

**Domain preview**

Your new Friday  
property guide



# ILLAWARRA MERCURY

SINCE 1855

Friday, July 25, 2008

\$1 (incl GST)

**EXCLUSIVE: STUNNING STAT DEC**



## The go-between

A former city councillor claims Wollongong MP Noreen Hay summoned him to a meeting with disgraced developer Frank Vellar to pressure him to overturn a council decision. In a sworn statement obtained by the Mercury, Frank Gigliotti said it was clear to him Ms Hay was acting on Mr Vellar's behalf over the North Beach Bathers' Pavilion. Ms Hay flew home to the emerging controversy yesterday, stating the matter had been dealt with at ICAC.

**MARIO CHRISTODOULOU REPORTS: PAGES 4, 5, 6**

Picture: DAVE TEASE

**EXCLUSIVE: Councillor's sworn claim that MP**

# Hay embroiled in

**SPECIAL REPORT**

By MARIO CHRISTODOULOU

A FORMER Wollongong councillor has told how MP Noreen Hay called him to a meeting with disgraced developer Frank Vellar in a bid to overturn a decision on the North Beach Bathers' Pavilion.

Frank Gigliotti claims Ms Hay arranged the meeting in her office last year, the day after the council knocked back a motion to spend \$600,000 on work to support Mr Vellar's pavilion redevelopment.

In a statutory declaration obtained by the *Mercury*, Mr Gigliotti said Ms Hay and Mr Vellar wanted him to lodge a rescission motion.

Mr Gigliotti said he felt pressured "because of Noreen's influence in the ALP", but he refused to do what they asked.

"It became very clear to me that the reason that Noreen had asked me to 'pop in' to see her was to act on behalf of Frank," Mr Gigliotti said.

He claims that Cr Val Zanotto was then contacted and asked to lodge the rescission motion - a claim supported by Mr Zanotto yesterday. He recalled the February 2007 conversation, though not the specific date, and said he had "refused to co-operate".

In his sworn statement, Mr Gigliotti claims he told the Independent Commission Against Corruption (ICAC) about the meeting after investigator David Lusty asked him to "come clean on Noreen Hay" in January this year.

He expected his evidence to be used in the public hearings into the council.

"But as far as I know they didn't (use it). It certainly wasn't introduced at the hearing," he stated.

ICAC would not comment.

When Ms Hay arrived at Sydney Airport from London yesterday, she declined to respond to questions put to her by the *Mercury*.

Later in the day she issued a statement which said: "It is my understanding that this matter has been dealt with by the ICAC which found that I was not a person of interest and I have nothing more to add."

During the ICAC hearings, an October 2006 telephone intercept was played in which Mr Vellar asks Ms Hay about contacting Wollongong councillors about his pavilion proposal.

"So, do you suggest that I start making contact with the Labor aldermen, or should I leave that with you?" Mr Vellar said on the recording.

Ms Hay told him she needed more information but he should leave the councillors to her.

"Yeah, because then you can go and talk to Kiril (Jonovski), Zeki (Esen) and Frank (Gigliotti)," Mr Vellar said.

"Yeah, exactly so ... I'll talk to the councillors then," she said.

Commissioner Jerrold Cripps, QC, later said Ms Hay was not a person of interest and she defended the exchange: "I stand by that conversation ... I listened to opponents of the project in my office as well and I attended some of the protest meetings."

She said after NSW Heritage got involved with the project, "I had nothing to do with it". The pavilion was heritage-listed in June 2005.

Ms Hay also denied she showed favour to Mr Vellar's proposals because she had received a \$4000 political donation from his company Sebvell Living.

"I wasn't doing anybody's bidding," she said in April.

ICAC found that Mr Vellar and senior planner Beth Morgan had engaged in "serious corrupt conduct" when they engineered the approval of the Quattro development on Wollongong's Flinders St.

Mr Vellar said this week he did not recall a meeting with Ms Hay and Mr Gigliotti.

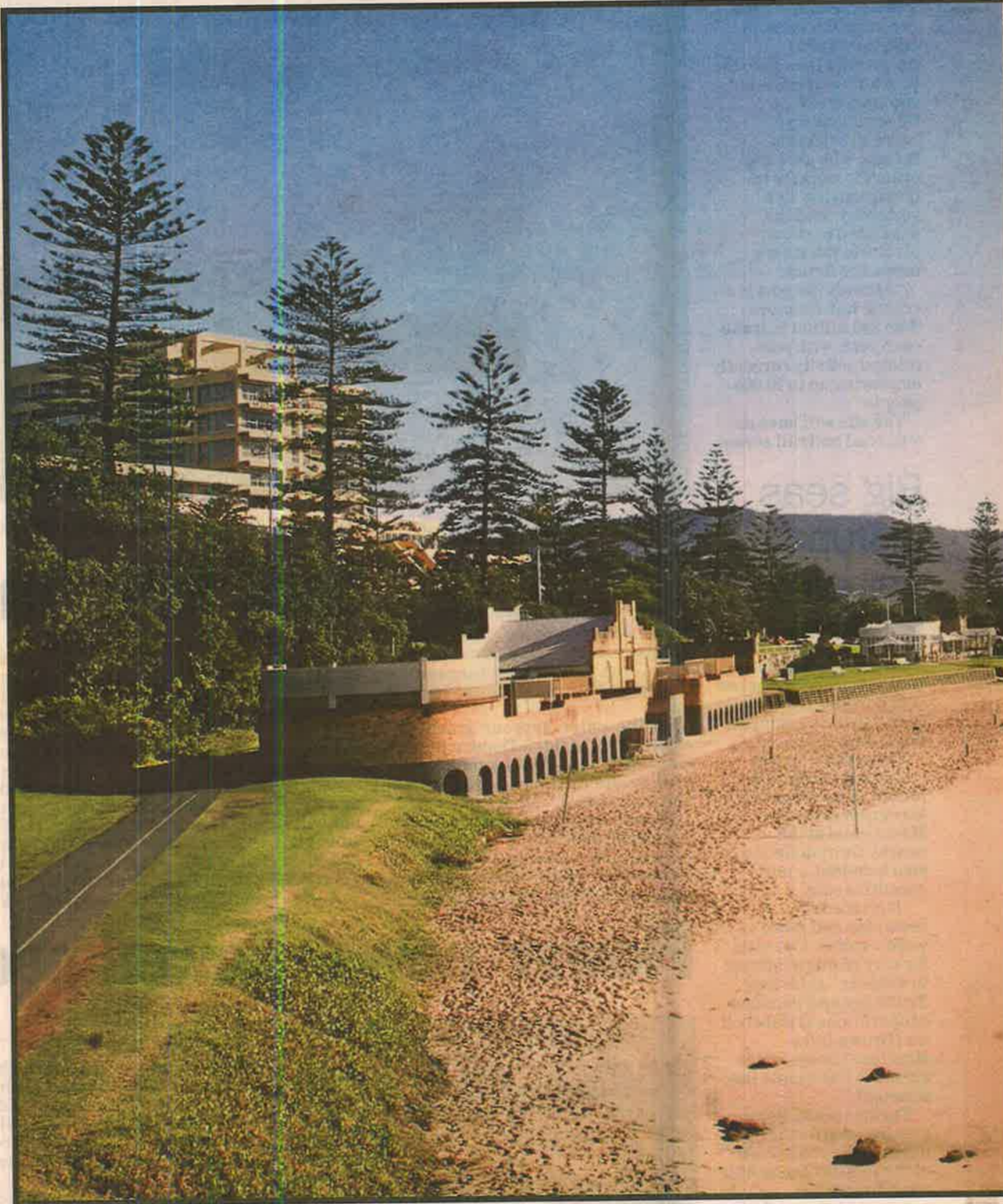
"Not that I recollect. I really can't help you," he said.

Mr Gigliotti also came under scrutiny during the ICAC hearings after he was filmed handing over a \$500 case of whiskey to convicted conman Raymond Younan. The council was sacked after Commissioner Cripps found it suffered from systemic corruption.

In an earlier ICAC investigation into bribery allegations, Commissioner Cripps criticised Mr Gigliotti for giving inconsistent evidence.

Mr Gigliotti signed his statutory declaration earlier this month. He would not comment on it when contacted this week.

■ THE STATUTORY DECLARATION: P6



**HAY, VELLAR and the COUNCIL**

**February 29, 2008:**

A taped phone call in which Noreen Hay agrees to help Frank Vellar gain political support for the North Beach Bathers' Pavilion is tendered as evidence to the ICAC inquiry.

In the phone intercept, from October 6, 2006, Ms Hay tells Mr Vellar she will speak to Wollongong Labor councillors Kiril Jonovski, Zeki Esen and Frank Gigliotti about Mr Vellar's development plans for the pavilion.

Ms Hay tells the media: "I have done nothing wrong. I have detailed these discussions with developers and Wollongong council to the ICAC."

**March 3, 2008:**

Commenting on the 2006 phone intercept, Ms Hay tells the *Mercury*: "I stand by that conversation because, what is it people think MPs do? "My door is open to anyone and I have

made hundreds of representations to council staff and councillors for a wide range of my constituents.

"I listened to opponents of the project in my office as well and I attended some of the protest meetings.

"After NSW Heritage got involved with the project I had nothing to do with it."

**April 14, 2008:**

Interviewed by the ABC's Four Corners program, Ms Hay says she made representations to the council on behalf of all sorts of people.

"If people do the wrong thing they have to pay the price for that.

"In my case, I haven't done the wrong thing.

"That phone call could be the same as 100 other phone calls and that's what people ask of me."

When asked if she was prepared to do Mr Vellar's bidding because of his

political donations, she said: "I wasn't doing anybody's bidding.

"I was doing what I do as an MP."

**April 15, 2008:**

Ms Hay denies claims by independent councillor Dave Martin she attended council meetings on August 23, 2004 and March 19, 2007 at which the pavilion lease was dealt with.

"I rarely ever went to council meetings and I don't believe I did (attend the meetings)."

**June 14, 2008:**

In reference to her lobbying, Ms Hay tells the *Mercury*: "Whether it be with a developer or with business people or anyone else, I see my role as a facilitator - the person who makes sure Joe Bloggs is being treated fairly."



**New claims:** Wollongong MP Noreen Hay at Sydney Airport after arriving back from London yesterday. Picture: DAVID TEASE

helped developer in bid to overturn decision

# new controversy



NOREEN HAY

## TROUBLED TIMES FOR HAY

■ **February 22, 2008:** Noreen Hay says she has received about \$6000 from developers named as persons of interest by the Independent Commission Against Corruption (ICAC).

She agrees to return the political donations. "Wherever there is doubt about the integrity of donors, I will be returning that donation," she said.

■ **February 29, 2008:** Noreen Hay is stood down as parliamentary secretary for health by Premier Morris Iemma after a telephone intercept is played at ICAC hearings.

In the intercept Mr Vellar asks Ms Hay to contact councillors about his North Beach Bathers' Pavilion proposal. Ms Hay replies: "Yeah. Can you call into my office next week at all?"

Ms Hay denies any wrongdoing and two days later is reinstated to her parliamentary secretary position by Mr Iemma after ICAC Commissioner Jerrold Cripps, QC, publicly states she is not a person of interest.

■ **April 9, 2008:** Noreen Hay says it is not inappropriate that she sit on a Labor Party committee which decided the fate of Labor councillors named in public hearings.

Ms Hay represented the Premier on the internal ALP committee which decided to expel former Wollongong council officer Joe Scimone and former Wollongong councillors Frank Gigliotti, Kiril Jonovski, Zeki Esen and Val Zanotto from the ALP.

"I was not there as Noreen Hay, Member for Wollongong, I was there representing the Premier," she said at the time.

■ **May 13, 2008:** It is revealed Noreen Hay failed to include about 90 political donations worth \$110,000 in her initial campaign funds declaration for the 2007 election.

The donations include \$2000 from developer Frank Vellar and \$2000 from his company Sebvell. Ms Hay said the mistake was made in ALP head office.

"All the information was provided to (Labor's head office) in time for the original return ... and head office was the agent and they have stated publicly that this is their administration error."

## THE MERCURY SAYS

### MP must be stood aside during inquiry

FRANK Gigliotti's explosive statutory declaration, claiming he was pressured at a meeting convened by Wollongong MP Noreen Hay and attended by developer Frank Vellar raises serious questions that must go before an official inquiry.

At the heart of the former councillor's sworn statement is the implication Ms Hay put herself into play on a council decision affecting a controversial development.

Ms Hay might defend herself by saying she merely facilitated a meeting. Previously she has stated she talks to all sorts of people across the community about all sorts of things.

Indeed, her interpretation of the meeting may be quite different to Mr Gigliotti's. Yesterday she stated the matter had been dealt with by the Independent Commission Against Corruption (ICAC). Ms Hay was not named as an "affected person" at the ICAC public hearings earlier this year.

However, given the serious nature of Mr Gigliotti's claims, Premier Morris Iemma should announce an inquiry to establish the facts about the meeting.

And he should stand Ms Hay aside from her position as parliamentary secretary for health until the matter is resolved - one way or the other.

## Council urged to give bathers' pavilion development a hand

### THE BACKGROUND

By MARIO CHRISTODOULOU

THE way Frank Gigliotti tells it, he felt backed into a corner by Wollongong MP Noreen Hay and controversial developer Frank Vellar over the North Beach Bathers' Pavilion.

In the early months of 2007 the pavilion was big news.

Long before details of Mr Vellar's lascivious relationship with senior council planner Beth Morgan emerged, the Wollongong developer made headlines over his plans to transform the pavilion into a modern two-storey restaurant.

Heritage advocates

opposed the plan. Wollongong City Council officers supported it. Councillors were stuck in the middle.

It was in this climate on February 19, 2007 that then Councillor Gigliotti and his colleagues voted to defer a motion that would have saved Mr Vellar \$600,000 in construction costs.

The next day, Mr Gigliotti claims, Ms Hay asked him to "pop in for a chat" at her office.

When he arrived he was met by Ms Hay and, unexpectedly, Mr Vellar.

"I was surprised to see Frank Vellar there because Noreen had not mentioned to me that he would be there and I felt very uncomfortable and

apprehensive because Frank Vellar had a development proposal that had recently been rejected by me and council," he said in his statutory declaration.

Mr Gigliotti claims Ms Hay asked him about how he had voted at the council meeting.

"Noreen said to me 'Did you guys pass a resolution at the council meeting against Frank's application for the bathers' pavilion?' I answered 'yes we did'. Then Frank Vellar said 'Frank we need you to put in a rescission motion calling on council to rescind the previous motion for the bathers' pavilion PPP (Public Private Partnership)."

"It became very clear to

me that the reason that Noreen had asked me to 'pop in' to see her was to act on behalf of Frank. I was very uncomfortable with this request and I felt a lot of pressure because of Noreen's influence in the ALP.

"I said, 'No mate, I'm not doing it'."

Mr Gigliotti said he advised Mr Vellar to contact Labor councillor Val Zanotto to lodge the rescission motion instead.

According to Mr Gigliotti's statement, Mr Vellar replied: "Can you call Val?" And Ms Hay added: "Yes I think that would be better."

According to Mr Gigliotti, Mr Zanotto also refused to lodge the rescission motion. Mr Zanotto said although he

could not recall a specific date "calls did occur, but I refused to co-operate".

Mr Vellar said he could not recall the meeting.

The motion the council had voted to defer would have saved Mr Vellar about \$600,000 on construction costs for his pavilion proposal.

Mr Vellar had been given a 35-year lease on the building in 2004, which would only come into effect once a development application was approved.

In 2007, costs were mounting for Mr Vellar's project and he appealed to the council to help out with construction.

In order to preserve the commercial viability, council officers

recommended that the council pay half the construction costs for new stairs, a walkway and new toilet facilities.

However, councillors deferred the motion pending a report outlining the cost of refurbishing the building. They also wanted to explore the possibility of making the design single storey. A month later a similar motion was submitted to the council. This time councillors voted to commit the \$600,000 of ratepayers' money to give Mr Vellar a helping hand.

The motion was moved by David Brown and seconded by Kiril Jonovski. There is no record of how other councillors, including Mr Gigliotti, voted on the issue.