
ATSIC gave too much money to new company to `save face`

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ATSIC loaned too much money to a start-up indigenous fishing company to make up for a failed joint venture, a former director of the company said.

The over-investment was made because the commission had "egg on its face" after the proposed joint-venture partner collapsed.

Barry Taylor, who said he quit Pilbara Fishing Ventures when he became a full-time Aboriginal and Torres Strait Islander Commission regional council chairman last December, said the original loan application was for less money.

"I agree with you that \$3million was too much, but there were circumstances behind that," he said.

"It was a joint venture, the joint venturers went belly up as the boat was being built, so ATSIC was left with egg on its face."

The Australian reported in August the \$3 million loan to the fishing company, which is part-owned by Corey Whitby, the son of ATSIC commissioner Terry Whitby, and by Mr Taylor, who chairs ATSIC'S Ngarda-Ngarli-Yarndu regional council.

Mr Taylor insisted he had resigned as a director and shareholder in December 2002.

But the company's registered agent, Allan Butson, conceded this week the papers confirming the resignation had not been lodged with the Australian Securities and Investments Commission, and that the company would incur a fine.

The news comes as Indigenous Affairs Minister Philip Ruddock's office announced that the loan and any conflicts of interest surrounding it were under investigation.

An ASIC document shows ATSIC removed the security it had placed over the fishing company's \$3million boat and \$400,000 tuna quota licence on November 25, 2002. Such a step would not normally be taken until the debtor had repaid its loan.

"Beauty -- that means we don't owe them any money," Mr Butson said jokingly. "It's probably a mistake by the sound of it. If they've released that, it means any asset of the company isn't encumbered so if we default they take the boat but nothing else."

A spokesman for the new federal agency Aboriginal and Torres Strait Islander Services, which inherited ATSIC's economic loans program in July, said he could not verify Mr Taylor's assertions, but said ATSIC still held the title to the boat as surety.