

SlugGate

Not that long ago, an immigration business in China had a client who was a high Communist Party official in the local city. The business provided services to the official over a lengthy period but the official's visa application to the country he sought to visit failed. He demanded a refund from the business. The business said 'no', as the services had already been provided. They could not guarantee results. Within days the business's directors were jailed, all their records confiscated and staff ordered to leave by local police.



Of course this was in China. The 'rule of law' is overridden by the 'rule of the powerful'. This would never happen in Australia we would assume. But take this example.

ICook Foods was a 30-year-old, family business supplying food to aged care homes and others in Melbourne.

The Dandenong City Council was the health regulator of ICook Foods. Dandenong CC was also in partnership with other local councils in a food business (Community Chef) in direct competition with ICook.

In other words, the government regulator was also a commercial competitor to a private-sector business that it was regulating. Community Chef was bleeding heavy losses from the day it opened in 2009.

On the 21 February 2019 the regulator (Dandenong CC) moved to close ICook Foods. It did so with the required sign-off by the Victorian Health Department. But the allegation, [supported by publicly available evidence](#), is that ICook was closed illegally, in an alleged fraud scam by officials of the Dandenong CC.

What is now known as 'SlugGate' has received [intense media coverage](#) and been the subject of two [Victorian Parliamentary inquiries](#). In Senate comment in June this year, [Senator Eric Abetz stated](#), "there is every reason to suggest that there may have been a conspiracy by health officials in Victoria to close ICook Foods for the purposes of benefiting the government-owned, loss-making enterprise Community Chef."

The [media coverage](#) and assertions made in parliament are that Dandenong CC health officials planted a slug in ICook's food plant. Further, that the Council's claim that ICook Foods supplied food that led to the death of an elderly woman was false and that the Council officials knew this to be false.

ICook was closed. Forty-one people lost their jobs. Community Chef has subsequently been sold to the Victorian government for \$1 following an accumulated \$30 million in losses. ICook is now suing Dandenong CC and the Victorian government for \$50 million plus. The court case is listed for February 2022.

But the saga has now taken an additional dimension. Late last week ICook lodged a request with the Australian Federal Police (AFP) to investigate 'serious Federal Crimes' related to ICook's experience. One of the alleged crimes in ICook's submission is evidenced in board papers of Community Chef.

Dandenong CC and the Victorian Health Department issued immediate closure orders to ICook on the evening of 21 February 2019. The Health Department ordered secrecy until public statements were made on 22 February. The CEO of Dandenong CC was privy to the closure orders.

On the morning of 22 February 2019 the CEO of Dandenong CC attended a board meeting of Community Chef. He was a board member. At that meeting he informed the board of the closure of ICook before any public statements had been made. ICook asserts in its AFP request that Community Chef operators then approached ICook customers and secured close to \$1 million of yearly sales as a result.

[The AFP request is here](#) detailing the allegations.

The Community Chef board papers are [here](#) with relevant sections highlighted. The board papers are sourced from the Victorian parliamentary Hansard.

ICook has made repeated requests to Victoria Police to investigate a wide range of alleged corrupt activity. [According to media reports](#), investigations have occurred. However, Victoria Police has spent large amounts on lawyers to block the release of its investigative material. There are [parallels to the Lawyer X affair](#). Faced with this 'brick wall' ICook is appealing to the AFP for investigation.

The principles at stake are clear and hugely important.

First. What the bloody hell is a government business regulator doing being the owner of a business in competition with the businesses it regulates? Imagine if the Reserve Bank of Australia, a regulator of Australian banks, also owned a commercial bank.

A first-order principle of good government is that regulators must be at total arm's length from the businesses they regulate. Regulators must not only be impartial, they must be seen to be impartial.

Second. Transparency in the operation of the rule of law is vital to community confidence in the institutions that apply the law. Diminish that community confidence and the rule of law breaks down.

In a practical sense the ICook situation described above sends horrid signals to the business community that the rule of law does not operate—in Victoria at least. Instead, it is the rule of the powerful that dominates. That means that all business, and particularly small business, must be permanently fearful of arbitrary closure by powerful unaccountable regulators. This is not an issue that can be brushed aside as ‘just a Victorian issue’. It cuts to the heart of who and what we are as a nation.

The Australian government is currently spending billions to upgrade our defences against an increasingly threatening and aggressive China. China is engaged in economic warfare against targeted Australian businesses. Yet within our own national borders the China-like ‘rule by the powerful’ approach is on ugly display.

If, at the national level, the ICook affair is ignored, then our complaints and fears about authoritarian China can only be diminished. To ignore ICook nationally is to concede that authoritarianism already has a huge grip on our nation. The enemy is already within the gates. We have lost. The rule of law means nothing!

Ken Phillips is Executive Director of [Self Employed Australia](#)