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EXCLUSIVE POLITICS QUEENSLAND CCC

CCC launches corruption probe into Moreton Bay Regional Council

By **Mark Solomons**

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The Crime and Corruption Commission is investigating Moreton Bay Regional Council and its handling of a multi-million-dollar contract it has with a major political donor to, and friend of, mayor Allan Sutherland and other councillors.

In late May, the council went into closed session to debate renewing and extending a three-year, \$7 million contract to promote the region with private company Moreton Bay Region Industry and Tourism Ltd. The contract, first awarded in July 2016, was not due to expire until June 2019.



The Moreton Bay Regional Council is being investigated by the Crime and Corruption Commission.

Photo: Tammy Law

Councillors, citing conflicts of interest, delegated the decision to chief executive Darryl Hitzman but, at the time of publishing, it was unclear what happened next. Even the council's spokesman on economic development, councillor Peter Flannery, was on Monday night unable to say whether the contract had in fact been renewed.

The CCC probe into Moreton means four of the biggest metropolitan local governments in south-east Queensland, representing a total population of about 1.5 million people, are now the subject of corruption investigations.

MBRIT's chairman, chief executive and co-director is Shane Newcombe, whose family has significant business interests in the Moreton Bay area, running a string of car dealerships under the Village Motors brand.

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The family donated a total of \$40,000 to Moreton Futures Trust, a fund used to support the 2016 electoral campaign of mayor Allan Sutherland, as well as councillors James Houghton, Julie Greer and Peter Flannery. It also supported Cr Sutherland in 2012, when it loaned electoral cash to deputy mayor Mike Charlton.

At the May 29 council meeting, seven of the 13 councillors, including Crs Sutherland and Greer, declared "perceived conflicts of interest" and recused themselves from voting on the contract renewal.

This meant the meeting was no longer quorate and as a result no councillor voted, with the decision instead being delegated to Mr Hitzman, with a recommendation to renew the contract and "increase support for this regionally beneficial enterprise".

Council minutes show five of the councillors - Crs Sutherland, Charlton, Greer and Cr Koliana Winchester and Cr Matt Constance - cited having attended Shane



Moreton Bay mayor Allan Sutherland.

Photo: Supplied

Newcombe's wedding as a reason for the perceived conflict of interest. Cr Constance also revealed he had been the celebrant at the wedding.

Cr Darren Grimwade declared a perceived conflict because he "is a friend of Mr Shane Newcombe, the chairman and CEO of MBRIT". Cr Adrian Raedel declared a perceived conflict "as he has an employee of MBRIT who could be classed currently as a friend".

None of the councillors who have received political donations from Moreton Futures Trust mentioned this in their declarations and Crs Flannery and Houghton, both of whom were funded by MFT, made no declaration at all.

The Newcombe family owns Village Motors, which runs dealership franchises in the Redcliffe and North Lakes area for Holden, Nissan and Renault, as well as the Brisbane Isuzu truck dealership.

MBRIT, an unlisted public company set up in 2015, charges fees to local businesses and claims 300 members on its website, where it describes itself as a "not-for-profit organisation that works on behalf of ... organisations from a range of sectors, including: accommodation providers, tour operators, transport providers, restaurants and cafes, trades, professional services, community services, retail and many more".

It runs the annual kite festival at Clontarf, organises regular business conferences to attract investment and other events.

Council records show MBRIT was awarded an initial \$6.7 million, three-year contract in July 2016. No disclosures have been made about any changes to this arrangement.

The agenda for the May 29 council meeting stated: "Having achieved the strategic outcomes of the existing service level agreement, MBRIT is looking to expand these activities. Given the success of these activities, it is recommended that council increase its support for this regionally beneficial enterprise."

The meeting was closed on the basis "the matter involves other business for which a public discussion would be likely to prejudice the interests of council or someone else, or enable a person to gain financial advantage".

Cr Flannery said he had seen no reason to declare a conflict at the meeting.

He said Cr Sutherland had told him and other councillors prior to the awarding of the initial MBRIT contract in 2016 that they need not worry about a conflict based on relationships with Mr Newcombe "because Shane Newcombe's business is separate from his mother's business".

Mr Newcombe's mother, Marlene, is the majority shareholder in Newcombes Holdings, which made a \$20,000 donation to Moreton Futures Trust ahead of the 2016 local elections. Shane Newcombe has been a co-director since 2008.

There is no suggestion of impropriety on the part of the Newcombes.

Cr Flannery said the approach to managing conflicts had since changed. At a meeting last month to award contracts for council vehicles, several councillors declared perceived conflicts because of their friendship with Mr Newcombe and his mother's ownership of Newcombe Holdings. Others mentioned the connection to Mr Newcombe's father Alan and his ownership of Brisbane Isuzu.

"Although the (Local Government) Act says we don't have a conflict with the (Moreton Futures) Trust, now the public perceives there can be a conflict," Cr Flannery said.

Cr Flannery said councillors had sought advice from the chief executive prior to the meeting to discuss the MBRIT contract because Mr Newcombe's wedding had taken place just a week earlier.

Cr Flannery said the early contract renewal had been to "give some more security to MBRIT".

"They wanted a bit more longevity, to employ people on longer-term contracts," he said.

But Cr Flannery said he was "unsure" about what had happened since the meeting.

Fairfax Media has learned the CCC began investigating the matter involving MBRIT last month after receiving a detailed complaint from a ratepayer about the handling of the contract renewal and councillors' declarations of conflicts of interest.

A CCC spokesman said: "The CCC can confirm that it has received a complaint involving Moreton Bay Regional Council and is currently investigating this matter. As the investigation is ongoing it would not be appropriate for the CCC to comment further."

Moreton Bay Regional Council did not respond to questions by deadline, with a spokesman blaming the Ekka Day public holiday in the region.

Comment has been sought from Mr Newcombe.

In its Operation Belcarra report, published in October last year, the CCC singled out Moreton Bay Regional Council as having a poor record in councillors declaring conflicts of interest. It noted that councillors had failed to declare conflicts when deciding on development applications by donors to Moreton Futures Trust and that when they were cross-examined about this in public hearings, they had claimed not to know who the donors were.

"The notion that a conflict of interest is somehow washed away by a donation being made via a third party is completely unreasonable and raises serious questions about the intentions behind using the (Moreton Futures Trust) model," the CCC wrote in its report.

"It seems to the CCC that some councillors are particularly failing to recognise perceived conflicts of interest arising from donations, having little or no regard for how the

donations they receive may be seen by members of the public to compromise the performance of their duties.”

Mr Newcombe has also been a political donor to the LNP, giving \$5000 to the party in 2010, according to Electoral Commission Queensland records.

MBRC is the third-largest local government in Australia with a \$622 million annual budget and well over 400,000 residents.

The CCC probe into MBRC means south-east Queensland councils representing a total population of about 1.5 million people are now the subject of corruption investigations.

The CCC has executed search warrants at Logan City Council and charged mayor Luke Smith with official corruption and perjury and flagged that it is investigating corruption allegations at the Gold Coast City Council. At Ipswich, 15 people connected with the council including two mayors and two chief executives are facing a total of 86 charges, including corruption, fraud and extortion.

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Mark Solomons is an investigative journalist for Brisbane Times.

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