained adamant that this was the tenor of his conversations with Smith, although during cross-examination, it was clear that he had little memory of the property involved.

Smith stated that she believed Hazini was a carpet importer or something of that nature. She denied that the conversation concerning the rezoning of the property took place, although she did concede that she had some discussion with him concerning land which she owned at Old Burleigh Road and also admitted being told that he was thinking of carrying out a development in the Albert Shire. Smith, although accepting that she telephoned and made an appointment to see Hazini regarding a campaign donation, contended that the \$20,000 was a reference to the amount of her campaign costs, not what was sought from him.

Although the Commission is satisfied that Hazini was a truthful witness and at all times was giving evidence to the best of his recollection, the Commission was not prepared to rely on his evidence in relation to the rezoning of the property to the extent of basing a positive finding upon it, for the following reasons:

- his apparent language difficulties which manifested themselves at times during his evidence in misunderstanding questions, non-responsive answers and broken English;
- the extraordinary nature of his claim that Smith could alter the residential zoning of the property when she had no experience in Council and was unfamiliar with its workings;
- the relatively insignificant nature (in his eyes) of the conversations with Smith and the effluxion of several months before being requested to recall the conversations;

- the lack of independent supporting evidence.

The Commission reiterates that the unwillingness to rely on this aspect of Hazini's evidence is not to be taken in any way as reflecting adversely upon his honesty and integrity. (The Commission does not accept that Smith was unaware that Hazini was a developer as she had attended the offices of his construction company and she had discussed matters of development with him.)

17. WERE ANY OF THE PAYMENTS UNLAWFUL?

In determining whether any of the payments were unlawful, the Commission has given consideration to the provisions of Section 87 of the Criminal Code. Section 87 provides:

"87. Official Corruption

Any person who -

- (1) *Being employed in the Public Service, or being the holder of any public office, and being charged with the performance of any duty by virtue of such employment or office, not being a duty touching the administration of justice, corruptly asks, receives, or obtains, or agrees or attempts to receive or obtain, any property or benefit of any kind for himself or any other person on account of any thing already done or omitted to be done, or to be afterwards done or omitted to be done, by him in the discharge of the duties of his office; or*
- (2) *Corruptly gives, confers or procures, or promises or offers to give or confer, or to procure or attempt to procure, to, upon, or for, any person employed in the Public Service, or being the holder of any public office, or to, upon, or for, any other person, any property or benefit of any kind on account of any such act or omission on the part of the person so employed or holding such office;*

is guilty of a crime, and is liable to imprisonment for seven years, and to be fined at the discretion of the court. (Emphasis added).

Sub-section (1) could be applicable to a candidate for election to the Gold Coast City Council, but only if he was the holder of public office, that is, had previously been elected to office. Sub-section (2) could have application to a developer. In either case it must be established that the person acted "*corruptly*".

In every case the evidence before the Commission is that the developers provided funds to or on behalf of candidates (whether sitting Aldermen or not), specifically for the purpose of providing support to their election campaign costs. In no instance was it suggested that there would be strings attached to any donation and, conversely, there is no evidence to suggest that any threat or inducement was made by any candidate to any of the developers.

Further, there is no evidence that any particular favours were given by candidates once they were elected and, conversely, there is no evidence that particular favours had been obtained by developers.

In these circumstances, the Commission is of the view that it cannot be established that any person acted "*corruptly*" within the meaning of Section 87 of The Criminal Code.

The Criminal Code, in Chapter XIV, also provides for offences relating to corrupt and improper practices at elections. In view of the findings of fact made by the Commission those provisions have no application in relation to the payment of funds by developers nor the receipt of the funds by the candidates.

Consideration must also be given to whether any of the candidates or developers were guilty of official misconduct within the meaning of Section 2.23 of the Criminal Justice Act. Although the concept of "*official misconduct*" is explained in Section 3 of the Introduction to this Report, for the sake of completeness, the section is set out in full:

"2.23 General nature of official misconduct. (1) Official misconduct is -

- (a) conduct of a person, whether or not he holds an appointment in a unit of public administration, that adversely affects, or could adversely affect, directly or indirectly, the honest and impartial discharge of functions or exercise of powers or authority of a unit of public administration or of any person holding an appointment therein;*
- (b) conduct of a person while he holds or held an appointment in a unit of public administration -*
 - (i) that constitutes or involves the discharge of his functions or exercise of his powers or authority, as the holder of the appointment, in a manner that is not honest or is not impartial;*

or

- (ii) *that constitutes or involves a breach of the trust placed in him by reason of his holding the appointment in a unit of public administration;*

or

- (c) *conduct that involves the misuse by any person of information or material that he has acquired in or in connexion with the discharge of his functions or exercise of his powers or authority as the holder of an appointment in a unit of public administration, whether the misuse is for the benefit of himself or another person,*

and in any such case, constitutes or could constitute -

- (d) *in the case of conduct of a person who is the holder of an appointment in the unit of public administration, a criminal offence, or a disciplinary breach that provides reasonable grounds for termination of the person's services in the unit of public administration;*

- (e) *in the case of any other person, a criminal offence."*

There is no evidence before the Commission which establishes that any person who was a holder of an appointment in a unit of public administration, (or who later became the holder of such an appointment), exercised his powers in a manner that was not honest, or was not impartial, or was involved in a breach of the trust placed in him by reason of his holding the appointment in a unit of public administration, namely as an elected Alderman in the City of the Gold Coast.

In order for developers to be guilty of official misconduct their conduct must amount to a criminal offence as they are not the holders of appointments in units of public administration. There being no evidence of a criminal offence by any developer, no official misconduct can be established.

In these circumstances, the Commission is of the view that it cannot establish on the evidence adduced before it that any person has engaged in conduct which was official misconduct.

18. THE APPROPRIATENESS OF THE DONATIONS AND ASSOCIATED ISSUES

Notwithstanding that the Commission has found no evidence of a criminal offence having been committed or any evidence of official misconduct, the Commission has a responsibility under the following sections of the Criminal Justice Act to consider, with a view to making recommendations, the desirability of the practices highlighted by this Inquiry, namely:

- Section 2.20(2)(f) – To render advice concerning the prevention of official misconduct;
- Section 3.21(2)(c) – To include in its Reports recommendations with respect to the relevant subject matter.

18.1 THE APPROPRIATENESS OF THE DONATIONS

Although the Commission was unable to establish that particular favours had been given by those Aldermen who had received donations from developers or, conversely, any particular favours had been sought by developers, the Commission was concerned that the Aldermen who had received donations may have been influenced, albeit subconsciously, to vote in favour of those developers who had contributed to their campaigns.

This concern was heightened by the evidence of some of the Aldermen and the Town Planner, Hodges, that Lewis Land had arranged for a number of them to attend a State of Origin football match in New South Wales. (The actual expenses for travel to Sydney and overnight expenses were paid by Colgate Palmolive who wished to locate a factory at Labrador and desired to assure, by inviting the Aldermen to view their operation in Sydney, that they had adequate safety and environmental controls.) The evidence also suggested that the whole Council and Hodges had been on Lewis's sailing boat, "*Sovereign*".

As a result of these concerns, the Commission sought the views of two persons eminently qualified in the area, Professor Kenneth William Wiltshire, who is the J.D. Story Professor of Public Administration at the University of Queensland, and Dr Paul Lincoln Reynolds, Reader in Government at the University of Queensland, who both gave evidence before the Commission.³⁰

³⁰

The Commission also approached Sir Clarence Harders who provided a copy of his report, "*Inquiry into Disclosure of Electoral Expenditure: Report*". See Exhibit No. 956. (This Report was concerned with disclosure of electoral expenditure in the Federal sphere and not disclosure of donations to political parties or candidates at elections.)

Wiltshire expressed the view that the Commission's concerns were not without foundation. He explained that there had been studies in America which had shown a clear linkage between donations made to, and the subsequent behaviour of, the donees. At page 6447 of the transcript he stated:

"Yes, there are some American papers which have actually traced donations upon actual behaviour that subsequently occurred, and there has also been a study of a number of so-called scandals where the linkage was clearly established. So this is not just a theoretical matter, it is actually based on factual evidence of linkages between, not necessarily always deleteriously motivated, sometimes done in all good conscience, or altruistically motivated, but nonetheless there is a linkage between the giving of money at times and the subsequent results that are produced."

Wiltshire also explained that there had been literature which showed that in a number of cases people who had stated that they would not be affected at all by the knowledge that their campaign funds had been provided by a particular source, had subsequently appeared to have been motivated by the donation.

Reynolds stated in his evidence that he considered the payment by developers to Aldermen as *"particularly sinister"* as *"the Council had a very important role in regulating precisely that industry, namely, rules for development, land zonings and land usage."* He recognized that developers had large sums of money at their disposal which would amount to a small fortune to a candidate seeking funds to support his election campaign. In these circumstances he was of the view that the present legislative proscriptions were totally inadequate.

In the Commission's view, Reynolds and the studies and literature to which Wiltshire refers espouse a conclusion which is consistent with common sense. One cannot imagine that any developer would contribute tens of thousands of dollars to campaign funds and excursions to State of Origin football without the expectation of something in return, even if nothing more than access to Council through familiarity with some of its members via previous mutually agreeable contact. After all, the trip to the football (at which it was said in evidence no business was transacted or discussed) and the yachting excursion could hardly be seen as *"improving the standard of the Aldermen"* which was Mate's stated purpose for contributing on behalf of Lewis Land to the election campaign funds of candidates. It would seem that a better indication of the overall purpose of the Lewis Land largesse may arise in the evidence of the prior and parallel conduct of the company in respect to electoral contributions at other levels of government. Lewis Land contributions to the Gold Coast City Council candidates appear to be in line with general company policy and practice of funding electoral campaigns in accordance with the pro-development interests of the company.

Similarly, it cannot be accepted that the receipt of donations would have absolutely no effect upon the deliberations of an Alderman, however uninfluenced he may claim to be.

18.2 THE EXPERTS' VIEWS ON REDRESSING THE PROBLEM

Wiltshire and Reynolds were of the view that the problems of election funding pertaining to the Local Government area were similar, in most respects, to those experienced in the Federal and State spheres. Political funding in both spheres is subject to current review and, in particular, the Electoral and Administrative Review Commission is to make recommendations towards the end of the year after publishing, last April, its Issues Paper No. 12 titled, *"Public Registration of Political Donations, Public Funding of Election Campaigns and Related Issues"*. This issues paper, although stated to focus on the conduct and administration of Queensland Legislative Assembly elections, raises for consideration most of the matters upon which Wiltshire and Reynolds gave evidence before the Commission in relation to the Local Government area.

Wiltshire and Reynolds recognized that experience in Australia and other countries establishes the need to view the question of election funding in a co-ordinated fashion. They consider that what is required is a consideration of three issues:

- the question of control or regulation of private donations;
- the question of public funding of candidates and/or parties;
- the question of the regulation of the use of the media for political purposes.

Both experts were of the view that, central to any co-ordinated approach was disclosure of political donations. In relation to disclosure, Wiltshire made the following recommendations:

- Disclosure should be compulsory for all donations over a nominal amount;
- Disclosure should be periodic and not linked solely to election campaigns;
- The payees and the candidates should be required to notify all contributions right up to the day of the election;
- This information should be publicly available in easily accessible locations and should also be published;

- All donations should be traced to their original source and the candidate as well as the organization (party) should bear the legal responsibility for meeting disclosure requirements;
- Penalties should be harsh and enforced;
- All candidates should lodge detailed income and expenditure forms, not just those that might qualify for public funding where it exists;
- The definition of "*donations*" needs to be very tight to obviate the numerous ways which candidates and parties have discovered to avoid guide-lines in other jurisdictions.

Reynolds recommended the following:

- Compulsory disclosure by candidates of all sources of political donations within three months of the declaration of the poll;
- Compulsory Government auditing of all candidates' statements of donations received irrespective of amount and source;
- That the details of such disclosures and audits to be tabled in the State Parliament by the relevant Minister when these became available;
- That all candidates be required at the time of nomination to publish their party membership, if any, irrespective of whether they are contesting the election in the interests of that party or not;
- That all political parties be required to furnish details of financial and other assistance to Local Government candidates, whether or not such candidates are officially endorsed by the party;
- That all companies, community organizations and private or public bodies be required to furnish details of donations to political parties and candidates contesting Local Government elections;
- These statements be subject to Government audit and be laid on the Table of the Parliament by the relevant Minister;
- A register of pecuniary interests of all Councillors be maintained by all Local Authorities and that this register be available for public inspection at Council offices;

- That between elections, members of Local Government Councils be required to disclose publicly any cash or kind donations proffered or received on the part of any person or company pursuant to the Councillor's discharge of his Local Government duties;
- That as part of the candidate and corporate statements of gifts received, statutory declarations be attached, itemizing all gifts, donations or favours in kind that may have been offered and/or received for a period of 12 months prior to polling day; and
- That failure to comply with any of the above provisions will render the person, or agent of that person, liable to prosecution, and if guilt is established, subject to appropriate fines and/or terms of imprisonment.

18.3 RECOMMENDATIONS

The Commission is mindful that any solution to the problem involves consideration of a number of issues such as public funding, media advertising and control over donations which issues are currently the subject of consideration by the Electoral and Administrative Review Commission (which body has a specific statutory charter in this area). Accordingly, this Commission does not intend embarking on a further detailed consideration of the whole area. Questions of public funding, media coverage of elections and the like do not arise for consideration within this Report.

On the other hand, the evidence before the Commission fairly and squarely raises the issue of disclosure and in view of:

- the peculiar nature of Local Government elections (where candidates do not necessarily run on a party platform); and
- the nexus between developers and the role of Council which enlivens the potential for purchasing influence by giving donations;

the Commission considers it appropriate that it make a small number of basal recommendations.

These recommendations are founded on the Commission's firmly held view that the public has an entitlement to know the source of campaign funding in Local Government elections, so that the possibility of potential influence is open to public scrutiny. Long-term viability of a democratic system depends on public confidence in the probity, integrity and equity of the electoral system. Such confidence cannot exist in a system which does not promote openness.

There is little doubt that members of the public were unaware of those who supported financially their Local Government representatives on the Gold Coast. Further, on the evidence, there was a conscious effort by all who gave and received donations to keep, as far as was practicable, the fact of the donations from the knowledge of the public.

Accordingly, the Commission recommends:

- The Electoral and Administrative Review Commission consider, pursuant to Section 2.10(b)(i) of the Electoral and Administrative Review Act 1989, the question of election funding in the Local Government electoral system;
- The introduction of legislation requiring, as part of a co-ordinated approach, compulsory disclosure of all donations made to Local Authority candidates;
- Such disclosure not be linked solely to election campaigns, but encompass all donations of cash or kind received by any Councillor or Alderman in the discharge of his duties; and
- The introduction of harsh and enforceable penalties for failure to disclose. (Forfeiture of the seat is likely to be the most effective sanction.)

Although the Commission has not made recommendations in as great detail as Wiltshire or Reynolds, it should not be taken that the Commission has formed a contrary view to those recommendations not specifically adopted. To the contrary, the Commission is of the view that there is great merit in most of them and would expect many of them to be adopted in any co-ordinated reform package.

18.4 "DUMMY" CANDIDATES

A matter of some concern to the Commission was the possible use of "dummy" candidates in Local Government elections. For example, on one view of the evidence, MacNellie could be regarded as one. MacNellie claimed that he received a sum of \$200 from Rickard (who was also a candidate in his division) towards the financing of his campaign. Rickard, according to MacNellie, sought his preferences.

Alcott, (in the same division as well) also acknowledged paying amounts of cash to MacNellie as he (MacNellie) was under severe financial pressure. Alcott claimed that he, in fact, gave MacNellie the money to repay Rickard so that he (MacNellie) would not be beholden to him. Alcott also acknowledged paying approximately

\$500 that MacNellie owed at the Runaway Bay Hotel. Alcott was of the view that MacNellie had a strong base in the Biggera Waters area, which would draw about 600 to 800 votes. These he considered would be useful preferences if they were directed to him. It would seem on this assessment by Alcott that he did not consider MacNellie had any genuine hope of winning the election. Although Alcott in his evidence originally stated that MacNellie had already decided to run before he had spoken to him, he conceded that his conversation with MacNellie may have caused him (MacNellie) to nominate. MacNellie directed his preferences to Alcott after he agreed with Alcott to do so. (The moneys paid to MacNellie by Alcott were ultimately provided by Lewis Land, but as has been previously stated, the Commission is not satisfied that Lewis Land supported MacNellie, knowing him to be a "dummy" candidate.)

It would seem to the Commission that MacNellie was encouraged by Alcott to run in the same division, providing him with financial assistance in order to "milk" his preferences, knowing that he (MacNellie) had no real chance of success.

If not for the time limit³¹, within which to commence proceedings, of one year after the date an offence is committed, further consideration would have been given to taking action for a breach of Section 103(1) and (3) of the Criminal Code. For present purposes Section 103(1) provides:

"...Any person who gives, confers, or procures, or promises or offers to give or confer, or to procure or attempt to procure, to, upon, or for, any person any property or benefit of any kind...in order to induce any person to endeavour to procure the return of any person at an election, or the vote of an elector at an election is guilty of a misdemeanour and is liable to imprisonment for one year..."

Sub-section 3 provides:

"...any person who asks, receives or obtains, or agrees or attempts to receive or obtain, any property or benefit of any kind for himself or any other person, on account of a promise made by him or any other person to endeavour to procure the return of any person at an election, or the vote of any person at an election is guilty of a misdemeanour, and is liable to imprisonment of one year..."

Notwithstanding any criminal implications, the public has once again been misled. To the public there would have been no indication that Alcott (and possibly Rickard) had provided moneys to MacNellie for his election campaign. The full

³¹

See Section 107 of The Criminal Code.

disclosure that the Commission recommends in relation to contributions to candidates would make it publicly known that a candidate was providing financial support to another candidate in the same division. Further, the public would have known that Lewis Land was providing funds for MacNellie as well as Alcott.

This situation reinforces the Commission's view that disclosure of all donations is necessary in order for the public to be fully informed to ensure public confidence in the electoral process.

18.5 TAXATION RAMIFICATIONS

It will be remembered that during the evidence of George Sencariuc, the Financial Analyst attached to the Commission, the donations made by the developers were not always recorded in their books of account as donations to the candidates. For example, in the books of Lewiac Pty Ltd, the amounts paid to candidates were charged to "*sales and advertising expenses*". Similarly, in the Niecon Developments Pty Ltd ledger, other than one cheque payable to "*Mayoral campaign - GCCC*", the remainder of the donations were recorded as "*printing*", "*advertising*", "*consultancies*" or "*valuations*" and were often committed to a particular development. In the Klingon Pty Ltd books of account, the payment analysis books shows the payments made were recorded as donations.

The question arose, whether the companies involved had in any way attempted to avoid the payment of income tax by allowing a deduction under Section 51 of the Income Tax Assessment Act, when that deduction was not incurred in gaining assessable income or necessarily incurred in carrying on business for the purpose of gaining assessable income.

As a result the Commission formed the opinion that it was desirable and pertinent to the administration of criminal justice that the information relevant to any possible avoidance be forwarded to the Australian Tax Office for its consideration.³²

The provision of this material to the Australian Tax Office by the Commission is not to be seen in any way as a statement by the Commission that avoidance of taxation has, in its opinion, occurred.

³² In his letter dated 17 June 1991 forwarded to the Commission, Lewis stated that his company's policy was for the purposes of Section 51, contributions to State campaigns were too remote and, therefore, not deductible. However, in relation to Local Authority election contributions, where it was, in his view, required to have a reasonable unbiased, impartial Local Authority as the consent authority, he was comfortable and had always been comfortable that there was an appropriate and sufficient nexus for the purposes of Section 51. (See Exhibit No. 1515).

B. ALLEGED PAYMENTS (UNRELATED TO ELECTIONS) TO AN ALDERMAN OF THE GOLD COAST CITY COUNCIL - THE AUSTRALIAN SECURITIES COMMISSION MATERIAL

1. THE INFORMATION PROVIDED BY THE AUSTRALIAN SECURITIES COMMISSION

During its own inquiries into the Qintex Group, the Australian Securities Commission located certain documentation which suggested that a company associated with the Qintex Group, by the name of Kodogo Pty Ltd, had made payments between 1986 and 1988 for the benefit of a company named Dinlex Pty Ltd, whose directors included Denis Pie, Mayor of the Gold Coast City Council from 1985 to 1988. These payments ceased shortly after Pie was defeated in the March 1988 Council election.

From the papers provided it appeared that the sum total of the payments, namely \$321,474, paid for the benefit of Dinlex Pty Ltd, had been forgiven and that raised the suspicion that favours were given by Pie, in his capacity as Mayor, to the Qintex Group which was undertaking developments on the Gold Coast at that time.

2. THE PLAYERS

2.1 DENIS DUNCAN PIE

As previously indicated, Pie was a property consultant and valuer by occupation. He had been elected Mayor of the Gold Coast City Council on 30 March 1985 and held that position for a period of three years until 19 March 1988, on which date he was defeated.

In early April 1986, Denis Pie was offered a retainer of \$5,000 per quarter by Qintex Group Management Pty Limited to act as a consultant valuer to the Qintex Group of Companies, which he subsequently accepted. (As well as the retainer, the agreement provided that he was to be paid an hourly fee of \$70 for specific evaluation projects.) In the following months he prepared a number of valuations for the Group and its subsidiaries.

He is a director of a number of companies including one named Dinlex Pty Ltd.

2.2 DINLEX PTY LTD

On 15 November 1984, Dinlex Pty Ltd was incorporated. On 27 November 1984, Denis Duncan Pie and Susan Betty Pie were appointed its directors. (Audrey Desmond Crichlow and George Frederick Allanson were appointed as additional directors on 13 April 1989.) On 23 January 1985, Australian Paper Mills Forest Properties Limited sold 409.7 hectares of land on Old North Road, Rocksberg, near Caboolture, to Dinlex Pty Ltd for the amount of \$550,000. The property was timbered. The parcel of land comprised four titles,³³ descriptions being:

- Lot 2 on RP 197793 Vol 6676 Folio 140;
- Lot 99 on P C3 11684 Vol 1726 Folio 226;
- Lot 98 on P C3 11684 Vol 862 Folio 59;
- Lot 14 on P C3 1239 Vol 852 Folio 202.

2.3 THE QINTEX GROUP

The Chairman of the Qintex Group was Christopher Charles Skase. Further significant personnel in the Qintex Group are set out below.

- | | | |
|---|---|--|
| Peter Eric Burden | - | Deputy Chairman and co-director with Christopher Charles Skase in most Qintex Companies from 1978 until 1989. Also Legal Adviser to the Group. |
| Geoffrey William Putland | - | Company Secretary and Accounting Manager for the Qintex Group from the early 1980s to halfway through 1990. |
| Richard Andrew Jackson Capps | - | Group Treasurer and Director of approximately 35 companies within the Qintex Group from 1985 until 1990. |
| Ian Cameron Curtis
(brother-in-law to Skase) | - | General Manager of the Group from 1978 until 1987. |
| Anthony John Schutz | - | Group Properties Manager from early 1985 until June 1987. |

³³

See Exhibit No. 1014 for Certificates of Title.

The Qintex Group had significant interests throughout Australia, including timber milling interests in the Caboolture area through one of the Group companies, Sunstate Resources Limited. From 1985 until late 1987 the Group was also involved in the development of resorts known as the Mirage Developments, one being situated on The Spit at the Gold Coast and the other at Port Douglas.

The Mirage Development at Sea World Drive on The Spit was proposed for a site which, since 1965, had been used for a series of entertainment and tourist ventures. In 1983, whilst the site was operating as Andalucia Park - a Spanish horse tourist attraction - the owner, Hans Van der Drift, applied for town planning consent for the development of a three-storey, 400-room international resort motel. On 2 January 1984, this town planning consent was approved by the Gold Coast City Council, permitting a site coverage of 25%. On 18 September 1985, the ownership of the site was transferred to a company called Dia-Spar Pty Limited, a company within the Qintex Group.

2.4 KODOGO PTY LTD

Corporate records show that Kodogo Pty Ltd was incorporated on 28 April 1986. The principal purpose of the company was described in the corporate records as a finance company. One of the directors of Kodogo Pty Ltd, Burden, explained the company as being the holder of a money lender's licence the main activity of which was to act as a vehicle for the lending of money to a variety of interests, including executives in the Qintex Group, companies within the Group and bodies outside the Group.

The directors of Kodogo Pty Ltd, since its incorporation, are set down below:

NAME	APPOINTED	CEASED APPOINTMENT
Brian Thomas Halligan	28/4/86	13/5/86
Peter Joseph Walsh	28/4/86	13/5/86
Ian Cameron Curtis	13/5/86	23/12/87
Peter Eric Burden	13/5/86	19/5/89
Christopher Charles Skase	13/5/86	19/5/89
Vincent David Poncini	19/5/89	
Richard Andrew Capps	19/5/89	

Corporate records reveal the company's secretaries since incorporation are as follows:

NAME	APPOINTED	CEASED APPOINTMENT
Peter Joseph Walsh	28/4/86	13/5/86
Peter Gregory Day	13/5/86	15/6/87
Jeffrey William Putland	15/6/87	

It should be noted that Kodogo Pty Ltd was a shelf company and Walsh and Halligan were the originating company officials who were unconnected with the Qintex Group.

In his evidence Skase recognized that, although Kodogo Pty Ltd was not technically one of the Qintex Group of Companies, for the purpose of amalgamating group accounts it was, generally speaking, under the umbrella of the Qintex Group.

2.5 ROTHWELLS LIMITED

Rothwells Limited, merchant bankers, on 18 February 1985 loaned by way of commercial bill facility, bills to the face value of \$700,000 to Dinlex Pty Ltd to cover the purchase price of \$550,000 for the land at Old North Road, Rocksberg. Included in the \$700,000 loan was an amount of \$100,000 paid as a procuracy fee to L R Connell & Partners, as well as the capitalization of the initial interest which was to accrue by virtue of the facility. The net commercial bill proceeds of \$672,314.64 were credited in the Rothwells Limited books to the "Dinlex P/L" account on 18 February 1985. Bills of Mortgage in favour of Rothwells Limited in relation to the commercial bill facility were registered on the Certificates of Title of the land on 26 February 1985.

Notices of Demand and/or Notices of Exercise of Power of Sale to recover the loan were served by Rothwells Limited against Dinlex Pty Ltd between 30 January 1986 and 31 May 1989.

The Rothwells Limited loan account of Dinlex Pty Ltd was repaid in September 1989 from the proceeds of a loan funded by St. George Commercial Credit Corporation Limited.

3. CHRONOLOGY

To assist in the understanding of the sometimes complex events, a chronology of events has been prepared, based on that evidence which was not disputed before the Commission.

- 20/01/1984 Hans Van der Drift's application for town planning consent for the development of a three storey, 400 room international resort motel on the Sea World Drive site (on The Spit) approved by the Gold Coast City Council.
- 23/01/1985 Land purchased at Rocksberg, near Caboolture by Dinlex Pty Ltd for \$550,000.
- 18/02/1985 Dinlex Pty Ltd account held at Rothwells Limited credited for \$672,314.64.
- 26/02/1985 Registration by Rothwells Limited of mortgage over property at Rocksberg, near Caboolture.
- 17/03/1985 Pie elected Mayor of the Gold Coast City Council.
- 18/09/1985 Sea World Drive site transferred to Dia-spar Pty Ltd (part of the Qintex Group).
- Dec. 1985 Meeting between Skase and town planner, Hodges, with Pie present.
- 13/12/1985 Dia-spar Pty Ltd makes application for town planning consent to develop an international resort and associated facilities. (This application differed from Van Der Drift's in that the developer was seeking a site coverage of 40% rather than 25% which had been approved previously.)
- 07/01/1986 Letter from Qintex to Pie as Mayor of the Gold Coast City Council, outlining the development of the resort and raising the issue of objections to the development.
- 20/01/1986 Letter from Borzecki (on behalf of Skase) to Pie, offering financial assistance to Pie's proposed development near Caboolture.
- 30/01/1986 Notice of Exercise of Power of Sale served by Rothwells Limited on Dinlex Pty Ltd.

- 14/02/1986 Consent to develop international resort and associated facilities approved by the Gold Coast City Council.
- 17/02/1986 Notice of Exercise of Power served by Rothwells Limited on Dinlex Pty Ltd.
- 17/04/1986 Pie accepts appointment as Consultant Valuer to the Qintex Group, to commence 1 May 1986.
- 23/07/1986 Memorandum by Curtis stating that offer made to Pie for the provision of funding to Dinlex Pty Ltd.
- 07/08/1986 Notice of Demand served by Rothwells Limited on Dinlex Pty Ltd.
- 08/08/1986 Kodogo Pty Ltd paid \$31,091 to Rothwells Limited on account of the Dinlex Pty Ltd loan.
- 12/08/1986 Valuations totalling \$4,368,750 by Pie for the Qintex Group being for two television stations at Mt Coot-Tha.
- 20/08/1986 Valuations totalling \$1,874,500 by Pie for the Qintex Group being for seven properties associated with the television industry in the north coast region. (Sunshine Coast and Bundaberg.)
- 22/08/1986 Gold Coast City Council approved modifications to height at entrance to the Mirage Resort.
- 09/09/1986 Valuation totalling \$485,000 by Pie for the Qintex Group being for a residence at Sorrento.
- 07/10/1986 Kodogo Pty Ltd paid Rothwells Limited \$35,589.38 on account of the Dinlex Pty Ltd loan.
- 31/10/1986 Application for rezoning of a section of the Mirage site from part unzoned and part waterfront industry to specific facilities.
- Nov. 1986 Valuations totalling \$8,788,000 by Pie for the Qintex Group being for 12 timber merchant properties situated in the Brisbane and north coast regions.
- Dec. 1986 Valuations totalling \$4,907,000 by Pie for the Qintex Group being for 9 timber merchant properties situated in the Brisbane and north coast regions.
- 04/12/1986 Letter from Burden to Bowdens enclosing draft option agreement.

- 05/12/1986 Kodogo Pty Ltd paid Rothwells Limited \$29,706.97 on account of the Dinlex Pty Ltd loan.
- 12/12/1986 The application for the rezoning of section of the Mirage site was approved by the Gold Coast City Council. (Pie declared a pecuniary interest at the Planning and Development Committee meeting of 9 December 1986 in relation to this application.)
- 04/02/1987 Kodogo Pty Ltd paid Rothwells Limited \$15,647.53 on account of the Dinlex Pty Ltd loan.
- 06/02/1987 Letter from Burden to Bowdens enclosing amended draft option agreement.
- 06/02/1987 Kodogo Pty Ltd paid Rothwells Limited \$15,709.56 on account of Dinlex Pty Ltd.
- 04/03/1987 Letter from Burden to Bowdens enclosing amended draft option agreement referred to in letter of 6 February 1987.
- 06/04/1987 Kodogo Pty Ltd paid Rothwells Limited \$14,420.61 on account of the Dinlex Pty Ltd loan.
- 06/05/1987 Kodogo Pty Ltd paid Rothwells Limited \$13,921.26 on account of the Dinlex Pty Ltd loan.
- 05/06/1987 Kodogo Pty Ltd paid Rothwells Limited \$13,592.18 on account of the Dinlex Pty Ltd loan.
- 06/07/1987 Kodogo Pty Ltd paid Rothwells Limited \$12,304.40 on account of the Dinlex Pty Ltd loan.
- 19/08/1987 Approval granted for private condominiums on the Mirage Resort.
- Aug. 1987 Agreement between Kodogo Pty Ltd and Dinlex Pty Ltd signed by Pie and Burden.
- Sept. 1987 Mirage Resort opens.
- 28/08/1987 Kodogo Pty Ltd paid Rothwells Limited \$2,740.16 on account of the Dinlex Pty Ltd loan.
- 28/08/1987 Kodogo Pty Ltd paid Rothwells Limited \$50,000 on account of the Dinlex Pty Ltd loan.

- 28/08/1987 Kodogo Pty Ltd paid Rothwells Limited \$9,431.84 on account of the Dinlex Pty Ltd loan.
- 04/09/1987 Kodogo Pty Ltd paid Rothwells Limited \$11,558.16 on account of the Dinlex Pty Ltd loan.
- 05/10/1987 Kodogo Pty Ltd paid Rothwells Limited \$10,640.57 on account of the Dinlex Pty Ltd loan.
- 04/11/1987 Kodogo Pty Ltd paid Rothwells Limited \$11,482.58 on account of the Dinlex Pty Ltd loan.
- 02/12/1987 Kodogo Pty Ltd paid Rothwells Limited \$3,661.88 on account of the Dinlex Pty Ltd loan.
- 19/03/1988 Pie defeated at the Council election.
- 09/05/1988 Kodogo Pty Ltd paid Rothwells Limited \$13,000 on account of the Dinlex Pty Ltd loan. (Final payment made by Capps.)

4. THE EVIDENCE BY GEORGE SENCARIUC OF PAYMENTS

Commission Financial Analyst, George Sencariuc, gave evidence that he was asked to ascertain whether any payments had been made by Kodogo Pty Ltd to Dinlex Pty Ltd in relation to the land purchased at Old North Road, Rocksberg in 1985 by Dinlex Pty Ltd.

His examination of the payments analysis books of Kodogo Pty Ltd showed that between 8 August 1986 and 9 May 1988, 25 cheques totalling \$321,427.60 were drawn by Kodogo Pty Ltd under the heading of "*Loan Dinlex*" or "*Dinlex*"³⁴. He had sighted bank ledger reports, memoranda of fees and notices of assessment which established that the \$321,427.60 was applied to the benefit of Dinlex Pty Ltd. Other than \$35,589, which was applied for rates, land tax, professional fees and other fees, the remaining amount was applied to the loan account for Dinlex Pty Ltd at Rothwells Limited. Of the amount applied to the loan account, \$235,836 was for payment of loan interest and \$50,000 was for repayment of loan principal.

Further examination of the balance sheet of Kodogo Pty Ltd for the year ended 31 July 1989 revealed that an account entitled "*Loan - Dinlex Pty Ltd*", under the assets category of "*investments*", had an opening balance of \$321,427.60 and a

³⁴

See Annexure "E" for a schedule of these payments

closing balance of nil. His examination of the general journal of the company revealed an entry for \$321,474 under the date of July 1989 against the account "*Loan - Dinlex Pty Ltd*". He established that the journal entry was annotated in the following fashion: "*Write off loan to bad debts*" and cancelled out the balance of the account.

Sencariuc was asked to explain the normal practice when consideration was being given to writing an amount off as a bad debt. He stated that to deal with an account as a bad debt would be to deem it as irrecoverable. To determine whether it was irrecoverable, one would consider the liquid state of the person who owed the money, the security position the lender may have in respect of the borrower and the prospects of being able to recover the money in terms of time and costs. He also stated that there were policy considerations in whether to recover a debt as it may affect adversely the business relationship between the borrower and the lender.

He was also asked whether there were any auditing requirements for amounts which were written off as bad debts. He stated that one would have expected that a Minute would have been kept, or at least some notes made by the company in support of a decision to write the debts off. He further explained that there should be some written authorization given by the person who holds the power to say that that amount should be written off.

Sencariuc added that he found no documentation explaining why the amount was written off as a bad debt and found no authorization for it to be written off.

5. ON WHAT COMMERCIAL BASIS WERE THE PAYMENTS BY KODOGO PTY LTD PURPORTEDLY MADE?

In order to ascertain the basis upon which payments were made, the Commission called to give evidence the directors of Kodogo Pty Ltd and other significant figures in the Qintex Group. It also heard evidence from Pie and received statutory declarations from other persons including Pie's solicitor.

5.1 THE EVIDENCE OF IAN CAMERON CURTIS

Curtis, the General Manager of the Group, gave evidence that Pie had approached him in early 1986 and laid out a project involving the rezoning and sub-division of the Dinlex Pty Ltd land near Caboolture. He stated Pie had prepared a project with the assistance of Barry Dredge, who was a planning consultant. Curtis claimed that Pie was seeking Qintex participation in the project by way of assistance in the payment of the interest accruing with Rothwells Limited, land taxes and other outgoings in relation to the land. Curtis added that Pie informed

him at that time that there were other parties that he (Pie) could have approached to participate in that project, but he believed the Qintex Group was the appropriate body as it already had involvement in that area.

Curtis claimed that at the time he was interested in investing near Caboolture due to the timber interests that the Qintex Group already had in the area and the fact that Caboolture was one of the fastest growing shires in the State. Curtis stated that he told Pie that he would speak to some other people in the Qintex Group and told Pie that he was happy with the proper and professional way in which the project had been planned by him.

After further discussions between Pie and executives from the Qintex Group, Curtis put a proposal to Pie. Curtis' proposal was the subject of a memorandum³⁵ dated 23 July 1986 to Burden, with copies going to Skase, Schutz and Putland. In the memorandum, it stated that he had made an offer on the Qintex Group's behalf to take an option on the land, "on the basis" outlined in a previous memorandum³⁶ dated 10 July 1986 from Schutz to Skase. Curtis explained this to mean that he had Schutz's comments on the property in mind and had not adopted the suggestions concerning funding. He added that it was not Schutz's function in the organization to provide advice of a financial nature.

The memorandum by Schutz set out, inter alia, the following:

- Schutz had held discussions with Pie on the subject of the land;
- Schutz carried out a thorough review of all the documentation and applications for rezoning in respect of the land;
- He quoted the chances of success of rezoning as in the order of 60%;
- Schutz did not believe that the Qintex Group should become involved as the purchaser/developer of Pie's land. He suggested that the Qintex Group enter into an option agreement with Pie to purchase his shares in the company, the consideration for this agreement being the interest payment on the loan outstanding for a period of six months;
- He suggested that the payment of any valuation fees to Pie during the six month period should be held so that in the event that the

³⁵ See Exhibit No. 1047C for Memorandum of Curtis

³⁶ See Exhibit No. 1047C for Memorandum of Schutz

Qintex Group were unable to secure the rezoning and the land was eventually sold off by Rothwells Limited, the Group would minimize its out-of-pocket risks which, at that point in time, he estimated to be in the order of \$80,000 for the six month period;

- He anticipated that after rezoning the land would be worth at least \$1.5 million and, therefore, he was of the view that provision should be made in the agreement with Pie to share in any profits that would be made out of securing the rezoning.

In Curtis' memorandum, the following observations, inter alia, appeared:

- *"...Our exposure is:*
 - (i) *interest payments on the outstanding loan of approximately \$900,000 for six months;*
 - (ii) *on going costs to the project which will involve town planning application and any rates payments and consulting costs, possibly an additional \$60,000".*
- *"...this (the Qintex Group exposure) is to be offset by:*
 - (i) *security on the land in the form of a second charge over the assets of Dinlex Pty Ltd (after Rothwells);*
 - (ii) *any offsets against Pie's consulting costs".*
- *"...for the above we would obtain an option of 51% of the project, which could be expressed either as profit share or as shares in the company Dinlex Pty Ltd".*
- *"Qintex moneys would be put into some form of loans which would be repaid before the profit was calculated. A commercial rate of interest would be chargeable on loans put into Dinlex Pty Ltd;*
- *There would be a notional (nominal) option fee".*
- *"The future of the project would need to be determined prior to the six month period because, if we did not proceed, Rothwells' position would not have changed. We would then need to determine how to recover our loans."*

Although Schutz's memorandum is equivocal on what is to be the fate of the moneys advanced, in that he talks both of an option agreement, the consideration

of which was to be six months interest, he also talks in terms of withholding valuation fees from Pie as a security to reduce the risk involved in the project.

On the other hand, Curtis' memorandum which purports to set out the basis upon which an offer had been made to Pie, talks of the recoverability of the loans put into Dinlex Pty Ltd.

Curtis stated he did not know whether the option agreement had been taken out by Qintex as he left around January 1987 and handed matters over to Burden, the Deputy Chairman. (By the time he left, \$91,386 had already been paid by Kodogo Pty Ltd to Rothwells Limited.)

5.2 THE EVIDENCE OF PETER ERIC BURDEN

Deputy Chairman of the Group and provider of legal advice to it, Burden, stated in evidence that he was approached in 1986 by Curtis, the General Manager of the Group. He was told by Curtis that he (Curtis) had agreed with Pie to pay the discount on the Rothwells' bill rollovers, whilst Pie obtained a rezoning of the land at Caboolture. Burden explained that Curtis had told him that there had been a valuation done of the land and it was found that there was a reasonable margin on the land in its unzoned state, and substantially more after rezoning. It was suggested that the Qintex Group endorse the Bills of Exchange held by Rothwells Limited and he was asked to advise upon it. He explained that his concern when that matter was raised was that once the Qintex Group had endorsed the bills, then they would become a guarantor of the facility because they would become involved as a principal on the bill. He stated that he ultimately advised Rothwells that the Group was not prepared to agree to the proposal, although it was prepared to pay the discount.

Burden went on to explain that he could recall that Curtis told him that Pie wanted the Qintex Group to pay for an option over the land. However, he informed Curtis that it was not appropriate because at that point there would be no recovery as the group would be paying for a capital asset by paying for the option and would have no right of recovery from Dinlex Pty Ltd unless the option was taken up.

He stated that he believed that ultimately what occurred was that there was a loan of money to pay for the discounts and that Qintex was to have an option to buy into the company Dinlex Pty Ltd, but if the option was exercised, then the money advanced by way of payments on the discounts would be set off against the option. He further explained that if the option did not come into existence, the loan would remain as a loan and, similarly, if the option came into existence but was never exercised by the Qintex Group, the same would result.

Burden recalled that the option was never taken up and could not remember what happened to the documents that had been prepared to grant the option. From his understanding he believed the loan was never repaid and was, in fact, still recoverable at law, although written off in the books of account. (A letter dated 4 December 1986 from Burden to Bowdens, Solicitors for Pie, confirms that a draft option was forwarded to them for signature on this date. A further letter dated 6 February 1987 forwarded an amended option agreement.)

Burden gave further evidence that in approximately March 1987 he had a meeting with Pie, in which the rezoning was discussed. He stated that Pie was very confident about the rezoning and Pie provided a number of documents to support his confidence. During these conversations, there was no discussion concerning a joint venture agreement or partnership. He could recall no conversation tending to indicate that the transaction was other than one of money lending or discounting of bills.

5.3 THE EVIDENCE OF RICHARD ANDREW JACKSON CAPPS

Capps, the Group Treasurer, was of little assistance in determining the nature of the payments by Kodogo Pty Ltd, other than to say that after Curtis had left the Group, someone from Rothwells Limited had contacted him in May 1988, seeking a further payment of interest by the Qintex Group after which he contacted Skase, who advised him that he should go and see John Tabart who, at the time, was the Chief Executive of the Mirage Resorts. (John Edward Tabart, in a statutory declaration³⁷ stated he could not recall any details concerning Dinlex Pty Ltd). He claimed that Tabart did not seem very knowledgeable in relation to the matter, other than to say that the Qintex Group had taken an option over Dinlex Pty Ltd in return for financially assisting Dinlex Pty Ltd during the delay in rezoning. He claimed that Tabart also stated that he knew nothing in relation to the guaranteeing of loans or undertaking to pay any interest to Rothwells. In the light of this, Capps claimed that he paid the forthcoming interest payment of \$13,000 to Rothwells Limited, assuming that he would sort the matter out afterwards.

It would seem that Capps had prior knowledge of the transaction involving Pie as he acknowledged that he had received a memorandum³⁸ dated 20 August 1987 from Skase. It stated:

³⁷ See Exhibit No. 1048 for statutory declaration

³⁸ See Exhibit No. 1047C for Memorandum

"Attached is demand notice from Rothwells Limited re: Denis Pie. As discussed please immediately contact Rothwells' senior management confirming (1) our preparedness to continue to fund; (2) group cash deposits with Rothwells; (3) our belief that Pie is very close to achieving rezoning which will create the conditions for a profitable sale. Pie seems to believe that one of the executives at Rothwells has a personal axe to grind against him. Clearly, it is in our best interest to have it rebbed down with Rothwells rather than take it to a new financier."

This memorandum was signed by Skase's secretary on his behalf.

It is interesting to note that Capps claimed that when the demand was made upon him in May 1988 by Rothwells Limited, he was unable to locate any option agreement or other documentation which verified the situation. Further, he telephoned Rothwells Limited and spoke to an executive there, telling him that he could not locate anyone within the company who would verify the existence of an agreement to pay interest to Rothwells Limited. In cross-examination of Capps, he conceded that his search was not an extensive one.

5.4 THE EVIDENCE OF ANTHONY JOHN SCHUTZ

Schutz, the Group's Properties Manager, was of the view that an option agreement had been signed and to the best of his recollection he had seen an executed copy. He was not, however, prepared to say he was absolutely sure about this. He did confirm that he had nothing to do with the drafting of its terms. He also stated he did not know where the option agreement was that he thought he had seen. He did, however, concede that he had not thought about the option agreement for nearly four years. He added that it was his belief that if the Qintex Group did not take up the option, then the moneys paid out by Kodogo Pty Ltd would be lost as they had been expended by way of option fee and not loan.

It is to be noted that Schutz believed that the documentation in relation to the option was handled by Burden.

5.5 THE EVIDENCE OF GEOFFREY WILLIAM PUTLAND

Putland, who was the Corporate Secretary for Kodogo Pty Ltd from 15 June 1987 and Accounting Manager for the Group, stated that he had heard some general talk in the Qintex Group office that Pie had a company called Dinlex Pty Ltd and that there was a joint venture between Dinlex Pty Ltd and Kodogo Pty Ltd involving a parcel of land at Caboolture. However, he was unaware of the nature of the joint venture and did not recall having ever seen any documentation in relation to it. (A

copy of Curtis' memorandum of 23 July 1986 had at least been forwarded to him.) Putland's evidence in general was most unsatisfactory and the Commission was of the impression that he was intentionally non-responsive, vague and prevaricating. In particular, the Commission could not accept his evidence that he, as accounting manager for the Group, did not know who was responsible for the books of account of Kodogo Pty Ltd. After all, the other executives of the Group, including Skase, nominated him.

5.6 THE EVIDENCE OF CHRISTOPHER CHARLES SKASE

Skase, in his evidence, said that he could quite clearly recall that the advances made by Kodogo Pty Ltd were by way of non-refundable option payments. He stated that he never saw a signed option agreement and acknowledged that it would not have been necessary for him to have seen it if one had been signed. He could not understand why, in the books of account, the moneys advanced by Kodogo Pty Ltd to Dinlex Pty Ltd had been treated as a loan.

5.7 THE EVIDENCE OF THOMAS WILLIAM QUINN

In a statutory declaration³⁹ to the Commission, Quinn stated that he had acted on behalf of Pie in negotiating for the execution of an option agreement. He had also been providing all of Pie's legal advice in relation to the Dinlex Pty Ltd land near Caboolture and the Rothwells Limited facility.

Quinn stated that, despite the two drafts that had been forwarded to him for his client's consideration, no option agreement had ever been signed.

In a further statutory declaration⁴⁰ provided to the Commission by Quinn, he stated that after he had received the first draft option agreement from Burden (on 4 December 1986), his records show he received a telephone message on 21 January 1987 from Pie, advising that he (Pie) was happy with the agreement. Quinn added, however, that his records showed that some time after the amended draft had been received by him and forwarded to Pie, Pie spoke to him (on 9 March 1987) and advised him, on this occasion, that he was not agreeable to treating the funds as a loan, but was agreeable for the option fee to be credited to Kodogo Pty Ltd if the option were exercised.

³⁹ See Exhibit No. 1030

⁴⁰ See Exhibit No. 1061

Despite this apparent change of heart by Pie, Quinn claimed that he (Pie) subsequently signed a letter of agreement⁴¹ (also signed by Burden) in August 1987, setting out the basis of the advances by Kodogo Pty Ltd to Rothwells Limited for the period August 1987 to 4 December 1987. In this agreement it was provided that for the payment of moneys by Kodogo Pty Ltd to Rothwells Limited, Dinlex Pty Ltd agreed that all the moneys paid by Kodogo Pty Ltd for the period were to be repaid by Dinlex Pty Ltd out of the proceeds of any disposal of the subject land, second only to the payments due to Rothwells Limited, pursuant to their registered securities.

5.8 THE EVIDENCE OF DENIS DUNCAN PIE

Pie was called to give evidence in relation to, amongst other things, the nature of the agreement between Kodogo Pty Ltd and Dinlex Pty Ltd. He acknowledged that he approached Skase at a time when Rothwells Limited was putting pressure on him to return its money, or at least make significant repayments. He acknowledged that he may have asked Skase, when Skase was involved in the development of resorts on the Gold Coast, whether he could provide any assistance to him. As a result of this conversation with Skase he received a letter⁴² dated 21 January 1986 from Stefan Borzecki, the Qintex Group Investment Manager, in which the following was stated:

"Our Chairman, Mr C Skase, has asked me to investigate if there is any way we may be able to assist your proposed development at Caboolture."

According to Pie, shortly after receipt of this letter, contact was made with Curtis who agreed to a joint venture whereby Kodogo Pty Ltd was to pick up the payments for the interest, rates, land tax and professional fees relating to the land in return for an option to buy/take up half the shares in the company (Dinlex Pty Ltd). When asked to explain which documents evidenced this venture, Pie claimed that he had executed the amended option agreement which had been forwarded to Quinn (by Burden). However, when cross-examined as to the location and terms of this agreement, he was extremely vague and unresponsive. He assumed the document was with his solicitor, Quinn, and added that he could not say for certain that it had been executed. (Quinn, of course, claimed one had not been signed.) Further, he did not dispute Counsel Assisting when he (Counsel Assisting) suggested that Pie could not remember signing it, seeing anyone else sign it, or seeing it in a signed state.

⁴¹ See Annexure "H" to the statutory declaration of Quinn (Exhibit No. 1030)

⁴² See Exhibit No. 1057

Pie could not explain why the letter of agreement signed in August 1987 by Burden and himself had no reference to an option if, in fact, an option had been previously signed. (The original draft option and the amended draft were forwarded to Quinn and acknowledged by Pie to have been received by him prior to the signing of the letter of agreement.) He stated that he believed that an option agreement was in existence prior to the signing of the letter of agreement.

5.9 CONCLUSION

Despite the assurances by Pie, Curtis and Skase that the payments made by Kodogo Pty Ltd to Rothwells Limited on behalf of Dinlex Pty Ltd were non-refundable option fees, the documentary evidence does not support this. The memorandum of Curtis dated 23 July 1986 talks of recovery of loans. (The memorandum of Schutz dated 10 July 1986 is equivocal on this matter.)

In any event, the only signed agreement was that dated August 1987, which made it clear that the moneys were to be recoverable from the sale of the land after Rothwells Limited had been paid out. This is clearly inconsistent with the concept of non-refundable option fees. On its face the document evidences a simple loan.

It is interesting to note that the two persons who were responsible for the preparation of legal documentation concerning the arrangement, that is Burden and Quinn, both were of the view that no option agreement had been signed. Burden, (and as legal adviser to the Group one would expect him to be in a position to know), was of the view that the moneys were in the nature of loans which were still outstanding, albeit written off in the books of account. The Commission adopts this view.

Although there is little doubt that there were extended discussions and communications concerning the preparation of an option agreement, the Commission is satisfied no such agreement was entered into by the parties. If anything, these communications seem to support the view that non-recoverable option fees were not considered by the Qintex Group at the time, (although it would appear Pie had considered them).

This follows particularly from the communications between Burden, Pie and his solicitors, in relation to the two draft option agreements. In the first option agreement drafted by Burden and forwarded by letter dated 4 December 1986⁴³ to Bowdens, (the solicitors for Pie), the option agreement had the following provisions in relation to the grant of option to Kodogo Pty Ltd over unissued shares in Dinlex Pty Ltd:

⁴³

See Exhibit No. 1047C.

- "Dinlex Pty Ltd, in consideration of the sum of \$10 paid to it by Kodogo ("the option fee") hereby grants to Kodogo or its nominee an option to subscribe for and be allotted 10 fully paid shares of \$1 each in the capital of the company..."
- "The notice of exercise of the option shall be accompanied by:-
 - (a) a duly executed application in usual or common form for 10 ordinary shares in the company;
 - (b) the sum of \$10 in cash or by cheque payable to the company (being the amount payable on the shares to be issued)."
- "unless exercised on or before 31st March 1987 the option shall lapse."

The only significant amendments to the draft option agreement, after it had been perused by Pie, were:

- the amount of consideration was increased from \$10 to \$1,010 as were the number of allotted shares from 10 to 1,010;
- the date on which the option had to be exercised was deleted and reference to "*a closing date*" (not specified) was made.

Neither option had any reference to the alleged non-recoverable nature of any moneys paid by Kodogo Pty Ltd to Rothwells Limited. In fact, both documents evidenced a nominal option fee as was originally canvassed by Curtis in his memorandum to Burden of 23 July 1986. Even if either of these options had been executed, there was nothing in either of them to confirm or suggest that all payments thus far had been or were to be by way of non-refundable option fee. One would have expected to find such a clause in the option agreements if it had been contemplated by the Qintex Group.

There was some cross-examination of witnesses about missing documents and lack of thorough searches for the executed option agreement, but in view of the evidence of Burden and Quinn and the unwillingness of anyone to swear categorically that they had signed or even sighted a signed option agreement, the Commission is satisfied that there was no signed option agreement to locate. This view is supported by the official liquidators of Kodogo Pty Ltd. In a statutory

declaration⁴⁴ to the Commission, Lindsay John Kayess, an employee of the firm of Brown Burns & Co (the official liquidators) stated:

"I can say that an attempt was being made to enter into an option agreement however there is no evidence in the records of Kodogo Pty Ltd to show that it was ever proceeded with."

To a lesser extent, this view is also supported by Capps' evidence that in May 1988, he could not locate any option agreement.

There was also a suggestion that there may have been a misunderstanding of the nature of the funding by those responsible for keeping the books of account of Kodogo Pty Ltd; however, if they had access to the same information as the Commission, it would be expected that they would have interpreted the transaction as a loan. (Despite efforts to locate those responsible for writing up the books of account, including the receipt of a statutory declaration from Mark Charles Hosking, the Group's Project Accountant and later Administration Manager, the Commission was unable to shed light on who was the author of the books at the relevant time.)

It seems to the Commission that the situation was best summed up by Curtis in his memorandum of 23 July 1986, where, in circumstances in which Pie found himself financially embarrassed over the Rothwells Limited loan and was desperately seeking assistance, (Notices of Demand had been served on Dinlex Pty Ltd by Rothwells Limited by this time), Curtis wrote:

"Denis Pie is flexible in his approach to the arrangement as long as the end objectives of re-liquefying the current Rothwell's loan and and (sic) achieving the town planning objectives are met.

Thus we should structure and document the deal on a basis that is optimum to us." (Underlining added).

To suggest, in circumstances such as this, that over \$300,000 in non-recoverable option fees were paid by Kodogo Pty Ltd, is commercially unrealistic and unsupported on the evidence. Furthermore, if all the payments were non-recoverable option fees, then this fee became larger with every payment to Rothwells Limited. One would have expected the Qintex Group to take up the option immediately upon the first advance to Rothwells Limited if that was the effect of the agreement. This obviously did not occur. When Curtis left in

January 1987, three payments to Rothwells Limited had already been made and no option agreement had been signed to his knowledge.

On all the evidence, the Commission finds that the payments made by Kodogo Pty Ltd on behalf of Dinlex Pty Ltd were by way of recoverable loan and not non-refundable option fee. (A similar view was expressed by Kayess in his statutory declaration, after a perusal of the Kodogo Pty Ltd books of account.)

6. ON WHAT COMMERCIAL BASIS WAS THE LOAN WRITTEN OFF BY KODOGO PTY LTD?

Despite the understanding of some of the senior executives of the Qintex Group and, in particular, the assertions of Skase and Curtis that the moneys paid to Rothwells Limited by Kodogo Pty Ltd were non-recoverable option fees, the books of account of Kodogo Pty Ltd record the outgoings to Rothwells Limited as well as the payments for land tax, rates, etc as loans. These loans were written off on somebody's instructions and, one would imagine, on a commercial basis. These matters were canvassed with Skase, other senior executives of the Group and some of its employees.

6.1 THE EVIDENCE OF VINCENT DAVID PONCINI

Vincent David Poncini, a chartered accountant with the Qintex Group from April 1987 to the end of September 1990 and director of Kodogo Pty Ltd from 19 May 1989, claimed that his supervisor or senior officer was Putland, with whom he had regular dealings in respect of all the Qintex Group accounts as well as the non-Qintex Group of companies such as Kodogo Pty Ltd. He stated that the Dinlex Pty Ltd loan, like many other loans at that time, was written off as a bad debt after receiving instructions either from Burden or Putland. He could not recall whether official Minutes had been prepared in relation to the writing off of the debts, but conceded that there was never a meeting of directors actually summoned to discuss the business, adding it would have arisen from normal day-to-day conversation.

He acknowledged that he gave instructions to the clerk to make the entry forgiving the debt in the journal, but could not recall, in particular, what directions he had received from either Putland or Burden in relation to writing it off. He acknowledged that he had no knowledge of the assets of Dinlex Pty Ltd and was merely following instructions.

Poncini stated he could not recall anything further in relation to the forgiveness of the loan because of the great volume of work that he was required by the Qintex Group to process at the time.

6.2 THE EVIDENCE OF PETER ERIC BURDEN

Burden, in acknowledging that the moneys were paid on behalf of Dinlex Pty Ltd as a loan, could not give any reason why the debt was forgiven. He stated he did not have sufficient details at the time to have made a decision about the debt and the only persons who could have the requisite knowledge would have been Putland or Skase. However, he doubted that Putland would have had sufficient knowledge of the origins of the loan or the present financial standing of the debtor, to make the decision. Burden conceded that, on the material available to the Commission (which was available at the time), the loan should not have been written off as irrecoverable without further inquiries having been undertaken.

Burden was referred to another loan of \$250,000 made by Kodogo Pty Ltd to a firm which was recognized as a media buyer. He acknowledged that at the time that the loan to Dinlex Pty Ltd was written off, the loan to this firm was also written off in circumstances where Burden believed that the principal of the firm was still in business, was wealthy and certainly would have had the money to pay.

6.3 THE EVIDENCE OF RICHARD ANDREW JACKSON CAPPS

Capps stated that although he was Director of Kodogo Pty Ltd at the time that the loan was written off, he was not aware of his directorship at the time as he had been appointed Director of a substantial number of companies around that time. Although he acknowledged that somebody, in fact, endeavoured to write off the debt, he was not able to assist the Commission with any idea as to who gave the direction for it to be written off as a bad debt. When asked who had authority to write off that amount as a bad debt, he indicated that his understanding of the situation was that when accounts and consolidations were finished, Putland would go and discuss the matter with Skase, but he was not aware whether discussions had ever occurred on this occasion in relation to the Dinlex Pty Ltd loan.

6.4 THE EVIDENCE OF CHRISTOPHER CHARLES SKASE

Although Skase believed that the moneys paid on behalf of Dinlex Pty Ltd were non-recoverable option fees, he acknowledged that the books of account treated the moneys as a loan. When asked who would make the decision requiring a book-keeper to make entries writing off the loan as a bad debt, he answered that the head of the Group's accounting department, Putland, would be responsible. He explained that this had been the practice which had occurred over the last 10 years. When asked whether Putland would have had to come to him to make the decision to write it off as a bad debt, Skase answered that he (Putland) was entitled to make that decision as he was a very senior executive and he had a high level of

autonomy. Skase added that in the context of group assets of over \$3 billion, \$300,000 was not a large amount. At page 7128, the following question was put to Skase by Counsel Assisting:

"If I approach the matter from another way, there was no-one other than Putland who had the authority to make the decision (to write off the debt) in July 1989?"

to which Skase answered:

"Correct."

6.5 THE EVIDENCE OF GEOFFREY WILLIAM PUTLAND

Putland, who was responsible for the secretarial matters of the numerous companies in the Qintex Group and the supervision and preparation of the consolidated accounts and the preparation of taxation matters, stated that, although he was secretary of Kodogo Pty Ltd at the time the debt was written off, he could not recall seeing this entry around the time that the moneys were written off in July 1987. He stated that any decision as to whether a loan or investment was to be written off for accounting purposes was the responsibility of the Board of Directors of Kodogo Pty Ltd, which would be supported by a recommendation from the person in charge of the particular investment or debt. He stated categorically that he was not involved in any discussions or meetings with respect to the decision involving the writing off of the loan to Dinlex Pty Ltd. (This, of course, flies in the face of the evidence given by Skase.)

He could not recall attending any directors' meetings for the company Kodogo Pty Ltd, although he was corporate secretary for over three years. Similarly, he could not recall specifically signing any annual returns for Kodogo Pty Ltd which it was his responsibility to do as secretary of the company. Furthermore, he could not recall whether meetings had been held for Kodogo Pty Ltd or whether directors came together by way of *"flying minute"*.

When pressed in relation to who could have authorized the writing off of the loan, he said the only people who could have had sufficient knowledge of the transaction involving Dinlex Pty Ltd (which he said was required in order to address the question of writing off the loan) were Curtis or Skase, but he did not know whether they had given instructions to anyone else to write off the debt. He also stated that he had no idea whether they (Skase and Curtis) had given sufficient information to any other party for that party to have the knowledge of the transaction to write off the debt.

6.6 CONCLUSION

The Commission finds it extraordinary that a loan in the magnitude of \$320,000 can be written off in the books of account of a company and its directors and secretary have no knowledge of the authorization for such action. It would seem that not all witnesses were frank in relation to their knowledge of the writing off of the debt. Once again, the Commission cannot accept that Putland would not have had further knowledge of the matter. The Commission is unable, however, to reach a conclusion (and certainly not to the standard required for establishing a prima facie case of perjury) as to whether Putland's lack of recollection concerning the matter is a genuine one caused by the effluxion of time and the involvement he had in the many companies associated with the group or whether it is a conscious attempt to deceive the Commission.

The Commission also finds it difficult to believe that Skase would have no further knowledge concerning the decision to write off the debt when he had prior involvement in the transaction and it was known by the executives in the Group that he had a personal involvement with the matter which, one would imagine, might cause them to canvass with him any decision to write off the debt.

The Commission has not been able to locate any documentation which would justify the writing off of the loan or the authorizing of it to be written off. In view of the paucity of documentary material and in light of the oral testimony, the Commission is unable to reach a conclusion as to the commercial basis for writing off the debt.

As a matter of fairness, it should be noted that at the same time that this loan was written off, Kodogo Pty Ltd also wrote off a number of other loans, including the one of \$250,000 to the media buyer who was, in the opinion of Burden, capable of paying the debt. No documentation was located justifying this action either. One cannot, therefore, draw an inference that there was a corrupt or illegal motive simply from the fact that the loan was written off in these circumstances. One should also bear in mind, although written off, it was recognized by Burden, at least, that the loans were, and probably remain, legally enforceable.

7. WAS THERE ANY CONNECTION BETWEEN THE PAYMENTS BY KODOGO PTY LTD AND DEVELOPMENT BY THE QINTEX GROUP IN THE GOLD COAST AREA?

To determine whether there was any apparent connection, the Commission caused the files of the City of Gold Coast to be thoroughly examined. It also called as witnesses the Town Planner, Noel John Hodges. Pie and the Qintex Group executives were also questioned in relation to any possible connection.

7.1 EXAMINATION OF COUNCIL DOCUMENTS

Commission officers examined all records relating to the Mirage development at The Spit, this development being the only one carried on by the Qintex Group on the Gold Coast. (Inquiries revealed that the development of the Carrara Football Ground by the Qintex Group did not occur within the City of Gold Coast, but rather within the Albert Shire and the Gold Coast City Council had no dealings with Skase or the Qintex Group in respect to that development.)

As a part of the examination of these files, Commission officers paid specific attention to the following to determine whether any evidence of undue influence having been exerted by Pie (or any other Alderman) or any other impropriety could be detected:

- (1) Council site appraisal documentation;
- (2) Town planning consent applications, including objections and the developer's response;
- (3) Documentation evidencing the town planner's investigation and recommendations;
- (4) The recommendations by the Council Planning and Development Committee as revealed in minutes;
- (5) Council minutes in relation to the development;
- (6) Handwritten notations made on the files; and
- (7) Any memoranda raising suspicion of intervention by an Alderman in the due process of the approval stage.

It is fair to say that their examination revealed that nothing on the face of the documents evidenced undue influence or any other impropriety.

As a result of his examination of the files, Wayne Henry Knapp, a Detective Senior Constable attached to the Commission, prepared a statutory declaration⁴⁵ which annexed a brief chronology of events pertaining to significant events recorded in the records of the Council in relation to the Mirage development. (Some of these events have been recorded in the chronology to be found earlier in this chapter of the Report.)

⁴⁵

See Exhibit No. 1015.

7.2 THE EVIDENCE OF THE TOWN PLANNER

Hodges gave evidence that on 13 December 1985, Dia-Spar Pty Ltd made an application to the Gold Coast City Council for town planning to develop an international resort and associated facilities. This application was different from the first application that had been made by Hans Van Der Drift, in that this time the developer was seeking a site coverage of 40% rather than 25% which had been approved previously.

Hodges stated that soon after, he received a copy of a letter dated 7 January 1986, the original of which was directed to "*His Worship the Mayor, Alderman Denis Pie*" from Qintex Limited, outlining the development of the resort and responding to objections made to the development after it had been advertised pursuant to the Local Government Act. He further stated that on 14 February 1986, the consent for development of the 40% coverage was approved by the Council.

He also gave evidence that on 31 October 1986, an application for rezoning of part of the site was made for the site to be rezoned from part unzoned and part waterfront industry zoned land to a special facility zone. This was approved by Council on 12 December 1986 and it was gazetted on 16 April 1987 by the State Government.

On 10 August 1987, Hodges stated he received a letter from the Mirage development, outlining that the development was to open in September of 1987. He explained that this stage was what was normally called "*practical completion*" of the project, but landscaping, car park areas, security areas and road works still had to be completed.

In his evidence Hodges recalled an incident involving Pie which occurred very early in the history of the development. This occurred prior to the construction of the development commencing and also prior to the approvals being granted for the development. He stated that Pie approached him at the Council Chambers and asked him to accompany Pie to a meeting with Skase's Board of Directors. He recalled agreeing to the Mayor's request and he and Pie drove to the offices of Media Five Architects at Short Street in Southport, where a meeting, "*which was pretty unpleasant*" lasted for about 45 minutes. He stated that, apart from himself and Pie, Skase and a number of his Directors was present. He said that the meeting began with the Skase people saying that they wanted an increase in the height of the development. He recalled that he responded that The Spit area was a very sensitive area for developments, to which their reply was that he (Hodges) should not ruin a development which was employing so many people and was good for the area, just for the sake of a couple of metres of a height limitation. He indicated to them that the height limit was 13.5 metres and added that he would

not have been concerned if the development were to be located anywhere else, but because it was in a very sensitive area, he had to be very careful.

Hodges stated that at this time Skase became very angry and began thumping the table and making out that his development was better than any other. He claimed that he became annoyed with Skase and told him that his development was only one of four or five developments of a similar type that the Council had already approved. He was not told why the extra height was needed at this time.

(Curtis also attended the meeting and stated that he wished to impress Hodges and Pie with the professionalism which was to be brought to the project. He conceded that he did wish Pie to favour the proposal as he wished the whole Council to favour it. He could not recall Skase banging the table.)

Hodges stated that Pie did not express his opinions during this meeting and did not back one point of view or the other. Hodges added that this was the only time he ever went to a developer's meeting held outside Council Chambers. (However, there was a large model of the proposed development which was too substantial to bring to Council Chambers, and this may have contributed to holding the meeting at the Short Street address.)

Hodges recalled that the matter of the height limitation was later resolved through the usual Council processes, resulting in a development being approved to a specific height limitation and later the entrance foyer exceeding the height limitation by a few metres. He remembered that during the very early stages of the development, Pie was very supportive of the development and later, as the quality of the construction was seen, the Planning and Development Committee members also supported the development. Hodges did not see anything sinister in the enthusiasm and support shown by Pie as he stated that he (Pie) had had the benefit of being shown previously the model of the proposed site and the architect's plans and Pie generally supported development of international hotels on the Gold Coast.

Hodges was asked whether, during the progress of the development of the whole resort, the Mayor had urged that the Council "*should get on with it*" or words to that effect, to which Hodges replied that he could not recall anything of that nature, but in any event, most developments were approved speedily.

Apart from the issue of the height limit of the development, Hodges recalled two other contentious issues regarding it. The first was the partial destruction of sand dunes adjoining the development and the second was the proposal for condominiums on the site to be privately owned. In relation to the sand dunes, in October 1987 the developers removed large sections of the sand dunes adjoining the Mirage site without Council approval. By doing so, the site had an uninterrupted view of the beach front and ocean. Council insisted that the sand

dunes be restored; however, as the destruction of the sand dunes was a matter for the Beach Protection Authority, the Council could not take the matter any further when that Authority gave approval for the removal of the sand dunes (which had already occurred).

In relation to the condominiums issue, towards the end of the project the developer made an application to Council to have the condominiums, which had already been developed on the site, made available for private ownership. Hodges claimed that he strongly opposed this occurring in a tourist area because of the restrictive effect it could have on the area being available to the general public and tourists. He submitted a report with his assessment of the application. However, Council overruled his recommendations and gave permission to the developer for the units to be privately owned. He remembered that all the Planning and Development Committee were in favour of the approval of the condominiums for private ownership in view of the submission by the developer that they would be rented or made available to the hotel for accommodation purposes. A special application was made for the consent to sell the condominiums privately and it was approved on 19 August 1987.

7.3 THE EVIDENCE OF THE QINTEX GROUP EXECUTIVES

Burden, who had discussed with Curtis the payments by Kodogo Pty Ltd to Rothwells Limited, was asked whether he had any discussions with Curtis concerning the desirability of keeping on the right side of Pie because of the Mirage development on the Gold Coast. He was also asked whether it was suggested to him that there would be a favourable spin-off so far as the Qintex Group was concerned. In both instances Burden replied in the negative, adding that the planning and permits for the site had already been obtained and building was well under way by that time.

Curtis said that there was never any suggestion, to his knowledge, from anyone at the Qintex Group that it would be a good idea to have someone in Council on side. He denied that there had been any discussions concerning Pie providing assistance to the development. Furthermore, he added that he did not regard Pie as having a high profile in Council and there was no benefit in courting Pie on this basis. When it was suggested to Curtis that there was a conflict of interest in respect of the Qintex Group dealing with a Council whose Mayor was doing valuations for the Group, as well as being involved in the transaction concerning the payments to Rothwells Limited, he replied that it never occurred to him. He further explained that when it was being considered engaging Pie as a property consultant and valuer, the Group took into account his professional background as a valuer and the experience that he had had, and saw that there would be long-term benefits for Qintex Limited.

Counsel Assisting, taking the matter further, at page 7115 of the transcript entered into the following exchange with Curtis:

"The question was, you see: are you prepared to say that the fact that Mr Pie was the lord mayor of the Gold Coast was not a factor in his appointment as your valuer?---I don't know how I could answer that.

Well, you can answer it yes or no?---I've answered-----

Or you don't know, I suppose?---I've told you that it-----

You've told me that it's not the major factor?---It's very clear it's not even a very important factor.

No?---If he had not have had an adequate professional background or if the project had not been able to stand the various tests that were given it, then we would not have dealt with him under any circumstances in those areas.

Well, that's still not an answer to my question, I'm afraid?---We've got - there's no history that I know of us entering into any dealings in all my time at Qintex with any particular party for any other than professional reasons, and I go back 14 years.

Are you prepared to say that the fact that Mr Pie was the mayor of the Gold Coast City was not a factor in your company's agreement to enter into arrangements with him with relation to the Caboolture land?---I'm prepared to swear that it was not a telling factor.

No, no, no. Not a factor: you're prepared to say it's not a telling factor. All right, I accept that but I want to go further though?---Fine.

You're prepared to say that it was not a factor at all, of any kind, you see, not even a 1 per cent factor?---Yes. I can't answer that.

You can't - you couldn't swear to that, could you?---No."

Schutz, in his evidence, indicated that he had originally raised the question of Pie as a consultant valuer for the Group with Pie after meeting him through the development on the Gold Coast. When asked whether it would have been "not unhelpful" to the Qintex Group for the Mayor to be one of its valuers, Schutz replied that he placed more weight on Pie's ability as a valuer than his ability as

Mayor. However, he added, *"I can't say that the fact that he was Lord Mayor of the Gold Coast didn't have some influence on the decision, but I don't think it was pivotal."* At page 7141 of the transcript, the following exchange between Counsel Assisting and Schutz occurred:

"No, not pivotal, but anyway, that was certainly a factor; I suppose it was also a factor in the approach that you took to his Caboolture land?---I weighed up the Caboolture land on its merits. I thought there was a good opportunity there at Caboolture. Once again, possibly a factor but once you get, you know, if you are dealing with someone and you know them, you are more likely to do business with them than if you have no knowledge of them at all and they come in off the streets, so-----"

Yes, yes; I see. And you did regard yourself as doing business with the Gold Coast City Council and its Mayor, of course?---I regarded myself as doing well, if you're referring to the Mirage Resorts?-----"

Yes, that's what I'm referring to?---We were obviously dealing with the Gold Coast City Council and the Mayor was one of the Gold Coast City Council Aldermen at the time."

Putland could not recall the context in which Pie was discussed when deliberations were occurring concerning the payments by Kodogo Pty Ltd. Here, like most of his evidence, he was extremely vague and unhelpful.

It was put to Skase that there was a potential conflict in appointing Pie as a valuer to his group of companies whilst he was Mayor of the Council. However, Skase did not regard it as a conflict at all. Further, when it was put to him that the reason why Kodogo Pty Ltd did business with Pie was that he was Mayor, Skase denied it, stating that he believed it was totally unrelated. He would not concede that it was a reason, let alone the main reason for the business enterprise with Pie.

When Counsel Assisting suggested to Skase that the scenario before the Commission was *"a rather carefully orchestrated bribe"* that was paid to Pie by the Qintex Group, Skase replied, *"absolutely not"*.

7.4 THE EVIDENCE OF DENIS DUNCAN PIE

Pie, in his evidence, conceded that in 1984 he had a conversation with the General Manager of Rothwells Limited, Bruce McGranger, who was one of the first people he had told about his proposal to run for the Mayoralty of the Gold Coast.

McGranger said to him, "It will be good for Rothwells to get you up as Mayor with all the involvement we propose to have on the Gold Coast..."

Following this acknowledgment, the following exchange with Counsel Assisting occurred at page 6829 of the transcript:

*"And the same reason might be the case as to why Mr Skase's company has decided to, in some way, assist you because they'd like to be friendly with you as Mayor. Did that occur to you?---
Yes.*

So it occurred to you really at the time that you were asking them whether they couldn't find some way to assist you when you asked Skase this in relation to the land, that he'd be likely to try to assist you because he would be likely to want to remain favourable - on favourable terms with you?---But-----

Is that right or not?---But I also had something to offer the other way.

Is that right or not?---It could be interpreted that way, yes."

In explanation of his conduct, Pie stated that he only had one vote out of 11 in Council and in relation to the Qintex Group, he had declared an interest to the Town Clerk and did not vote in relation to the matter. Evidence was given by the Town Clerk, Robert Henry Brown, that as part of his duties he was required by the Local Government Act to maintain a register of pecuniary interests which had to be disclosed during any meeting of Council. Brown gave evidence that a perusal of the register of pecuniary interests showed that for the period 1985 to 1988 Pie made a number of disclosures regarding pecuniary interests. However, none of these disclosed any interest in either Kodogo Pty Ltd or the Qintex Group. He added that if it had been declared by Pie, he would have recorded it in the pecuniary interest register. He did, however, give evidence of having seen a copy of the minutes⁴⁶ of the Council meeting of 12 December 1986, reporting on the Planning and Development Committee meeting held on 9 December 1986, in which Pie declared a pecuniary interest in the subject of discussion of the Committee meeting. Although Pie did not declare this interest when the matter went before Council on 12 December 1986, he neither moved or seconded any motion in relation to it. Further, the Committee minutes of 9 December 1986 were before Council, including the declaration of the pecuniary interest by Pie before the Committee. It was at this Council meeting that the Council approved the rezoning of part of the Mirage site to special facilities.

46

See Exhibit No. 1029 for Minutes of the Council Meeting.

7.5 CONCLUSIONS AND RECOMMENDATIONS

It is clear from the evidence of Schutz and Curtis that the fact Pie was Mayor of the Gold Coast was a factor (although not a "telling" or "pivotal" one), in both the appointment of Pie as consultant valuer to the Group and the financial involvement between Kodogo Pty Ltd and Dinlex Pty Ltd. As Pie conceded, it did occur to him that the Qintex Group had decided to assist him because it liked to be friendly with him as Mayor.

Other than the meeting at the offices of Media Five Architects (in which Pie was neutral), the Town Planner did not see anything untoward in the enthusiasm and support shown by Pie to the development. Further, there was nothing in the Council files which suggested any improper activity by Pie. It is fair to say, from a perusal of this documentation, that there was very little opposition to the development within Council.

When one looks at the timing of the payments to Rothwells Limited and the ultimate writing off of the loan in the books of account in July 1989, vis-a-vis Council approval of the applications for the development on the Gold Coast, there would appear to be no temporal connection between them. In fact, if one looks at the approval granted for private condominiums on the Mirage Resort on 19 August 1987, within a fortnight an agreement was struck between Dinlex Pty Ltd and Kodogo Pty Ltd, whereby all moneys paid by Kodogo Pty Ltd for the period August 1987 to 4 December 1987 were to be paid by Dinlex Pty Ltd out of the proceeds of any disposal of the subject land (second only to the payments due to Rothwells Limited). If there had been an improper or illegal motive in the payment of these moneys, one would not have expected such an agreement so shortly after this approval had been granted.

Another factor militating against the conclusion that the payments were corruptly made for the purpose of promoting the Qintex development on the Gold Coast is that the Council was recognized as a pro-development Council, and as the minutes show, there was little opposition to the development. In these circumstances, it is hard to justify, purely on the basis of motive, the suspicion that approximately \$320,000 was paid to Pie for his support in the development of the Mirage Resort.

The Commission finds that there is insufficient evidence to conclude that the moneys were corruptly or improperly paid to the benefit of Pie in his capacity as Mayor of the Council. Further, there is insufficient evidence to conclude that the loan was corruptly or improperly forgiven as payment to Pie in his capacity as Mayor of the Council.

It should be noted that the Australian Securities Commission is still investigating the operation of the Qintex Group. The Commission will continue to monitor the

progress of those investigations, with a view to considering any new material which may be forthcoming.

It is appropriate at this stage to mention Section 14(4) of the Local Government Act. Paragraph (i) of that section provides:

"If a member of a local authority has any pecuniary interest, direct or indirect, in any contract or proposed contract or other matter, and is present at a meeting of the Local Authority at which the contract or proposed contract or other matter is the subject for consideration, he shall at the meeting, as soon as practicable after the commencement thereof, disclose the fact, and shall not take part in the consideration or discussion of, or vote on any question with respect to, the contract or proposed contract or other matter."

Paragraph (ii) of the sub-section offers some assistance as to what is an "indirect pecuniary interest". For relevant purposes it provides:

"...a person shall...be treated as having indirectly a pecuniary interest in a contract or proposed contract or other matter if -

(a).....

(b) *he is a partner or is in the employment of a person with whom the contract is made or is proposed to be made, or who has a direct pecuniary interest in the other matter under consideration...."*

Similar provisions have been considered in a number of cases. In Downward v. Babington [1975] V.R. 872, Gowans J stated: "Bearing in mind the mischief the provision is aimed at - to prevent the conflict between interest and duty that might inevitably arise if the conduct referred to on the part of the Councillor were not prohibited", the section should be "treated as extending the achievement of that object so far as the language permits". His Honour went on to say that the section ought not to be given so extreme a meaning as to make the conduct of municipal business at meetings impossible and since contravention is an offence punishable by penalty, the language can only be given a meaning which it clearly bears. His Honour then said that, "A Councillor should be held to have a pecuniary interest in a matter before the Council if the matter would, if dealt with in a particular way,

give rise to an expectation which is not too remote of a gain or loss of money to him.⁴⁷

In Attorney-General on the relation of Anka (Contractors) Pty Ltd (1979) 39 L.G.R.A. 399, the court adopted Mr Justice Gowans' test.

It would seem to the Commission, although Pie was both a consultant valuer for the Qintex Group by virtue of his appointment by Qintex Group Management Pty Limited and a director of a company which was a debtor to Kodogo Pty Ltd, a company associated with the Group, he could not be said to have had any pecuniary interest in any matter under consideration before the Council concerning other companies in the Qintex Group. Short of any corrupt payment by the Qintex Group (which the evidence does not establish), Pie could not gain financially from any of the matters under consideration by Council concerning the Mirage Resort. Furthermore, he could not be adversely financially affected by any such matter. On the other hand, if it were considered that he did have a pecuniary interest, on the authorities this pecuniary interest would be "too remote".

Although the Commission is of the view that Pie was not statutorily required to declare his interest in the Qintex Group for the purposes of Section 14(4) of the Local Government Act, it considers that the interest which he had was capable of causing a conflict with his duties as an Alderman and, as such, ought reasonably to be of the type that should be declared before Council.

In a previous report by this Commission titled "Complaints against Local Government Authorities in Queensland - Six Case Studies", furnished in accordance with Section 2.18 of the Criminal Justice Act in July 1991, the Commission highlighted similar concerns in the application to Aldermen in other Local Authorities. In that Report it was recommended at page 47 that:

- *the Local Government Act and Regulations, as they currently stand, do not adequately address the plethora of potential conflict of interest situations which may arise regarding the administration of local government in this State. It is recommended that the Minister for Housing and Local Government conduct a review of the present legislation and direct amendments to be drafted where necessary to ensure it is clearly and unequivocally expressed that the pecuniary interests of local authority members and employees cannot be allowed to conflict with*

47

See also ex parte Murray and Others [1986] 2 Qd.R. 383 which is a Queensland authority for the proposition that a "pecuniary interest" refers not only to a pecuniary advantage, but also to a matter which, in a monetary sense, may affect a person adversely.

their duties. Time limits for prosecution action and penalty options should also be reviewed.

- *Local authorities should be assisted in establishing a uniform and comprehensive code of conduct."*

The Commission reaffirms these recommendations and notes that consideration of these specific areas is currently being undertaken by officers of the Department of Housing and Local Government (in response to the previously referred to recommendations made by this Commission) as part of an overall review of the Local Government Act.

C. SUMMARY OF FINDINGS AND RECOMMENDATIONS

1. FINDINGS RELATING TO ALLEGED PAYMENTS TO CANDIDATES FOR ELECTION TO THE GOLD COAST CITY COUNCIL

- Considerable sums of money by way of donations were paid by Lewis Land, the Niecon Group and the Raptis Group to candidates for election to the Gold Coast City Council;
- There is no evidence to suggest particular favours were sought or obtained by Lewis Land, the Niecon Group or the Raptis Group.
- There is no evidence of any threat made or inducement given by any of the Aldermen or candidates.
- There is no evidence of any breach of The Criminal Code or the Local Government Act.
- There is no evidence of any person engaging in conduct which was official misconduct.
- There was a conscious effort by all who gave and received donations to keep, as far as was practicable, the fact of the donations from the knowledge of the public.
- There was an expectation on the part of the developers that they would receive something in return, even if nothing more than access to Council through familiarity with some of its members via previously mutually agreeable contact.
- It cannot be accepted that the receipt of donations from a land developer would have absolutely no effect upon the deliberations of Aldermen, however uninfluenced they may claim to be.

2. FINDINGS RELATING TO ALLEGED PAYMENTS (UNRELATED TO ELECTIONS) TO AN ALDERMAN OF THE GOLD COAST CITY COUNCIL - THE AUSTRALIAN SECURITIES COMMISSION MATERIAL

- Kodogo Pty Ltd made payments on behalf of Dinlex Pty Ltd in the sum of \$321,474.

- These payments were in the nature of a loan.
- The loan was forgiven in July 1989.
- There is insufficient evidence to conclude that the moneys were corruptly or improperly paid to the benefit of Pie in his capacity as Mayor of the Council.
- There is insufficient evidence to conclude that the loan was corruptly or improperly forgiven as payment to Pie in his capacity as Mayor of the Council.

3. RECOMMENDATIONS

- The Electoral and Administrative Review Commission consider, pursuant to Section 2.10(b)(i) of the Electoral and Administrative Review Act 1989, the question of election funding in the Local Government electoral system.
- The introduction of legislation requiring, as part of a co-ordinated approach, compulsory disclosure of all donations made to Local Authority candidates.
- Such disclosure not be linked solely to election campaigns, but encompass all donations of cash or kind received by any Councillor or Alderman in the discharge of his duties.
- The introduction of harsh and enforceable penalties for failure to disclose. (Forfeiture of the seat is likely to be the most effective sanction.)
- The Local Government Act and Regulations, as they currently stand, do not adequately address the plethora of potential conflict of interest situations which may arise regarding the administration of local government in this State. It is recommended that the Minister for Housing and Local Government conduct a review of the present legislation and direct amendments to be drafted where necessary to ensure it is clearly and unequivocally expressed that the pecuniary interests of Local Authority members and employees cannot be allowed to conflict with their duties. Time limits for prosecution action and penalty options should also be reviewed.
- Local Authorities should be assisted in establishing a uniform and comprehensive code of conduct.

ANNEXURE "A"

INDEX TO WITNESSES

<u>WITNESS</u>	<u>TRANSCRIPT PAGE NO.</u>
George SENCARIUC	4914 - 4932 5672 - 5676 5907 - 5918 6119 - 6132 6726 - 6733
Donald William McNEIL	4932 - 4944
Richard John TRAVERS	4944 - 4957
Paul Barry GAMIN	4957 - 5001
Judith Margaret GAMIN	5002 - 5023
Fay Parry MEARES	5025 - 5051
Keith Leonard THOMPSON	5051 - 5080 6034 - 6052
Brian Athol PATERSON	5080 - 5095
Denis James O'CONNELL	5095 - 5118 6397 - 6419
Jill Lewis ALLEN	5118 - 5131
Aaron Ernest MacNELLIE	5131 - 5144 6017 - 6034
Alan James RICKARD	5144 - 5151 5217 - 5240
Lester John HUGHES	5240 - 5270

WITNESS

TRANSCRIPT
PAGE NO.

John Edward ALCOTT	5270 - 5294 5995 - 6017
Vincent James CAMILLERI	5294 - 5304
Kerry Terese SMITH	5304 - 5319 6269 - 6352
Marjorie Lilla THOMPSON	5319 - 5329
Elizabeth May DIAMOND	5320 - 5343
Noel John HODGES	5376 - 5412 6783 - 6801
Kenneth Gilbert NEWTON	5412 - 5462
Natalie May VINER	5462 - 5485
Gregor Vale Mate	5486 - 5509 5816 - 5845
Frederick James FRASER	5510 - 5527
Daphne Isobel McDONALD	5528 - 5551
John Charles TAYLOR	5551 - 5572
Peter Joseph LAWLOR	5572 - 5579
June Margaret REDMAN	5580 - 5605
Anthony Robert WRAGG	5606 - 5614
Trevor McDougall COOMBER	5615 - 5665

<u>WITNESS</u>	<u>TRANSCRIPT PAGE NO.</u>
John Charles WAYNE	5666 - 5671
Heinz John LEONHART	5676 - 5691
Edward Arthur BOWTELL	5692 - 5696
John Alexander NIELSON	5696 - 5700
Cameron Howard HART	5700 - 5707
Robert Alexander HEANEY	5707 - 5717
Paul Merle RAE	5717 - 5720
Debbie Ann YOUNG	5720 - 5730 5845 - 5875
Elaine Muriel TODD	5875 - 5906
James RAPTIS	5918 - 5970
Clifford John NEWMAN	5972 - 5995
Kenneth WILTSHIRE	6052 - 6058 6432 - 6448
David Thomas Francis CHILDS	6058 - 6066
Gina Catherine CHALLENGER	6066 - 6073
Desley SLATTER	6075 - 6085
William NIKIFORIDES	6132 - 6169
Constantine William NIKIFORIDES	6169 - 6174

<u>WITNESS</u>	<u>TRANSCRIPT</u> <u>PAGE NO.</u>
Victoria Kate MARTIN	6209 - 6269
Denis Duncan PIE	6352 - 6397 6801 - 6831
Brian Stanley SHEPHERD	6419 - 6427
Gary MULLER	6427 - 6432
Soheil HAZINI	6451 - 6491
Bruce Wellesley Malcolm ROGERS	6491 - 6542
Paul Lincoln REYNOLDS	6542 - 6549
Peter John LACEY	6549 - 6561
Kim SOMMERFELD	6733 - 6741
Vincent David PONCINI	6741 - 6755
Peter Eric BURDEN	6756 - 6773
Robert Henry BROWN	6773 - 6782
Geoffrey William PUTLAND	7045 - 7068
Richard Andrew Jackson CAPPS	7068 - 7093
Ian Cameron CURTIS	7093 - 7116
Christopher Charles SKASE	7117 - 7135
Anthony John SCHUTZ	7135 - 7154

ANNEXURE "B"

LIST OF EXHIBITS

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
739.	Resolution dated 15 April 1991 of the Criminal Justice Commission to hold an Inquiry and conduct public hearings	4907
740.	Financial Report on Newton's Pty Ltd by George Sencariuc	4916
740A.	Supplement to Financial Report on Newton's Pty Ltd by George Sencariuc	5672
741.	Letter dated 4 March 1988 from Richard Travers to Kenneth Newton	4949
742.	Copy of Jencol budget	4953
743.	Copy of receipt No. 15 dated 8 March 1988 for \$100	4954
744.	Copy of an advertisement in the Gold Coast Bulletin - Vote 1 Travers	4955
745.	Copy of summons - Paul Barry Gamin	4958
746.	Copy of statement dated 27 March 1991 - Paul Barry Gamin	4962
747.	Summary Invoices Chart	4971
748.	Chart of Newton's Pty Ltd Role in Processing	4972
749.	Copy of letter dated 4 March 1988 from Gamin to Raptis	4999
750.	Copy statement dated 9 April 1991 - Judith Margaret Gamin	5003
751.	Copy passbook No. 011409 - Gamin	5022
752.	Copy of summons - Judith Margaret Gamin	5023

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
753.	Statement dated 3 May 1991 - Fay Parry Meares	5027
754.	Copy of summons - Fay Parry Meares	5046
755.	Summons - Keith Leonard Thompson	5053
756.	Statement dated 26 March 1991 - Keith Leonard Thompson	5055
757.	Summons - Brian Athol Paterson	5081
758.	Statement dated 26 March 1991 - Brian Athol Paterson	5081
759.	Summons - Denis James O'Connell	5095
760.	Statement dated 26 March 1991 - Denis James O'Connell	5096
761.	Summons - Jill Lewis Allen	5119
762.	Statement dated 4 April 1991 - Jill Lewis Allen	5119
763.	Summons - Aaron Ernest MacNellie	5132
764.	Statement dated 3 April 1991 - Aaron Ernest MacNellie	5132
765.	Statement dated 26 March 1991 - Alan James Rickard	5144
766.	Summons - Alan James Rickard	5219
767.	Summons - Lester John Hughes	5240
768.	Statement dated 27 March 1991 - Lester John Hughes	5241
769.	Copy of Gold Coast Bulletin article relating to Lester John Hughes and others	5262
770.	Summons - John Edward Alcott	5270
771.	Statement dated 8 April 1991 - John Edward Alcott	5271
772.	Summons - Vincent James Camilleri	5295

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
773.	Statement dated 10 April 1991 - Vincent James Camilleri	5295
774.	Copy of summons - Kerry Terese Smith	5305
775.	Statement dated 10 April 1991 - Kerry Terese Smith	5305
776.	Summons - Marjorie Lilla Thompson	5319
777.	Statement dated 15 April 1991 - Marjorie Lilla Thompson	5320
778.	Copy of "How to Vote" card - Thompson	5324
779.	Summons - Elizabeth May Diamond	5329
780.	Statement dated 10 April 1991 - Elizabeth May Diamond	5330
788.	Summons - Noel John Hodges	5376
789.	Statement dated 18 April 1991 - Noel John Hodges	5376
790.	Contents of Box No. 5 containing Gold Coast City Council files - Lewiac Pty Ltd - Pacific Waters	5397
791.	Contents of Box No. 10 containing Gold Coast City Council files - Harbourn town area	5398
792.	Contents of Box No. 6 containing Gold Coast City Council files - Paradise Point/Pacific Gardens	5398
793.	Letter/statement/transcript - James Dalton Bergin	5412
794.	Letter dated 18 November 1987 to Elaine Muriel Todd from Newton's Pty Ltd	5458
795.	Memorandum dated 8 June 1988 to Elaine Todd from Newton's Pty Ltd	5460
796.	Copies of time sheets - Newton's Pty Ltd	5481

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
797.	Copies of purchase orders - Newton's Pty Ltd	5483
798.	Summons - Natalie May Viner	5485
799.	Summons - Gregor Vale Mate	5486
800.	List of candidates supplied by Gregor Vale Mate	5506
815.	Summons - Frederick James Fraser	5511
816.	Statement and brochure - Frederick James Fraser	5514
817.	Statement dated 8 April 1991 - Frederick James Fraser	5515
818.	Summons - Daphne Isobel McDonald	5528
819.	Statement dated 26 March 1991 - Daphne Isobel McDonald	5528
820.	Summons - John Charles Taylor	5551
821.	Statement dated 3 April 1991 - John Charles Taylor	5551
822.	Summons - Peter Joseph Lawlor	5572
823.	Statement dated 3 April 1991 - Peter Joseph Lawlor	5573
824.	Summons - June Margaret Redman	5581
825.	Transcript of Record of Interview dated 5 April 1991 - June Margaret Redman	5605
826.	Summons - Anthony Robert Wragg	5606
827.	Statement dated 4 April 1991 - Anthony Robert Wragg	5606
835.	Gold Coast City Council Election results for 1985, 1988 and 1991	5616
836.	Summons - Trevor McDougall Coomber	5617

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
837.	Statement dated 3 April 1991 - Trevor McDougall Coomber	5617
838.	Statement (undated) - Trevor McDougall Coomber	5618
839.	Pro forma letter dated 2 February 1988 from Trevor McDougall Coomber	5621
840.	Copy letter - Feez Ruthning (confidential)	5663
841.	Facsimile copy - Minutes of Meetings - 22 Orchid Ave Surfers Paradise Redevelopments	5665
842.	Summons - John Charles Wayne	5666
843.	Statement (undated) - John Charles Wayne	5666
844.	Orders from Newton's Pty Ltd to John Charles Wayne	5671
845.	Summons - Heinz John Leonhart	5677
846.	Statement dated 23 April 1991 - Heinz John Leonhart	5677
847.	Copies of invoices - Bundall Printing	5687
848.	Copy page of cash book - Bundall Printing	5687
849.	Delivery Dockets - Bundall Printing	5689
850.	Copies of Invoices - Bundall Printing	5689
851.	Summons - Edward Arthur Bowtell	5692
852.	Statement dated 20 April 1991 - Edward Arthur Bowtell	5692
853.	Summons - John Alexander Nielsen	5697
854.	Statement dated 23 April 1991 - John Alexander Nielsen	5697

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
855.	Invoice/statement - Nielsen Media	5700
856.	Summons - Cameron Howard Hart	5701
857.	Statement dated 20 April 1991 - Cameron Howard Hart	5701
858.	Invoices - February/March 1988	5706
859.	Summons - Robert Alexander Heaney	5708
860.	Statement (undated) - Robert Alexander Heaney	5708
861.	Summons - Paul Merle Rae	5717
862.	Statement dated 16 April 1991 - Paul Merle Rae	5717
863.	Summons - Debbie Ann Young	5721
864.	Statement dated 8 April 1991 - Debbie Ann Young	5721
865.	List of Gold Coast City Council election donations - 1991	5820
866.	Letter dated 31 May 1988 from John Alcott to Greg Mate together with cost Schedules	5837
867.	Copy of billing sheet - Debbie Ann Young	5846
868.	Lewis Land Corporation Limited - break up of accounts - Debbie Ann Young	5847
869.	Correspondence Young/Newton's Pty Ltd	5871
870.	Summons - Elaine Muriel Todd	5876
871.	Copies of transcript dated 9 October 1990 and 10 October 1990 - Elaine Muriel Todd	5876
872.	Copies of Time Sheets - Newton's Pty Ltd	5895

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
873.	Deposit books for period 20 November 1987 to 25 November 1988 - Newton's Pty Ltd	5897
874.	Copy of computer printout by Newton's Pty Ltd relating to Lewis Land Corporation Limited	5901
890.	Report dated 23 April 1991 on Klingon Pty Ltd by George Sencariuc	5908
891.	Letter dated 24 April 1991 from Hopgood and Ganim, Solicitors, to the Commission relating to James Raptis and Klingon Pty Ltd - information outstanding	5912
892.	Schedule of donations made by Raptis Pty Ltd	5915
893.	Copies of cash book pages - Raptis Pty Ltd - Klingon Pty Ltd	5916
894.	Summary files relating to Ephraim Island	5919
895.	Copy of transcript of evidence dated 11 April 1991 given by James Raptis	5920
896.	Copies of newspaper articles relating to James Raptis	5955
897.	Letter (undated) from Sir Robert Mathers to James Raptis	5955
898.	Schedule of Raptis Pty Ltd applications to Council	5958
899.	Contract dated 30 September 1987 between Kerry Terese Smith and Boxgrove Nominees Pty Ltd and/or Nominee	5958
900.	Copy of telephone message block (Raptis)	5959
901.	Copy of letter (undated) from Brian Paterson to James Raptis	5964

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
902.	Copies of cashbook pages - Raptis Pty Ltd	5965
903.	Copy page from appointment diary for 4 March 1988 - Raptis Pty Ltd	5966
904.	Copy of statement (undated) - Jennifer Reste	5967
905.	Copies of cheque butts - Raptis Pty Ltd	5969
906.	Summons - Clifford John Newman	5974
907.	Summons - John Edward Alcott	5996
908.	Summons - Keith Leonard Thompson	6034
909.	Statutory Declaration - Roger Ronald Welch	6052
910.	Statement dated 29 April 1991 - Peter John Lacey	6052
911.	Summons - David Thomas Francis Childs	6059
912.	Copy of election letter - David Thomas Francis Childs	6063
913.	Summons - Gina Catherine Challenger	6066
914.	Statutory Declaration dated 30 April 1991 - Jeffrey Wayne Croad	6073
915.	Summons - Desley Slatter	6075
916.	Business Card of Desley Slatter	6084
925.	Report dated 23 April 1991 on Niecon Developments Pty Ltd by George Sencariuc	6121
926.	Copies of invoices, cash receipt book entries etc of Bundall Printing relating to Trevor McDougall Coomber	6123
927.	Copies of cash receipt book entries, bank slip etc of Bundall Printing relating to Lester Hughes	6123

EXHIBIT NO.	DESCRIPTION	PAGE NO.
928.	Copies invoices, cash receipt book entries, bank slip etc of Bundall Printing relating to James Dalton Bergin	6124
929.	Transcript of Proceedings dated 11 April 1991 - William Nikiforides	6124
930.	Letter dated 6 January 1988 from Longbeach Publications to Paul Gamin	6127
931.	Summons - Victoria Kate Martin	6211
932.	Statement and supplementary statement - Victoria Kate Martin	6211 6215
933.	Letter dated 5 October 1990 from Victoria Martin to Constantine Nikiforides	
934.	Copy of Minutes of Meeting held on 4 October 1990 - "Smith Campaign Committee"	6217
935.	Notes on media press releases	6219
936.	Copy of Minutes of Meeting held on 14 March 1991 - "Smith Campaign Committee"	6228
937.	Brochure Kerry Terese Smith, Ward 7	6231
938.	Handwritten notes relating to Minutes of Meeting held on 14 March 1991	6262
939.	Minutes of "Budget" Meeting held on 6 September 1990	6263
940.	Note relating to advisory committee (developers)	6264
941.	Handwritten note relating to 'developers'	6265
942.	Handwritten notes relating to 'fundraising'	6265
943.	Copies of pages from diary of Victoria Kate Martin	6266

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
944.	Summons - Kerry Terese Smith	6269
945.	Statement dated 8 May 1991 - Kerry Terese Smith	6269
946.	Pamphlets and magazines relating to Kerry Terese Smith	6340
947.	Summons - Denis Duncan Pie	6352
948.	Statement dated 24 April 1991 - Denis Duncan Pie, together with letter dated 4 May 1991 addressed to the Criminal Justice Commission	6353
949.	Summons - Denis James O'Connell	6398
950.	Letter dated 29 April 1991 from Denis O'Connell to the Criminal Justice Commission	6402
951.	Summons - Brian Stanley Shepherd	6419
952.	Statement dated 30 April 1991 - Brian Stanley Shepherd	6421
953.	Summons - Gary Muller	6427
954.	Statement dated 7 May 1991 - Gary Muller	6428
955.	Report dated 8 May 1991 by Professor Kenneth Wiltshire "Political Donations: Towards a Code of Conduct for Australia"	6432
956.	Letter dated 2 May 1991 from Sir Clarence Harders to Peter Kelly and copy of Report dated April 1981 entitled "Inquiry into Disclosure of Electoral Expenditure"	6449
957.	Statement dated 1 May 1991 - Suzanne Jennifer McCredden	6449
958.	Statement dated 3 May 1991 - Suzanne Jennifer McCredden	6449
959.	Statement dated 30 April 1991 - Ian John Morrison	6450

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
960.	Summons - Soheil Hazini	6452
961.	Statement dated 9 May 1991 - Soheil Hazini	6453
962.	Copies of telephone message pad relating to messages from Kerry Smith to Soheil Hazini	6457
963.	Summons - Bruce Wellesley Malcolm Rogers	6491
964.	Statements dated 6 May 1991 and 8 May 1991 - Bruce Wellesley Malcolm Rogers	6492
965.	Newspaper article appearing in the Courier-Mail on 4 May 1991	6524
966.	Summons - Peter John Lacey	6549
967.	Statement dated 8 May 1991 - James Raptis	6554
968.	Copies of cashbook/cheque butts - Unitrend	6555
969.	Statutory Declaration dated 6 May 1991 - Sheree Gai Bailey	6561
970.	Statutory Declaration dated 7 May 1991, together with notes - Gregor Vale Mate	6561
971.	Statement (undated) - George Sencariuc	6562
972.	Transcript of evidence dated 11 April 1991 - Kenneth Gilbert Newton	6562
1013.	Resolution dated 23 May 1991 to hold an Inquiry and conduct public hearings	6723
1014.	Report dated 22 May 1991 by George Sencariuc on Kodogo Pty Ltd	6733

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1015.	Statutory Declaration dated 24 May 1991 - Wayne Henry Knapp	6733
1016.	Summons - Kim Sommerfeld	6734
1017.	Statement dated 23 May 1991 - Kim Sommerfeld	6734
1018.	Copy of cashbook - Kodogo Pty Ltd	6737
1019.	Copy of General Journal - Kodogo Pty Ltd	6739
1020.	Copy of Kodogo Pty Ltd Profit and Loss Statement	6740
1021.	Summons - Vincent James Poncini	6741
1022.	Statement dated 20 May 1991 - Vincent James Poncini	6742
1023.	Copy of ANZ Bank cheque dated 7 September 1988 for \$200,000 - Timoleague	6752
1024.	Summons - Peter Eric Burden	6756
1025.	Statement dated 23 May 1991 - Peter Eric Burden	6756
1026.	Summons - Robert Henry Brown	6774
1027.	Statement dated 16 May 1991 - Robert Henry Brown	6774
1028.	Letter dated 18 April 1985 from Denis Pie to the Town Clerk, Gold Coast City Council; Minutes dated 18 April 1985 of the 895th Meeting of the Gold Coast City Council; Reports dated 10 June 1985 and 26 August 1985 from the Finance Committee	6775
1029.	Minutes of Meeting dated 9 December 1986 - Gold Coast City Council	6775
1030.	Statutory Declaration dated 27 June 1991 - Thomas William Quinn	6783

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1031.	Summons - Noel John Hodges	6784
1032.	Statement (undated) - Noel John Hodges	6784
1033.	Copy of letter dated 7 January 1986 from Qintex Limited to the Mayor of the Gold Coast City Council	6795
1034.	Application for Consent dated 12 December 1985, No. 8544223 - Dia-Spar Pty Ltd	6795
1035.	Application for Rezoning dated 31 October 1986, No.8640334 - Mariners Paradise Pty Ltd	6796
1036.	Letter dated 10 August 1987 from Mirage Resorts to the Town Clerk, Gold Coast City Council	6799
1037.	Summons - Denis Duncan Pie	6802
1047.	Statutory Declaration dated 11 June 1991 - Lindsay John Kayess	7042
1047A.	Documents referred to in Exhibit 1047 above	7042
1047B.	Cheque requisitions - Kodogo Pty Ltd	7042
1047C.	Correspondence in relation to Option Agreement	7042
1048.	Statutory Declaration dated 7 June 1991 - John Edward Tabart	7045
1049.	Summons - Geoffrey William Putland	7046
1050.	Statement dated 7 May 1991 - Geoffrey William Putland	7046
1051.	Summons - Richard Andrew Jackson Capps	7068
1052.	Statement dated 12 June 1991 - Richard Andrew Jackson Capps	7069

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1052A.	Facsimile letter dated 6 May 1988 from Denis Pie Pty Ltd to the Qintex Group	7069
1052B.	Letter dated 9 May 1988 from Qintex Limited to Rothwells Limited	7069
1052C.	Cheque requisition No. 471588 dated 9 May 1988	7069
1053.	Summons - Ian Cameron Curtis	7093
1054.	Statement dated 9 June 1991 - Ian Cameron Curtis	7094
1055.	Copy of letter dated 3 June 1986 from Denis Pie to Qintex Limited	7108
1056.	Copy of letter dated 17 April 1986 from Denis Pie to Qintex Group Management Pty Limited	7108
1057.	Copy of letter dated 21 January 1986 from Qintex Limited to Denis Pie Pty Ltd	7109
1058.	Summons - Christopher Charles Skase	7119
1059.	Summons - Anthony John Schutz	7135
1060.	Statement dated 8 June 1991 - Anthony John Schutz	7136
1061.	Statutory Declaration dated 13 June 1991 - Thomas William Quinn	7153
1062.	Letter dated 11 June 1991 from MacGillivray & Co. to the Criminal Justice Commission, together with a copy of the Option Agreement	7153
1063.	Letter dated 26 April 1991 from the Criminal Justice Commission to Geoffrey Taylor; letter dated 26 April 1991 from the Criminal Justice Commission to Ron Workman; and transcript of evidence dated 18 April 1991 - Elizabeth May Diamond	7206

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>	<u>PAGE NO.</u>
1064.	Letter (undated) from Ronald Workman to the Criminal Justice Commission	7206
1065.	Copy of National Australia Bank cheque No. 551950, together with cheque butts and stamps	7207
1515.	Letter dated 20 June 1991 from Feez Ruthning, Solicitors, attaching letter dated 17 June 1991 from Bernard Lewis	9644
1516.	Statement dated 24 September 1991 by Wayne Henry Knapp referring to enquiries made in relation to Gold Coast City Council documents concerning the Mirage Resort	9644
1517.	Memorandum dated 1 October 1991 by Peter Guild concerning the Carrara Football Ground	9644
1518.	Supplementary Report dated 25 September 1991 by George Sencariuc relating to an examination of payments by Kodogo Pty Ltd on behalf of Dinlex Pty Ltd	9644
1519.	Copy of Statutory Declaration dated 8 October 1991 - Mark Charles Hosking	9644
1520.	Statement dated 3 October 1991 by Peter Guild relating to enquiries concerning entries in the general journal of Kodogo Pty Ltd	9645
1521.	Statement dated 24 September 1991 by Peter Guild referring to enquiries made in relation to Gold Coast City Council documents concerning Lewis Land, the Niecon Group and the Raptis Group	9645

ANNEXURE "C"

LIST OF LEGAL REPRESENTATIVES

COUNSEL	INSTRUCTED BY	ON BEHALF OF	DATE APPEARANCE ANNOUNCED
Mr R W GOTTERSON QC and Ms E M O'REILLY	Messrs Feez Ruthning & Co	Lewis Land Corporation Newton's Pty Ltd Gregor Vale Mate Kenneth Gilbert Newton Natalie Muriel Viner	11/4/91 16/4/91
Mr P A KEANE QC and Mr R A PERRY	Messrs Hopgood and Ganim	The Raptis Group of Companies James Raptis	11/4/91 7/5/91
Mr A J MacSPORRAN	Messrs Primrose Couper and Cronin	The Nikiforides Group of Companies William Nikiforides Constantine Nikiforides Paul Barry Gamin Judith Margaret Gamin	11/4/91 16/4/91
Mr P E NOLAN	Messrs Feez Ruthning & Co	The Nikiforides Group of Companies William Nikiforides Constantine Nikiforides	7/5/91
Mr J G CROWLEY QC	Messrs Clinton R Smith & Co	Kerry Terese Smith	7/5/91
Mr P J FAVELL and Mr A J RAFTER	Messrs A MacGillivray & Co	Denis Duncan Pie	27/5/91
Mr G N HARLEY	Henderson Trout	Christopher Charles Skase	13/6/91
Mr D G RUSSELL QC	Messrs Ponting and Co	June Margaret Redman	23/4/91

ANNEXURE "D"

**ELECTORAL CANDIDATES FOR THE COUNCIL OF
THE CITY OF GOLD COAST**

MAYORAL CANDIDATES

1985	1988	1991
COX, Roger O'CONNELL, Denis J PIE, Denis D*	BELL, Alexander J D* BONIFACE, John W O'CONNELL, Denis J PIE, Denis D SHEPHERD, Brian S	BELL, Alexander J D* SHEPHERD, Brian S

MEMBER - DIVISION NO. 1

1985	1988	1991
GIBBS, Christopher J* RICKARD, Alan J SCIACCA, Joseph A	ALCOTT, John E CAMILLERI, Vincent J DEVINE, Jeffrey HEOPNER, John W MacNELLIE, Aaron E RICKARD, Alan J*	ALCOTT, Heath B CAMILLERI, Vincent J O'CONNELL, Denis J RICKARD, Alan J*

MEMBER - DIVISION NO. 2

1985	1988	1991
CAMBRIDGE, Wilfred E GALBRAITH, George A HUGHES, Lester J* LAMBERT, Anthony W MUIRHEAD, F	CORBY, John P HUGHES, Lester J* LAMBERT, Anthony W MEARES, Fay P O'NEILL, Heather V TYRRELL, Terence L	CORBY, John P* FRASER, Frederick J HUGHES, Lester J LEE, Robert E F

MEMBER - DIVISION NO. 3

1985	1988	1991
ARNETT, Augusta A KEENE, David A LAWLOR, Peter J RYDER, William D SIMPSON, Malcolm J WEBBER, Peter F* WORKMAN, Ronald S	BOXALL, John B HARLEY, Ernest O LAWLOR, Peter J* McNEIL, Donald W NORTH, Robert E TRAVERS, Richard J WEBBER, Susan R	COPLAND, Geoffrey S HOLLAND, Ronald H LAWLOR, Peter J*

* Denotes successful candidate

MEMBER - DIVISION NO. 4

1985	1988	1991
GULLIVER, Terence R PATERSON, Brian A*	McLAUGHLIN, Carol A NEMETH, Agnes PATERSON, Brian A* THOMPSON, Marjorie L	CHILDS, David T F CRICHLLOW, D M* REINHARDT, Colin D SIMM Robert G

MEMBER - DIVISION NO. 5

1985	1988	1991
FRASER, Frederick J GRAYDON-TAYLOR, Paul D IRWIN, Douglas R PARER, Maria THOMPSON, Keith L* WARLAND, Gregory P WICKS, John M	THOMPSON, Keith L* WALKER, Joseph A WARLAND, Gregory P	DURMISOV, Gary J MULLER, Gary SMOUT, John T THOMPSON, Keith L*

MEMBER - DIVISION NO. 6

1985	1988	1991
ADAMS, Lynton D BALDWIN, Alan L BELL, Alexander J B* BISHOP, Bruce E COLBY, Richard D NESBITT, David A PETERS, Eileen M D TAYLOR, Geoffrey N WOOD, Len S	BAILDON, Gary J* DAVIDSON, Christopher R FRASER, Frederick J McCABE, Patrick G NEWMAN, Clifford G RIGGS, Donald S WEBBER, Peter F	ALLEN, Jill L BAILDON, Gary J* BONIFACE, John W O'KANE, Jeanie D

MEMBER - DIVISION NO. 7

1985	1988	1991
BERGIN, James D* EGERTON, Sir John A R	ALLEN, Jill L BERGIN, James D* KUHNE, Otto E A SCOTT, George M SMITH, Kerry T	CHALLENGER, Gina C SALEM, Khalil SMITH, Kerry T* WALLACE, Luke I

* Denotes successful candidate

MEMBER - DIVISION NO. 8

1985	1988	1991
GAMIN, Paul B* LAWS, John R TAYLOR, John C	GAMIN, Paul B* HALCROW, Kenneth R LAWRIE, Wayne R LAWS, John R	GAMIN, Paul B*

MEMBER - DIVISION NO. 9

1985	1988	1991
COOMBER, Trevor McD* GREEN, Gordon S LUCHETTI, Joseph	COOMBER, Trevor McD* McDONALD, Daphne I RIGNEY, John A	JAMES, Warren D McDONALD, Daphne I* RIORDAN, John A

MEMBER - DIVISION NO. 10

1985	1988	1991
CAREY, Michael A CURTIS, Russell C DIAMOND, Elizabeth M* GRABOWSKI, Maria C LEVY, Lois C	BREWER, William R* CAREY, Michael A CHAPMAN, Paul S HANCOCK, Robert A LEVY, Lois D TAYLOR, John C	BREWER, William R CHAPMAN, Paul S LANHAM, Royce C TURNER, Peter J*

* Denotes successful candidate

ANNEXURE "E"

PAYMENTS BY KODOGO PTY LTD FOR THE BENEFIT OF DINLEX PTY LTD

DATE	CHEQUE NUMBER	DETAILS	AMOUNT
08/09/85	000046	LOAN: DINLEX	31,091.10
02/10/86	12401	CARBOULTURE SHIRE COUNCIL	5,044.50
07/10/86	12402	ROTHWELLS	30,589.38
05/12/86	12405	ROTHWELLS	29,706.97
29/12/86	12406	COMM. LAND TAX	2,403.00
04/02/87	012413	ROTHWELLS INTEREST	15,647.53
16/02/87	012414	ROTHWELLS RE DINLEX INTEREST	15,709.56
16/03/87	012415	HENDERSON LAHEY: LEGALS S/DUTY DINLEX	6,837.00
06/04/87	012416	ROTHWELLS RE DINLEX INTEREST	14,420.61
28/04/87	012420	BARRY DREDOE & ASSOC: FEE TOWN PLAN SERVICE	842.00
28/04/87	012421	COMM. LAND TAX	3,933.50
06/05/87	012422	ROTHWELLS	13,921.26
05/06/87	012424	ROTHWELLS	13,592.18
01/07/87	012427	BODDENS SOLICITORS	4,734.42
06/07/87	012432	ROTHWELLS LIMITED	12,304.40
28/08/87	559175	HENDERSON TROUT LEGALS - DINLEX	3,050.00
28/08/87	559176	ROTHWELLS INTEREST - DINLEX	2,740.16
28/08/87	559177	ROTHWELLS - DINLEX	50,000.00
28/08/87	559178	ROTHWELLS - DINLEX	9,431.84
04/09/87	012443	ROTHWELLS LIMITED	11,558.16
11/09/87	012444	CARBOULTURE SHIRE COUNCIL	5,085.00
05/10/87	012447	ROTHWELLS LTD	10,640.57
04/11/87	012448	ROTHWELLS	11,482.58
02/12/87	012468	BODDENS: (LOAN DINLEX)	3,661.88
09/05/88	471586	ROTHWELLS - DINLEX	13,000.00
		Total	8321,427.60