

Darwin contractor pleads guilty to defrauding Indigenous jobs program

BY Christopher Walsh
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Timothy Schwab has pleaded guilty to defrauding the IEPS and was remanded in custody.

A Darwin contractor who defrauded an NT Government Indigenous employment program of more than \$200,000 through inflated invoices and fabricated timesheets has pleaded guilty in the Northern Territory Supreme Court.

Key points:

- Timothy Schwab of Timber and Steel Constructions is the first person convicted of defrauding the Indigenous Employment Provisional Sum
- Court heard Mr Schwab defrauded more than \$200,000 through fabricated invoices and inflated timesheets
- Auditor General found the IEPS program had been possibly rorted of more than \$100 million

Timothy Schwab on Friday pleaded guilty to one count of obtaining a benefit by deception on 56 different occasions between November 2015 and June 2017.

He becomes the first person convicted of rorting the Indigenous Employment Provisional Sum (IEPS) scheme that was established by the previous Country Liberal Party government to incentivise local construction companies to hire Indigenous workers, but was shut down in August 2017 amid widespread fraud allegations.

In the 20 months since the program was shut down, only two small construction companies have been charged with defrauding the scheme.

Schwab admits to wrongdoing

The court heard in a statement of agreed facts that Mr Schwab defrauded the IEPS scheme of \$213,312 paid out to his company Timber and Steel Constructions through the fabricated documents.

Mr Schwab admitted to inflating wages and hours and fabricating timesheets filed with the Department of Infrastructure, Planning and Logistics to claim money from the program.

In other instances, Mr Schwab claimed subcontractors as his own employees in work sheets and claimed other workers as Indigenous who weren't employed by him.

In a statement to the court, a current senior Department of Infrastructure, Planning and Logistics (DIPL) employee praised Mr Schwab as an "honest and responsible person", but that was later discounted by Crown Prosecutor David Morters as being unauthorised and "not reflective of the views of the department".

DIPL says department was defrauded

DIPL chief executive Andrew Kirkman prepared a "victim impact statement" for the court, in which he claimed the department was a victim of the fraud because of a "disruption to [its] general operations" by having to investigate the allegations and determine which claims were fraudulent and which were legitimate.

The IEPS program has been widely criticised for not properly ascertaining the validity of claims at the time they were coming in and for allowing potentially more than \$100 million of taxpayer money to be rorted.

Last December, an ABC investigation found that three of the NT's largest construction companies were paid more than \$10 million through the IEPS program that the Auditor General found was lacking oversight and accountability and which another internal report found was "being taken advantage of".

'He's just a small fish': Charlie Riley

Mr Schwab, who was supported in court by a dozen family members, friends and employees, was remanded to spend the weekend in jail, with a sentencing hearing scheduled for Tuesday.

Outside court, Mr Schwab's father-in-law Charlie Riley defended him, and accused the NT Government of implementing a flawed program that was poorly designed and not properly regulated.

Mr Riley said it wasn't fair that the Government has pursued Mr Schwab while much more money was allegedly defrauded by bigger companies.

"He's just a small, little fish," Charlie Riley said.