



COMMONWEALTH OF AUSTRALIA

## Proof Committee Hansard

# HOUSE OF REPRESENTATIVES

STANDING COMMITTEE ON INFRASTRUCTURE, TRANSPORT,  
REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT

**Reference: New regional development funding program**

WEDNESDAY, 8 OCTOBER 2008

BUNDABERG

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**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON  
INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT**

**Wednesday, 8 October 2008**

**Members:** Ms King (*Chair*), Mr Neville (*Deputy Chair*), Ms Campbell, Mr Cheeseman, Mr Clare, Mrs Gash, Mrs Mirabella, Mr Raguse, Dr Stone, Mr Sullivan and Mr Windsor

**Members in attendance:** Mr Clare, Mr Neville, Mr Sullivan

**Terms of reference for the inquiry:**

To inquire into and report on:

The Australian National Audit Office's Performance Audit of the Regional Partnerships Program and recommendations on ways to invest funding in genuine regional economic development and community infrastructure with the aim of enhancing the sustainability and livability of Australia's regions.

The Committee's report is to:

1. Provide advice on future funding of regional programs in order to invest in genuine and accountable community infrastructure projects;
2. Examine ways to minimise administrative costs and duplication for taxpayers;
3. Examine the former government's practices and grants outlined in the Australian National Audit Office report on Regional Partnerships with the aim of providing advice on future funding of regional programs; and
4. Examine the former government's practices and grants in the Regional Partnerships Program after the audit period of 2003-2006 with the aim of providing advice on future funding of regional programs.

**WITNESSES**

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**Committee met at 5.36 pm**

**AINSWORTH, Mr Phillip John, Private Capacity**

**BYRNE, Mr Peter John, Chief Executive Officer, Bundaberg Regional Council**

**PYEFINCH, Councillor Lorraine Maree, Mayor, Bundaberg Regional Council**

**KAH-NUTT, Mr Paul Donovan, Executive Officer, Central Queensland Area Consultative Committee**

**MOBBS, Mr Kimberley Ashley, Chairman, Central Queensland Area Consultative Committee**

**WHITING, Mr Michael William, Director, Bundaberg Office, Department of Tourism, Regional Development and Industry, Queensland**

**WILSON, Mr Kenneth Paul, Chairman, Lake Ellen Heritage Hub**

**JENSEN, Councillor Joy Esmay, Mayor, North Burnett Regional Council**

**PAGE, Mr John Keith, Chief Executive Officer, North Burnett Regional Council**

**CARTER, Councillor Bradley Noel, Mayor, Rockhampton Regional Council**

**DAWSON, Mr Alastair Thomas, Chief Executive Officer, Rockhampton Regional Council**

**LAW, Mr Jason, Acting Deputy Chair, Sunshine Coast Area Consultative Committee**

**STRONG, Miss Kay, Executive Officer, Sunshine Coast Area Consultative Committee**

**TREVOR, Mr William Robert, Chair, Wide Bay Burnett Area Consultative Committee**

**WALSH, Mrs Mary, OAM, Wide Bay Burnett Area Consultative Committee**

**ACTING CHAIR (Mr Neville)**—I declare open this roundtable of the House of Representatives Standing Committee on Infrastructure, Transport, Regional Development and Local Government in its inquiry into regional and community infrastructure programs. The committee has brought together a range of participants at this roundtable, all of whom have varying experiences in regional development and funding processes. I note that we have people here from local governments, ACCs, chambers of commerce, development bureaus and state government agencies.

This is the last public meeting outside Parliament House. We have been to Toowoomba, Cairns, Darwin, Perth, Dubbo, Nowra, Shepparton, Ballarat and Launceston. This meeting today replaces an earlier one at Childers at the beginning of the hearings that had to be cancelled. It was felt that it might be easier in terms of access for people travelling by air if we held a meeting in Bundaberg.

I welcome you all here today, and I am sure our discussions will be very informative. Before getting into the body of proceedings, I bring apologies from a number of our members, in particular Catherine King, who is the chair of this committee and who has had a baby just recently. She and I and a number of colleagues have been sharing the chairing of these particular meetings. All these proceedings will be recorded by Hansard, and you will all get a copy of them. Do you have anything to say about the capacity in which you appear before this committee?

**Mrs Walsh**—Although a member of the Wide Bay Burnett ACC, I am appearing in my role as a community advocate.

**ACTING CHAIR**—We have a number of people in the gallery and you will be given an opportunity later to make a contribution if you so desire. Does anyone want to introduce themselves now? If not, we will caution you at the appropriate time. Thank you for giving us your names and capacities. Although the committee does not require you to give evidence on oath I have to caution you that these are hearings of the federal parliament and consequently they warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and can be construed as contempt of parliament. Having said that, you are most welcome. We will now move into the body of the inquiry. We are using the roundtable method rather than calling individual witnesses one by one. There is a paper in front of you and these have also been circulated.

There are a number of themes I would like to examine. The first one is developing a framework for the new regional and local community infrastructure funding program, application and assessment processes for a new and local community infrastructure program, and management of funding agreements for the new regional local community infrastructure funding program. What I would like you to do is to interact. We will let each person make their opening comment when they have something to say but then we do not have to change to another topic immediately—we can flush out that particular issue.

What should be the objectives of the new program? Should the new program be focused on providing funding for projects which promote growth in regional communities, that is, job creation; or the liveability, for example, community infrastructure; how should ‘regional’ be defined, which is very important—some people in outer metropolitan areas have a view on that; how should community infrastructure be defined for the purposes of this new federal program; what eligibility criteria should apply; and where are the gaps in community infrastructure? Would someone like to open the batting with those things in mind? What should be our new framework?

**Mr Law**—I will open the batting. I think generally the objective for us, as community leaders, is to really focus on developing high-performing communities, whether they be an outer metro area, metro or regional centres. The danger that we may find, especially in what could be a challenging economic climate, is that we see a retreat into metro centres. If a program like this is to be developed we need to see it provide sustainability. When I say ‘high-performing’ I do not mean high economic performance, but we need to ensure that there is appropriate consideration given to the social infrastructure that can often break down and cause people to leave regional areas more so than the economic side of things.

**ACTING CHAIR**—Would you like to give us an idea of what sorts of things you are taking about there.

**Mr Law**—Please do not quote me on the exact facts but if you talk about something like the Central Coast of New South Wales, it has developed into an outer commuter area of Sydney and a lot of people commute back and forth. The Sunshine Coast, where I come from, is facing that. You see that people become worker bees travelling up and down the highway into the city because that is the only place people can find sustainable income. Mortgages and cost of living are higher so people go to chase the greater areas of employment. Perhaps there is dual income—

**ACTING CHAIR**—What sort of social infrastructure do you think this program, or the new RDA program, should focus on. What sort of social infrastructure are we talking about—community centres?

**Mr Law**—Yes, everything from community centres to developing more of a club infrastructure again and getting back to the particular organisations that actually support the communication between communities, so that people are talking to each other—as opposed to getting home at eight o'clock at night, leaving at six o'clock in the morning and barely having a weekend to catch up with anyone, which isolates people. The program should be focussed on getting people together, whether it is a community centre or a focus on clubs—getting back to the basics for communities.

**ACTING CHAIR**—Should that extend to things like swimming pools, for example?

**Mr Law**—That could be one option.

**ACTING CHAIR**—Does anyone want to take up the call at that point?

**Mr Byrne**—I think it is very important that we do have things like swimming pools, convention centres and community-type facilities. As part of an infrastructure development program or community engagement program, if we have those sorts of things in our regional cities we will attract people—both the young families who we are trying to keep in our communities and the families who would probably travel to Brisbane or other major regional centres, such as Cairns or whatever, for experiences, whereas we can provide them to the community here. We can bring the young professionals and provide jobs and opportunities in our communities that otherwise we would not be able to.

**ACTING CHAIR**—So you think it should go beyond just the small social infrastructure of shire halls and swimming pools but go to things like convention centres as a way of bringing people and holding people in regional communities.

**Mr Byrne**—I do and I use Bundaberg as an example. No doubt Mayor Pyefinch will speak further to that but I see that as a regional council, even though we are now amalgamated, with a population of over 90,000 people it is very, very hard for rate payers like ours to drive major infrastructure such as that and make it sustainable.

**Councillor Pyefinch**—That is quite true. Over the years there has been a lessening of funding opportunities available, particularly to local government. There have been a lot more restrictions on the types of projects that we could apply for, and I am not just talking about the Regional Partnerships program. Certainly, if you look up and down the coast you will see high growth areas all along the coast. The infrastructure in a lot of areas has a bit of age on it or there is none there at all. It is not only those soft, small projects that should be looked at but also the big projects as well. Certainly, aquatic centres are one thing. I think we were told the Regional Partnerships program did not fund aquatic centres, but when I looked through the successful projects across the country there were some that were funded. Perhaps there was inconsistency in the way that the guidelines were applied.

**ACTING CHAIR**—I welcome our Rockhampton representatives. Would you like to introduce yourselves?

**Councillor Carter**—My apologies for being a bit late. We thought the venue was at the hotel where it was supposed to be yesterday. We got a bit confused.

**ACTING CHAIR**—Are you familiar with the caution that is usually read at the beginning of public hearings that you will not be on oath but that you have to respect the rules of the parliament?

**Councillor Carter**—Yes.

**Mr Dawson**—Yes.

**ACTING CHAIR**—Okay, we will not dwell on that. Would someone else like to add to what Lorraine said.

**Mr Trevor**—Whilst we gave evidence to the committee in Toowoomba as the Wide Bay Burnett ACC, there are a couple of issues I would like to pick up on, and some have started to develop themes around the table already. I think there is a great opportunity with whatever program the federal government brings out to look at linking local, state and federal government funding to make something really happen in regional areas. Too often in the past everyone has built their own sandcastle and no-one has had the funding to build the right sandcastle to develop the regions. If we have an air of cooperation with these funding partnerships between local government, state government development departments and the federal government program, I think we can really achieve something that will stand long term and deliver infrastructure that will attract people to the regions into the future.

What I am fearful of is that, if we go down the path that we followed previously, to some degree everyone wants to get bang for their buck and recognition for their buck. Often that recognition and the bang is there for so long and then fades away into the distance, not delivering enough long-term benefit that I think we can encapsulate if we work together better by putting together the funding programs to deliver real infrastructure across a broader range than what we have ever looked at in the past. I think that is where we can get the real development for the regions.

**Mr SULLIVAN**—I have a couple of lines that I would like to flesh out from the comments that have been made so far. Jason, I agree with you that it needs to be economic and social development in order to create regional development, and Peter followed on with that sort of thing. But where is it best? The words ‘rate base’ came up—they usually do when there are local government people sitting at a table—‘our rate base cannot afford this’. You are all coming from reasonably large centres, but there are a lot of very small centres who not only do not aspire to a convention centre, but quite often cannot afford to build a toilet block on their rate base. How do we prioritise the available money in terms of significantly different needs and what government is able to do?

While you are thinking about that, I want to pick up on what Bill Trevor had to say. This idea of linking local, state and federal government together and coming up with the one project is terrific, I agree. But we have councils that have been democratically elected in their area who have one set of priorities, we have state governments who have been democratically elected and who have a set of priorities that do not necessarily marry up with those, and we have got a federal government that has got an even broader set of priorities. How do you set the priorities and then bring all the players to the table? Is this the program that is going to do that? This is a program that has in many ways responded to things other than a council priority in the local area.

I will invent an example. The bridge club needs a new veranda on their hall, so they go to the ACC. The ACC says: ‘Well, that sounds like a really good idea. You have got 200 old people playing bridge on a Thursday and you need a bit of extra space. We will put it into this program, and we will get 50 per cent off the council.’ The poor old council is left with either the job of telling 200 people who play bridge that they cannot have a veranda, or trying to adjust their own expenditure to do it. I am really keen on the idea that there should be a single priority; I just do not know how we are going to achieve it, and I would like to hear about that.

**ACTING CHAIR**—Do you want to respond to that, Lorraine?

**Councillor Pyefinch**—I would have to argue that we already do cooperate on that basis. The bridge club might get funding through a program, but it will be the council that will end up giving them a lease for some land, or something like that. There are already examples where that can work.

**Mr SULLIVAN**—It is not my point that the council does not help. It is just that the council’s priority is not a veranda on the bridge club. The council’s priority is a new change shed at the football ground, but it gets hijacked by somebody else. I believe that happens quite a bit.

**ACTING CHAIR**—Bill, you might give your example of the assembly hall cum sporting centre at Childers and how you can weld state and local government together—not that it was a regional partnership.

**Mr Trevor**—No, it was not a regional partnership. If you look around, there is a lot of planning work going on in the regions. Local government is planning in conjunction with state government. We have regional planning committees which have private enterprise, local government and state people on there. Necessity is forcing people to look at what we need—not everyone having their own sort of thing. There is an opportunity here for the federal government to show leadership by putting in place a program that helps bring those people together. Nothing

galvanises people like money. If you want to see people get together and agree on things, put some funding up there for them to work at getting if they can come together—it will do the job for you. It happens so many times.

The project Paul was talking about was an indoor sports stadium in Childers. The state government education department donated the land, the P&C borrowed \$200,000 and put it in, the council put in six hundred and something thousand dollars, the sugar mill contributed to it, and the community as a whole got together and put funding into it. There was a need, and no-one could do it on their own. If the state school had built one on their own they would have had four posts and a roof, and if the council had built one up the road it would have had four posts and a roof. By coming together we could create excellence by combining that money, yet it was something that the community needed. That type of program, which gives leadership to supporting local government and state government planning going on in a lot of these regional councils now, can achieve that.

**Mr CLARE**—Michael, I would be interested in your thoughts on this—with a state government hat on. A lot of the evidence that we have had points to what you are talking about, Bill: you have got three tiers of government, sometimes three different regional plans, sometimes three different sets of priorities, and often, because of the way this fund has been working to date, you have money from the local government, money from the state government and money from the proponent—and then you are waiting some time for money from the federal government, if it comes at all. That is a different discussion to have a little later today: how do you make the fund a bit more efficient? But I am interested in what you have got to say—maybe it is because I am a new member of parliament—because I am a big believer in the idea that we should be able to work together. Michael, with your state hat on, do you see it is possible to have a fund like the one that we are discussing today integrated into a state fund in a way where you might have one plan for a region that is managed by three tiers of government, all working together to establish what their collective priorities are and then funding it from that joint pool?

**Mr Whiting**—I think what you are saying, Jason, is to have some commonality between the local, state and Commonwealth funding schemes.

**Mr CLARE**—Yes.

**Mr Whiting**—I think it is a fantastic idea but, unfortunately, I do not think it is my decision to make that happen.

**Mr CLARE**—No, I appreciate that.

**Mr Whiting**—The old Regional Partnerships program was a 100 per cent funded scheme. Under the state system, none of our schemes are 100 per cent. It is always either a dollar for dollar type arrangement—

**Mr CLARE**—Sorry, Regional Partnerships?

**Mr Trevor**—No, it was 50-50 or 60-40.

**Mr Kah-Nutt**—In fact it was not even 50-50. It was the lesser amount.

**Mr Whiting**—Ours was always 50-50. To have them all together makes a hell of a lot of sense, and I agree with what you say.

**ACTING CHAIR**—Bundaberg has been reasonably successful. For example, the Hinkler Hall of Aviation, which they will see tomorrow, was \$4 million of federal, \$2 million of state and \$1 million of local money.

**Councillor Pyefinch**—Yes, and Lake Ellen was the same.

**ACTING CHAIR**—Ken fostered Lake Ellen. Do you want to make a comment on pulling that together?

**Mr Wilson**—I have been listening to the comments and I know for a fact that state, local and federal government can work together. It has been proven many times. The problem that I see is all the paperwork, and all the hoops that you have to jump through to get there. The Lake Ellen situation covered so many different facets: there was multicultural, sport and recreation, bicycle education and disability. There were all these different areas. Just in going through the state government rigmarole we were passed from department to department to department—and it was the same with the federal government. For this sort of funding you need to have some central area where you can go with state, local and federal government representation on the committee and plead your case there. How they decide where the money is spent is probably for someone who is a little bit smarter than I am. I think it needs to go on a needs basis, where the community—

**ACTING CHAIR**—Who should be the mentor of a project? Should it be the ACC—or the RDA as it will soon be known—that gives the leadership and does that? Or should the ACC be the sounding board for some other form of community leadership to come to?

**Mr Kah-Nutt**—Talking about a funding program that is one size fits all really does not suit, because at the end of the day there are differences in the regional growth of different areas. For instance, in Central Queensland the impost of maintaining liveability infrastructure by council is so ongoing that it puts them in a position, as you say, where they are forced to start to look at cost shifting just to meet the demand on what they have in their rate base. So really it is a series of policy guidelines that put Central Queensland, which is going through unprecedented resource growth, in the same category as an area like Wide Bay. The needs are completely different. I know from working with state and local government for the last 10 years that the cooperation is there, but council budgets can only go so far. The impost being put on council is extreme. That is where your time frames come in, because all of a sudden you have these major projects that are sitting in line with a bowls club canopy. I am not saying that they are any less important, but in the scheme of things there really has to be a program—a \$50,000 program or a \$500,000 program.

**ACTING CHAIR**—You are still not quite answering the question. What is the ideal way of initiating a project? What form of local leadership is necessary to kick a project off—to go to state and federal government or federal and state government and then to local government, or to go first to local? Give us a scenario. My experience is that the stronger the leadership in the original group that goes after the project the more likely it is to occur, whether it is a small

community project or a big project like the Hinkler museum. It just seems to me that leadership is the issue.

**Mrs Walsh**—With respect, having been involved in—and, in fact, helping to steer—the Hinkler Hall of Aviation over the last few years, I found that one of the biggest problems there was the fact that the time frame is so long, particularly in relation to the federal government—with respect. It was so with Lake Ellen and with the Hinkler hall. The time frame is so long that the costs blow out, and then you get to the stage where you think, ‘We’ve got the money,’ you go down that path and then suddenly you do not have enough money, so the project is on hold while you turn around and try to find those extra funds, and it continues to blow out that whole time. The issue is, I believe, not so much the strength of the leadership as the process that actually created the problems for that, as it did for the Lake Ellen Heritage Hub and for any of those projects that I have been involved in over the last 11 years.

**Mr Trevor**—Mr Acting Chair, I will make a reflection on the question you asked. I am retiring from the ACC on 30 September, so I have no vested interests to push personally, but I think there is room for RDA, as it will be—the ACC as it is now—to play an honest broker’s role in bringing those projects together. I think it is that honest broker’s role which allows you to cultivate and bring together the various groups that can make the difference to the projected time, so I would like to see some role for Regional Development Australia in that in the future. I think there is a role for it there.

Queensland is probably different. Bear in mind that this program we are talking about will go across the whole of Australia, not just us in this area. I think Queensland has been a little bit different to some of the other states because there has been closer cooperation between ACCs, local government and state development in Queensland than there has been in other states, so I am probably speaking for a different base from what some people would in other areas. There has been quite close cooperation. I can see us ramping that up another level or two in this region to really start to deliver some major infrastructure building blocks for the future.

**Mr SULLIVAN**—I want to talk about Ken’s idea of state, local and federal representation for pleading your case—go to them and plead your case. It has some charm, but how can it work unless we do what I think Bob Katter suggested when we were in Cairns? That was to divide the available parcel of money up by however many regions there are and say, ‘That’s your share; go off and spend it,’ which of course probably wipes out the heroic projects straight away unless you want to save up for 10 years. The reality is that the council can react fairly quickly, that the state government will probably react a little bit slower and that it will be interested in whether the federal government is going to kick in to this project at all.

If I am listening to Ken correctly, we are probably talking about developing some kind of roundtable where the states’ representatives and the federal representatives sit and say: ‘Now what about this project in Bundaberg? The council’s willing to kick in X and the proponent has Y dollars. It’ll need this much from you and this much from us. We have all of these other things and we’re going to do this one.’ That is about the only way it can be done. I do not think it can be made at a local level. Michael would agree that he is not necessarily going to be given the authority to commit state government funds at a local level.

**Councillor Carter**—I probably have not caught the whole gist of your conversation, but I am not sure. Our council is too worried about how the schemes operate. I understand the history of regional development organisations and the ACCs and how these organisations were originally developed to transgress local authorities. The reality is that in Queensland we have amalgamation. Whether that is good or bad is not the subject of this meeting here today, but in our view we have a very strong regional council that has emerged and we are setting ourselves some priorities in terms of issues that we want to take forward involving hard infrastructure for the future economic development of our regional council area. We think the community is very important for our sporting and social clubs, the elderly et cetera. With the hard infrastructure and the key things that will be the economic drivers of our region, the leadership for that will quite clearly come from our council. We will be identifying some key infrastructure. I could sit here today and table a whole bunch of key infrastructure issues which are quite sizeable and quite noble and which we cannot fund totally ourselves; we need a partnership with both state and federal governments.

We are very fortunate at the moment that we are managing a very effective piece of infrastructure, a water supply from the Fitzroy River to Yeppoon. Kym Mobbs here has been very helpful in the history of the development of that project to get reasonable Commonwealth and state contributions as well as a local government contribution. That particular project is going to be critical to the future economic and business development of the Capricorn Coast. The process by which that came together and the mechanism by which the funding was assessed are probably not that critical to us as a council. We will identify key infrastructure projects that we will then take forward.

At the same time, I am pleased to say that there is some work I have done with my CEO here, Alastair. We are starting to think, ‘Let’s not chase a whole lot of state and Commonwealth funding where the carrot is being held out for other motives and agendas.’ Probably we can spend a lot of energy and waste a lot of resources chasing that. We want to focus on what the key, important infrastructure issues are. Now that we are an amalgamation of four previous local authorities, we are probably in a far stronger position than we were previously to identify what a broader range of priorities are and should be for our region. We are going to focus on that very strongly as a new regional council, and we are going to pursue those sorts of initiatives and projects very vigorously. We will over time be developing a very strong key set of infrastructure plans for the region, and we will be pursuing them. On the discussion I have picked up on today, I re-emphasise the point that I am not too concerned about the process by which we get through the door into Commonwealth or state funding. I am quite confident that that will sort itself out in time, but we will have some key projects.

**ACTING CHAIR**—In your own council experience, what do you do when you are looking at a project? Suppose someone comes to you and says, ‘Brad, we’ve got to do a community centre on the north side of Rockhampton,’ or something like that, and you have then talked to the council about it. Do you then go and see Kym Mobbs and say, ‘Kym, is there a chance that the Commonwealth would come on board with this?’ What is your local process?

**Councillor Carter**—Historically, before your scheme was reviewed, there would be a number of avenues for you to chase the money. You would be talking to state development; you would be Kym; you would be talking to the gambling benefit fund. You would be chasing a whole range of funding applications. Applicants would be looking to council for final support. So there

is not a clear pathway for that. What I am trying to articulate is that, in the future, our council will be trying to determine whether the facility that you have just described is a priority that our council sees as critical to the community infrastructure for our region or whether we should be looking at investing it in either our resources or in other resources—like the development of some other key water infrastructure projects, industrial land projects, a community type project or the redevelopment of a river bank or a coastal park area et cetera. Our council will look at ways of trying to set those priorities in place.

**ACTING CHAIR**—We heard evidence—I think it was at Nowra—of the sort of prospect that you have just raised. There was very strong opposition to the council being the priority setter. I know John favours this, but we got a lot of opposition to it at Nowra on the basis that the priorities of community organisations may not necessarily be the same as those of the council. Therefore, should a community organisation that wants to go for an ACC or an RDA grant be excluded from doing so—assuming that they are prepared to raise the money and negotiate with the state government and the federal government?

The other criticism of the idea of council setting the whole agenda was that the council's agenda may be based on budget and not necessarily on community infrastructure. You just said that you might think it better to spend it on a water scheme. Where does the community centre go when the council is saying, 'No, we're going to keep that money for a water scheme'? Did you want to come in here, Joy?

**Councillor Jensen**—Yes, if I may respond on behalf of the North Burnett Regional Council. I can say very clearly that, now that we are a regional council, the local authority is the key leader in drawing all of these communities together. It is the local authority that knows the community's needs. Not only do we have to have a corporate plan; we also have to have a community plan. That community plan will draw out from the community what their needs are. That is the whole point of it. It will involve not just what the local government can do but what the community needs are as a whole, and that will go into that community plan. It will be the local authority that will know and identify what the key wishes are for their community and include those in the plans. There is no-one, particularly in the North Burnett, other than our council that can clearly stand up and say, 'This is the need for our North Burnett region.' It comes back to council at all times. Perhaps the further west you go the stronger the reliance is on the council being the leader of those communities.

**Mr SULLIVAN**—Joy, in relation to this community plan, once you have gathered that information, I assume that the council process would be to identify its top priorities among those community needs. How do you react when priority No. 20 actually gets the support of an ACC, for example, and a great proposal is drawn up, and then they come to you for the community matching funds?

**Councillor Jensen**—I guess we are used to No. 1 priority not necessarily getting a guernsey, because when it comes to working on roads, no matter which one it is, it is the one that we can afford to do that gets the tick.

**Mr SULLIVAN**—I guess my question really is: how do you feel as a councillor if your own priorities are hijacked by an outside organisation? What Paul said is almost correct. I support the council being the driver when the council is required to provide money. If an organisation can

find money from somewhere other than the council to do its sheds, I do not really care who drives it. But, if the council is going to put in the money, I would want it to be a council project. That is my view.

**ACTING CHAIR**—In many instances, too, organisations, as in your case, Ken, go back to the council to be the umbrella organisation. Is that right?

**Mr Wilson**—That is correct. I believe that the council should be the gatekeeper and the filter for any of the funding. They are the ones who are on the ground floor. They are the ones who we basically have to trust to understand the local needs. After we have passed that stage, we go on to the state and federal levels. I believe that those two should be combined to a certain extent, because that will minimise time frames and the other things involved.

You raised the issue of what will happen if a local community project is hijacked on a local level. We ask the same question: what happens when a state government project is hijacked on a federal level and so on and so forth? This does happen. We have to look at all three levels and work together; but we need a gatekeeper, and I believe the local government should be that gatekeeper and the filter for any of the funding. From there, we need to go on to the state and federal levels working in combination.

**Mr Dawson**—One of the problems is that, ultimately, we are always talking about a pool of money that is far too small for all the works that we want to do. As a council, we would set, say, a 10-20 year time frame for capital works programs that we would need to undertake and identify them within our capital works models. The discipline that we are trying to instil in working through this with our council is that, if a council decides that it is a really great idea to build a new toilet block or a community facility, where does it fit within the financial model that says: ‘We’ve got all of these other capital priorities. What do we have to delay to actually fund that work and how do our other financial models work?’ If community groups go out of sink with council and get funding, and then the body providing the funding comes back and says, ‘Council has to fund this,’ we have the same problem. We have to ask: ‘How do our priorities have to be rejigged? How do our funding models have to be rejigged to accommodate this when, with all of our community and corporate planning, we’ve had to make arrangements to sequence that sort of work?’ It puts all of our work out of kilter. That is why we argue strongly that council has to—

**ACTING CHAIR**—There is a point that you are missing, which is: if it were in the 20-year program, you would probably be paying for the lot; but, if someone picks it up early and comes to you, you may be paying for only a quarter or a third of it. So it is a benefit to the community in that sense.

**Mr SULLIVAN**—What if it is not in the 20-year program?

**ACTING CHAIR**—A lot of these things are not.

**Mr CLARE**—That is John’s concern. You are looking for an opportunity for something which is not planned—

**Mr SULLIVAN**—I think we have wonderfully capable people working as officers in local government and as elected representatives to local government. They are there to do a job in the same way that I am here to do a job as a federal member and in the same way that your state members are there to do a job. If you do not like the way they do it, you have an election in four years time. In many senses, we ought to let them get on with the job. I think Alastair has made exactly the same point that I am trying to make: we can hijack projects. If it is on the council's 20-year list and we are funding it, that is a cost shifting, and that should not be part of this program either. This program should not be about cost shifting; it should be about providing things that are community needs beyond what the local authorities will do. But, if they are going to have to provide money, they need to make some decisions—some serious decisions in terms of the program that they already have. Therefore, I believe—we will see how I go in arguing for this in the final report—if council money is involved then the council is the organisation. Ken thinks that the council should be the organisation for everything. If an organisation's money is not coming from the council, then I do not know that it needs to be involved. If council money is involved, then we owe those officers and those elected officials the respect of letting them drive the project.

**Councillor Pyefinch**—John raised the concern before about individual local governments having a level of cooperation across a region and consistency of funding et cetera. Joy sort of touched on this: roads is something that we have been cooperating on, particularly through the regional roads group. Prior to the amalgamations, we had on average 22 councils and we worked fairly cooperatively. Certainly in Bundaberg city, which is a very small urban centre, most of our roads did not qualify for that particular funding pool. We basically had to sit back and be content with the idea that perhaps we were not going to get much out of this particular stream, but we were still involved.

As well as that, I think we are starting to highlight the fact that, if you look at the kinds of projects that the ACCs were funding, you see that they are almost dropping into different subgroups, I suppose. Local government is very distinct from the profit-driven organisations that are more business focused and also from the community groups, so perhaps local government is a subset of its own. We have full structures which are fairly well defined. We have a track record. In respect of being asked as a local government whether we have a track record, goodness me! We have been a city for years and years, yet we are asked to justify our own ability to run these kinds of projects in comparison to a community group which legitimately should be asked: do you have a track record?

**ACTING CHAIR**—There has been a fair amount of criticism about the way councils have been treated on that level.

**Councillor Pyefinch**—Yes, that is right. It is almost as if you are looking at three distinct groups. If you continue fund profit-driven organisations—which is another argument altogether—they clearly should be looked at in a different light to a council.

**ACTING CHAIR**—I was going to come to that other point later.

**Mr SULLIVAN**—A couple of good things were just raised. One of them is that we could start to look at what the definition of 'region' should be. The other one is what the eligibility should be.

**ACTING CHAIR**—What do you think ‘regional’ should be, Mary?

**Mrs Walsh**—I ask for some indulgence. I do have to go to another meeting. I did prepare a presentation. Is it okay for that to go into evidence? It is a bit lengthy and I think you are getting more interaction the way things are going. On the issue of regionality, I have also provided a document to Hansard.

**ACTING CHAIR**—We will take it as an exhibit in the first instance and when the secretariat has examined it then we will probably take it into evidence as a submission. There being no objection, it is so ordered.

**Mrs Walsh**—Thank you. I would like to comment on two issues that have been raised. One is regionality and, as a delegate to the National 2020 Summit, I can say that it is the belief held regionally throughout Australia that decision makers do not know the meaning of ‘regional’. In putting that forward, the regional stream was identified as the future direction of rural industries and rural communities. When there were 100 of us—and I was in the regional stream—

**ACTING CHAIR**—Does that include provincial as well?

**Mrs Walsh**—It was just rural. We all went into one room and within half an hour we turned that around to regional, rural and remote. But it went another step further. That is, within that area you have regional hubs and regional centres. A regional hub would be Dubbo, which I know well. Others would be Gladstone, Bundaberg and Hervey Bay. If we look closer to home, one would be Gin Gin. Gin Gin is a regional centre for the more rural, remote areas around it. I believe that when you actually look at how you determine what the priorities are, you should in fact be looking at those particular issues. The decisions are made, with respect, by someone to whom it is a line on a map. That is important. Whether it should be done by local government as the key leader, I have some doubts about. Having just spent 11 years in local government and having a degree in it, I still believe that the community has a strong part to play. With respect, governments do not create jobs. Private enterprise creates jobs, and we cannot leave them out of this particular situation because our history will determine and point that out.

**ACTING CHAIR**—We are going to examine that business of commercial projects as well. That just is not in the context of this first item.

**Mrs Walsh**—Local governments change regularly. Corporate plans change regularly. And I believe that they certainly have a very strong role as a gatekeeper. But I also believe that private enterprise and community organisations which are responsible for delivering community services under social policy have a very strong position in there as well.

**ACTING CHAIR**—Kym, you have not said much but you have had a wide experience of various types of projects, from very big ones to very small ones. What is your take on who should be the driver?

**Mr Mobbs**—I would like to firstly reiterate that we have already done a written submission and put that in to the committee—

**ACTING CHAIR**—That is the original submission, it is not a supplementary submission.

**Mr Mobbs**—No. I would like to add that I am a humble servant of the communities of central Queensland and central western Queensland and have been for a number of years. I submit as evidence our community engagement strategy and I would like to table that. A lot of the questions you are asking are actually from the people of central Queensland and central western Queensland within that document.

**ACTING CHAIR**—Would one of my colleagues move that we take that into the record as an exhibit? Jon Sullivan. There being no objection, it is so ordered.

You have got a different structure for an ACC than all the others in Australia, geographically and functionally. Would you like to explain how that works?

**Mr Mobbs**—Approximately 11 years ago I was asked to take on an area consultative committee call Central Queensland. Coming from not a local government background but from a business background, I evaluated at the time that we had five different regional areas with totally different needs. I structured an organisation where each of those five areas would have an equal voice on the executive. I created what we call subregional committees and councils, local organisations, unions and so on sat on the committee. The chair of that committee then came to the executive, so we had a very small executive committee but a very large regional committee.

**ACTING CHAIR**—Can I interrupt you there. Does that facilitate better decision-making?

**Mr Mobbs**—Well, in this strategy when that is actually read—

**ACTING CHAIR**—What is your opinion?

**Mr Mobbs**—The report clearly states that it did. I suppose local communities, and I am talking very small communities, very much fear that their voice is not listened to as they go to larger demographics. I encouraged local parochialism but then harnessed it into one voice. That was some 30 per cent of the state with five very different geographical areas but, not only that, certainly different lifestyles and different interests. That framework has been in place for 11 years and this report vindicates that framework.

**ACTING CHAIR**—Okay. I would like to move on a bit now—

**Mr CLARE**—Could I make a few points and maybe draw this together into another level of discussion, Paul. Stop me if you think I am heading in the wrong direction. What I have heard so far is that the role of local government is very important, and we might need to test that a bit further. I am interested in the idea of what the ACC representatives think as opposed to the role of local government. We do need to try and make sure that decisions that are made at an ACC level represent the interests of that region, whether it is five regions in one or whether they are bigger or smaller projects. Take that to its logical conclusion and that is federal, state and local government and others, community organisations, all around the table with an equal voice and with money on the table from different tiers of the government. Paul, I think earlier on you mentioned the idea that there need to be different tiers of funding.

**Mr Kah-Nutt**—Yes.

**Mr CLARE**—Certainly what we consistently got in evidence around the country was that that is necessary. In particular, people were interested in the idea of a fund for grants of less than \$50,000 because of the delays caused by the current system. In some evidence people suggested that small grants of less than \$50,000 for ACCs or RDAs might be the sorts of things that, as with Roads to Recovery, you would give to the local governments in the area for them to have direct control over. Then larger grants would be the ones for which recommendations come from RDAs or the old ACCs and where you might have state or federal government, the private sector and other community organisations coming together to make recommendations. What do people think of those sorts of ideas?

**Mr Kah-Nutt**—If local government plays a key role there is no doubt about it, but you really need some sort of independent voice to go back to members of parliament and to the department. With respect, I think we give the department a lot more credit than it is due. I know that I have been the interface for local government applications where there has been a total misinterpretation of what a project is, with a recommendation then going to either a parliamentary secretary or a minister that is really not the deserved outcome of what was portrayed in the application. So we have fought on behalf of local government. We have been the interface, if you like, with the department, trying to bring this regional interpretation and to bring accuracy so that that recommendation can be not necessarily overturned but reviewed.

**ACTING CHAIR**—Take Jason's point. As he said, we have evidence from many places that there needs to be a simpler form of application and acquittal for grants of less than \$50,000. How do you think they should be done?

**Mr Kah-Nutt**—I agree that the tiers are there, but at the end of the day what we really need to look at is where the hold-up is. The frustration is really at the assessment point, where there is an interpretation of a project.

**ACTING CHAIR**—Thank you, Paul. You might be a bit ahead of us. We are certainly going to ask you those questions about what has been wrong with the scheme thus far. We will come to that in the third thing. Just let Jason explain what he is after.

**Mr CLARE**—It is partly what you are talking about. What I am interested in is a scheme that provides the resources to the people who need them in a quick and efficient manner so that you are not held up for long periods of time. Some people have suggested that the best way to do that is to make sure that the RDA is the decision maker. Some people said, 'No, we don't want to do that; the best way is for the regional office of the department to make the decisions.' Very few people want those small or medium-sized grants to be determined in Canberra, because that is what delays things so long.

**Mrs Walsh**—Exactly.

**Mr CLARE**—I have to say that I have some sympathy for that argument. I am interested in how willing or ready local governments might be to take it a step further and say, 'Rather than have the decision made by the department in cases of small grants, should it be a little bit more like Roads to Recovery, where it is a grant allocation to a certain organisation and they have their own responsibilities to deliberate and allocate that money themselves?' It is just a question.

**ACTING CHAIR**—Do you want to make a comment on that, Mr Trevor?

**Mr Trevor**—Yes. I think those smaller grants should come with recommendations from the ACC. The ACC represents not just one council area; in most cases it is across three or sometimes four regional council areas. There is room there for them to play the honest broker's role on those types of community-type projects. In lots of cases those community-type projects may or may not involve the local government. Some people do them on their own, as with a bowls club or something like that. They get grant money from the casino and that sort of stuff. They might not go to their local authority; in some cases they do. I think that, first, it should be a recommendation from the ACC to the minister who oversees the program, and he should sign off on it. Then the ACC can deliver it back into the community.

With regard to Jason's comment about pulling everything together and how it is done, ACCs are required to have a plan. We do not go out and make up a plan that is different to everyone else's. We draw upon the Bundaberg Regional Council's corporate planning, the North Burnett Regional Council's planning, the South Burnett Regional Council's planning and the state development regional plan, and all those things come together into what we then class as the ACC regional plan, which we submit to the department for approval as part of our funding requirements. I think that allows Regional Development Australia to draw together all of those strings to the bow in that honest broker role.

When it comes to the bigger projects—\$250,000, \$300,000, \$500,000—whether they are going to local government or to private enterprise, and I am a strong believer that private enterprise should have a seat at the table, I think we need to make recommendations. But we do not have the resources or the expertise as volunteer community committees, even with very talented executive officers, to do the research on someone's finances. So I think that is a role for the department or private contractors they call in to looking at those. But I make the point: we do not just draw up plans out of thin air, we take a precis of everyone's plans.

**Mr CLARE**—I guess I am interested in whether people are satisfied with the way the model works at the moment or whether they think there needs to be more integration.

**Mr Whiting**—Just taking up Jason's point very quickly on the decision makers, there seems to be a bit of a landslide, I guess, in terms of people feeling that the decisions should be made in Canberra. From my perspective, we deal with a lot of industries and business in this Wide Bay region. Amongst those industries and businesses there is a fairly strong school of thought—this is not me saying this now, because we cannot—that their decisions are not made in Brisbane, they are made at the local level. I think that also comes from councils. So it is an important point, I think.

**ACTING CHAIR**—What is your limit then, Michael, if you are making a local decision for funding?

**Mr SULLIVAN**—He can decide to write a letter and ask for it!

**ACTING CHAIR**—No, seriously: I thought your colleague in Toowoomba told us he or she could go to the \$50,000 without reference to Brisbane.

**Mr SULLIVAN**—That was a different department, it was Sports and Tourism.

**Mr CLARE**—In WA the state departments certainly can.

**Mr Whiting**—I guess in the old days we did have some flexibility.

**ACTING CHAIR**—Do you think \$50,000 is a reasonable figure to have some local control over? That is what we are trying to get at: whether it is the council or the ACC or some other mechanism, some locally devised, less strenuous forms of application and acquittal up to \$50,000. Are you comfortable with that figure? Is the table comfortable with that figure?

**Councillor Pyefinch**—So long as the guidelines are very clear.

**Mr SULLIVAN**—In the context of our fund, what we think it is most likely going to be, if that a \$50,000 project with 25 grand each, or is it a \$100,000 project with 50 grand each?

**ACTING CHAIR**—No, it is a \$50,000 Commonwealth contribution.

**Mr SULLIVAN**—So a one hundred grand project.

**Mr Kah-Nutt**—It could be 150.

**ACTING CHAIR**—It could be 25 from a community organisation, 25 from a council, 25 from a gambling fund and 25 from the Commonwealth, but not more than 50,000.

**Mr Law**—Can I comment on that, having sat on particular boards that have approved funding. One of the things I think Bill mentioned before with having the expertise behind that. We may look at a project, and I agree we should have some sort of local decision-making capacity, up to a particular limit, which speeds through the process so we are not having this bottleneck back in the department. The Brisbane department has been closed down. Our local department is Townsville for the Sunshine Coast, or further south it is Newcastle. So you defer back to the department for a ‘local’ decision and it is not local.

The challenge, though, is then having the expertise. With the boards that I have sat on, and I currently still sit on, I have worked with local government and you use the officers to go and do some of the research and verify the numbers. We may say: ‘On the surface, this looks good. It fits in with the strategic plan, everything dovetails together. Go back and do the due diligence on this particular project.’ That would be the challenge there. I think the ACC/RDA is in a good position to do that from the local expertise of the people who sit on the board. But whether you have project officers attached to the ACC, or use local government’s project people to do so, just comes down to a resource issue and whether the federal government is prepared to resource it.

**ACTING CHAIR**—You are saying it needs to have an assessment resource attached to it?

**Mr Law**—It has, because anyone can write anything there. They can put any sort of financials there, but how do you do the due diligence on it? On the surface of it, yes, up to \$50,000 is a fair amount. It provides speedy decision making and allows us to have some local leadership there to push through some of these projects.

**ACTING CHAIR**—Let me take you down to the next level. We got a lot of evidence that the next level should either be from \$50,000 up to \$250,000. Some said \$500,000, but I suppose most would have said \$250,000. Therefore, for a medium sized community type project like a small community centre, a \$500,000 to \$750,000 project, the Commonwealth would be putting in \$250,000 perhaps. The general view was that that should be assessed at the regional level by the department. That posed a bit of a problem because the minister announced that he was going to close some of the regional offices. We might have to recommend that they be reinstated. What do you think of the assessment for those types of applications? Should they first come with the approbation of the ACC and what should the next level of assessment be?

**Mr Mobbs**—We were probably in a very envious situation, having a very good relationship with the department in North Queensland. I will state on record now that over the years the North Queensland office has been magnificent in working with these projects. The department was very much involved from the beginning with all projects, small or large.

**ACTING CHAIR**—Was that at the regional level?

**Mr Mobbs**—Yes.

**ACTING CHAIR**—Were they speedy?

**Mr Mobbs**—They were quite fast. You are going back a number of years before it was changed around. We could look at projects probably in about eight weeks.

**ACTING CHAIR**—Where does the hold-up occur then?

**Mrs Walsh**—In Canberra.

**Mr Mobbs**—It is probably no one person's fault; it is a number of things. As we always say, when something goes wrong it takes three things to come together to make it go wrong. But the reality of it is that all decisions were taken back to Canberra without consultation with regional offices. I suppose in the labour shortage around Australia at the time there were people employed in Canberra who really had no idea what they were assessing, and they came up with very interesting letters back to organisations that at times people could not make sense of.

**ACTING CHAIR**—Wasn't it the role of the Townsville office to make that assessment?

**Mr Trevor**—No.

**Mr Mobbs**—No, it went directly to Canberra. It was changed to go directly to Canberra without any involvement from the regional offices. Again, I state that the regional offices really had an idea of what you were working with, and with the involvement of ACCs at a very early level in any project, from a small project to a larger project, by the time it got to the regional office to evaluate they were very aware of the ins and outs and so they were able to look at that project at a speedier rate.

**ACTING CHAIR**—So you would agree with a figure of up to \$250,000 or \$500,000 for regional offices? What do you reckon? Give us a figure to talk about.

**Mr Mobbs**—I will not make a recommendation of that level because, again, I believe that the figures are not the relevant part; it is actually the structure.

**Mr CLARE**—I guess the dollar figure here is not important; the structure is important. All of the collective evidence points us in the direction of a tiered approach and in the direction of trying to make sure that the process is simplified so that you do not have as many excuses for government departments, especially for Canberra, to come back and say, ‘Fix this; change this; qualify this; explain this.’ That is one way to do it. But also we are now at the point where we want to make recommendations about what the approval process should now look like and whether the approval process should be the same for all tiers or whether the approval process for small grants, medium grants and large grants should be different. Our ambition is to produce a report that takes the politics out of this but that also makes sure that the money goes to the worthiest projects as quickly as possible, and I am interested in what people think is the way to do that. Specifically, what is the best way to approve projects that are worthy in a quick and efficient way?

**ACTING CHAIR**—John wanted to comment on something Kym said.

**Mr SULLIVAN**—Kym, I had a light bulb moment—thank you. Without saying exactly the words that you might have said, you said they are assessing things they know nothing about. It struck me that there are a whole range of different sorts of projects that have been funded under this previous funding program. Is one home going to be the place that can assist them? Can the regional office of the department of infrastructure assess a request for money to help somebody do bean sprouts, as in the Toowoomba example? Or, do we need to look at the idea that there may be horses for courses as to where assessments go, rather than this all goes there?

**Mr Kah-Nutt**—You mentioned about the hold-ups—really and truly, a lot of the hold-ups are questions that are asked after the application goes through. In a lot of cases we have got proponents who are being asked to have building approvals, or design drawings, or material change of use processes. All those policy guidelines should be able to be contractual milestones: the project is great; it is being supported in principle; at the end of the day it will be supported; and it goes back to the proponent. The timeframe is then up to the proponent—it has virtually been approved in principle, subject to, and conditional upon, those points being made. It goes back to the proponent, and the money can be quarantined for a certain amount of time—it frees up the whole process. At the moment, trying to get somebody to invest \$40,000 or \$50,000 into a project that they do not know will be a project or not, is a big ask.

**ACTING CHAIR**—Do the ACCs buy in expertise? If a project does come back for more assessment, do you sometimes buy in the expertise, or do you refer the proponent on to a level of expertise where they can adjust their submission? How do you handle it, when you get one of these back?

**Mr Mobbs**—Depending on the project, we have built a network of people in central Queensland that we can refer projects back to. But, again, with the very close working mechanism we have with the northern Queensland office—now the Queensland office—on those issues, we did not have to fund that part of it if the northern office had access. There is no one hard and fast rule—we dealt with it project by project.

**ACTING CHAIR**—What was your experience, Bill?

**Mr Trevor**—One of the issues was that we had an assessment committee who had good, sound local knowledge and professional talents, who looked at the projects. They could see, at a very early stage, whether it met the guidelines, whether it needed a bit of remodelling, or whether it was not going to go anywhere. Lots of times, the kindest thing you could do with some projects was say to the proponent, ‘It does not fit the guidelines, we cannot work it up to fit the guidelines—you are better off going out and trying somewhere else.’ That is different to what we did originally, which was just shove everything down the line and let someone else sort it out. We had to take a bit more responsibility within our own areas. Sometimes that does not make you 100 per cent popular, but you have to explain to people why it happens.

We had a good involvement very early with the regional office—the Brisbane office was our regional office. They could alert us to what they saw as potential problems at a very early stage in the project. We could then take them up with the project proponent and say, ‘This will be an issue; have you got an answer to that question?’ In lots of our projects, we felt all those questions had been answered by working with the Brisbane office. They could tell us what things the department in Canberra would want to know the answers to, so we could work those questions up and have the answers in the thing before it went down.

The trouble is that sometimes when it got to Canberra some of the questions that had been answered in square 2 were asked months and months down the track back again. That means a sense of frustration. You have got people out there wanting to buy equipment, having to order equipment. Maybe it has to come in from overseas. They want to know whether they should take on staff. They do not want to start the project simply because it is retrospective funding. And you are getting silly stuff coming back. I will show you an example tomorrow on our tour where a private enterprise project got funding from the sugar package and funding from the ACCs and the different contractual times it took for two different departments to put it together. One could do it in a short period of weeks and the other took months and months. They were giving federal government money to the same person but there were different questions each department wanted answered and the relativities and there was overseas equipment coming in. I think one of the worst things you can do is close down those regional offices, because Canberra is a long way away. When you look at what has happened with people trying to deal with either Newcastle office or Townsville office, hundreds and hundreds of kilometres away, it is a lot harder to do business.

**ACTING CHAIR**—Is that your experienced too, Jason?

**Mr Law**—It is pretty similar. I welcome the comments from your colleagues regarding taking the politics out of it because I think that we found that some of these projects when you have answered all the questions, or the proponents have and we have advised them with advice from the local office, the proponents have done all that they can do and it sits in this bottleneck in Canberra. It is because, unfortunately, someone just does not like the look of it. It is not that it has not met the guidelines; it is just, ‘I don’t like the look of it.’ There is one that says for a community group, ‘It looks like a Taj Mahal.’ They had particular technical requirements and they were told, ‘It’s a Taj Mahal. We do not like the look of it.’ After we lobbied other MPs, the minister or the parliamentary secretary said, ‘I guess you have won on this one.’ It was not about winning or losing, it was about getting a good outcome for the community for a life-saving

facility which was totally community-based. They are the frustrations that you face. I welcome that it is going to be taken out of it, but exactly what Bill said.

**ACTING CHAIR**—Assuming, Bill, that we adopted your recommendation to suggest to the minister and the parliamentary secretary that they keep the regional offices open, should it go so far as to having a project officer in each regional office who can work with the ACCs or the RDAs?

**Mr Trevor**—I am a believer in the regional office. I think they know more about the region than Canberra. We found them good value to work with and we did have individual people within that office that we work with. In the Brisbane office Jim Brown was the guy who came and worked with the ACC here in Wide Bay.

**ACTING CHAIR**—So that virtually was happening anyway.

**Mr Trevor**—Yes, on a day-to-day basis. If we had problems, we would ring him and he would say, ‘This is what it means,’ or ‘The department will want to know about that.’ He sat in on our ACC when our subcommittee got together to look at the projects; he actually sat in on it. So we had departmental involvement, as the other ACCs would have, from day one. But when you remove them to vast distances it gets a lot harder to get them together, a lot harder to get that advice, and people do not know the regions like the people who are closer to the action. Australia is a big country and if you centralise everything coming out of Canberra you get bottlenecks. People ring you up and say, ‘Look, I am going to land in Brisbane and we will be up at Gympie in a hour’s time and then we want to go to the back of North Burnett. We will do all this in the one day and we will drive back to Brisbane and hop on the aircraft.’ When you try to explain the distances they have got to travel and all that sort of thing, there is no comprehension about that a lot of the time. I think those regional offices from our ACCs’ point of view played a very valuable role and I believe that the bottlenecks mostly came out of Canberra because people really did not understand some of the stuff. In the end it got that way that we were going out telling proponents that 12 weeks was the nominal thing but it was 21, 33 weeks and we were losing our credibility because we were being told by the department what the time frames and we are the front men out there telling private enterprise and councils that this is the timeframe and it was our butts getting burned at a local level because of something outside of our control. It was ridiculous, some of the stuff. I will show you some of it tomorrow.

**Mr Byrne**—I would like to concur with what Jason and Bill have both said. I think the regional office is very important. The project people attached to that are very important, with a certain level of expertise, I must say, that is required for that position. But I take it one step further. I believe that whilst we put in written submissions, fancy plans and all those sorts of things, and as Alastair said, together with all the strategic information melded to our 20-year forward plans and our financial bases et cetera, the issue is that people like me or key people out of an organisation, such as the local government, of which I am part, can go and front that project person and speak with them directly.

My view is that there are too many obstacles in between that and where that gets approved. Jason alluded to the situation where something might be called the Taj Mahal, and rightly so, and someone sitting the areas down in Canberra does not understand that. I have personally come across that in respect of the flood mitigation program. The person flew up from Canberra and the

No. 1 person did not know that Bundaberg really existed and did not know the broader region. Once we got to the basis of it, our whole project was looked at in a totally different light. So I strongly recommend that the committee takes that into account so that we do get a strong voice and an opportunity to put that project up and speak to the project. It is fair enough at the ACC level, but at that higher level where it is going to be considered the issue needs to be looked at.

**Mr SULLIVAN**—I want to express a concern. We are talking about a bucket of money and nobody knows how large or small it will be and, considering the current situation, it is probably going to be smaller than it otherwise would have been. How much of an expensive process do we need to put in the way of the money? That is where the project officers in the regions are going to be paid and they are going to be paid for at the rate of two or three of your smaller projects each year. Do we sacrifice those projects in order to have those people there? Again, these are people who have got exactly the same skills and exactly the same local knowledge as the people the councils are already paying. That is a concern I have. With all of this talk about harmonising, why don't we actually consider doing it? The local government is paying people is paying people to do all of these skills already and yet I am hearing a recommendation here that we should consider not only keeping officers—yet we are closing them down; we stopped them from doing any work years ago—but now we are talking about putting extra people in. I am not sure that that is a clever way to spend money.

**Mr Law**—The reason that we suggested it was because it was the link to Canberra to talk in the bureaucratic language. If we were able to either have the teeth to make the full decision ourselves locally or if there were people in Canberra who could understand that linkage, you would not require it.

**Mr SULLIVAN**—I strongly believe that a Canberra bureaucrat ought to have a relationship with a local authority bureaucrat or officer, or whatever you want to call them, that is one of trust. If the fellow from Bundaberg tells the fellow in Canberra that this is the case, the fellow in Canberra ought to be able to take him at his word particularly until he has been proven wrong.

**Mr Trevor**—Can I raise another issue from what you raise there? There is no way in the world—

**Mr SULLIVAN**—It doesn't happen, and why shouldn't we set out to try to make it happen? That is what my concern is.

**Mr Trevor**—There is no way in the world that a private enterprise guy is going to put his project up to Bundaberg City Council to rule on whether it goes off for funding.

**Mr SULLIVAN**—You have got to move them apart into the three streams if you want to look at that.

**Mr Trevor**—The other thing I want to raise about this is: you are not going to have RDA committees—volunteers, many like Kym who have put in 11 years plus and how many thousands of hours—if they are just going to be little figureheads achieving nothing. Some of these committees have really high-capacity people on them at that level. If you reduce RDAs through sending things through to council for assessment or whatever, then you will not have

RDA committees. You will not keep those high-powered people on those committees if it is just tokenism.

**Mr SULLIVAN**—My understanding is that this program is not the entirety of the work of the RDA.

**Mr Trevor**—You might know more than us, because at the moment RP was the major bulk of what ACCs did as far as the federal government was concerned. We would hope that it was broadened, because I think there is a lot more value to be gained.

**Mr CLARE**—What do you think RDAs should be the final arbiter of? What decision-making powers would you recommend they have?

**Mr Trevor**—I would recommend that they make a recommendation on projects up to \$50,000 direct to the minister.

**Mr CLARE**—You would give them that power irrespective of the decision of the government?

**Mr Trevor**—I am a believer under the Westminster system that the minister is the final arbitrator and that he should be the one who signs off on it.

**Mr CLARE**—So a recommendation to the minister?

**Mr Trevor**—A recommendation to the minister and that the minister signs off on those projects. And let us not get out of kilter: every government, whether it is state, local or federal, will want some recognition that they provided some of the funding, and that provides that opportunity—under clear guidelines, let me say. When you get over that amount, I reckon that the subcommittee that assesses them on behalf of the ACC should make a recommendation to the regional office. Whether that regional office is Canberra or Brisbane, they should go there for assessment. What will happen is that they will look at it and say, ‘This is a really technical project. We need someone with that knowledge to evaluate it to tell us whether or not it has legs,’ and they hire people with those talents to do those due diligences and those sorts of things. They have that capacity to do that. So the ACC is involved, as part of the honest broker in the community, with the volunteer people who are part of the committee. Many of them are councillors who sit on councils now, and most ACCs do have quite strong local government representation, whether it is on their subregional committee or whether it is on their full executive.

**Mr CLARE**—So the regional office would be the interface that sometimes Canberra is at the moment, saying, ‘You need to do this; you need to clarify this; you need make some decisions?’

**Mr Trevor**—They would talk with our executive officers. The Jim Browns would ring my ACC officer and say: ‘There is a project we had a look at the other day. We have had a good look at it down here in the regional office. This, this and this don’t quite stack up. Go back to the proponent, get some more information, bring it forward and then you should get a better deal going to Canberra for final assessment.’

**Mr CLARE**—And when they are satisfied, they would make a recommendation for that project, just like you would for one under \$50,000, to the minister or the parliament?

**Mr Trevor**—Yes.

**ACTING CHAIR**—So they would do that middle tier, in other words?

**Mr Trevor**—Yes.

**ACTING CHAIR**—Let us move on to the big tier. We are talking about museums, convention centres and civic centres.

**Mr CLARE**—Are we talking about the private sector here?

**ACTING CHAIR**—No, we will come to the private sector later. We are talking about those projects above, say, \$500,000. How do you think they should be assessed?

**Mr Kah-Nutt**—They should go to Infrastructure Australia.

**ACTING CHAIR**—What if it is social infrastructure?

**Mr Kah-Nutt**—Whether or not it is an aquatic centre, it is major capital infrastructure.

**ACTING CHAIR**—I can think of one. Hervey Bay, for example, is in desperate need of a \$5 million community centre to take 30 different organisations. The problem in Hervey Bay is that it is a city that is growing faster than its social infrastructure.

**Mrs Walsh**—Excuse me, Acting Chair, I do have to leave—my apologies.

**ACTING CHAIR**—Thank you for your contribution. I would envisage that perhaps something like one third, one third and one third might be put to local government, state government and federal government—say, about \$1.5 million or \$1.75 million. How should those be assessed? If you put it all to Infrastructure Australia, I do not know—

**Mr SULLIVAN**—They are not interested if it is not roads, if it is not railways—

**Mr Kah-Nutt**—We used to have Regional Partnerships projects that involved well over \$1 million under a period of two years. Up until that evolution, probably in 2006, any RP project that exceeded \$1 million used to go through what was called the ‘sonar’, which was a notional allocation. It then went to the deputy secretary of the department and she made the decision whether or not it was going to be a project.

If you nominate that there are a million dollars available, people tend to build the Taj Mahal sometimes—and this is with no disrespect to your project. Sometimes there are economies of scale. I have had project proponents come to me with a community of 30 people wanting to build a \$750,000 multipurpose centre, which is just ludicrous. The reason they got excited about that was because there was such a high cap on that level of funds.

**ACTING CHAIR**—But we assume that before it gets to that it has been through the ACC and it has been through the regional office. What other measures should be put on those large ones? The previous government—admittedly after they had the problems with some of their projects—had a ministerial committee consisting of the responsible minister, the industry minister and the finance minister. Those big projects had to be signed off by all three in that ministerial group. What should the measure be for these bigger projects? Peter has one on his plate opening soon, that Hinkler Hall of Aviation we will be looking at tomorrow. That is an \$8 million project, in round figures.

**Mr Trevor**—Why could we not look at the Sustainable Regions mechanism for some of those? I think there are some opportunities there.

**ACTING CHAIR**—I want to come back to that. I know where you are coming from, Bill. At many of our hearings the roundtables wanted another program, similar to Sustainable Regions, where if there was endemic unemployment or prolonged drought or some social breakdown in an area you could get funding like the Sustainable Regions on a much lower base—perhaps 20 per cent or 25 per cent. That has been a strong recommendation everywhere—every one that I have been at, anyway.

**Mr Trevor**—You need to understand what is happening in the financial markets. Getting funding into rural areas is going to be a lot tougher now than it has ever been in the past. Your postcode at the back of Longreach or somewhere or in a remote area of Bundaberg Regional Council is going to play a dramatic part in how people can raise funds into the future too.

**Mr Law**—And do we wait until it is in such a poor state that it needs funding or do we have proactive measures in place? This gets back to how robust your process is, or your assessment towards it. It should not matter on the dollars.

**ACTING CHAIR**—I would just like to finish off on this tiered thing. Do you have any recommendations for those larger projects, excluding the Sustainable Regions type ones? Are you quite happy with the process for big ones, from half a million up to \$4 million or \$5 million?

**Mr SULLIVAN**—In terms of process—and if I particularly take the talk we had at Toowoomba, where a couple of people at this table were present—the idea of there being funding rounds and set timetables as to when decisions were made in relation to those rounds seemed to be very attractive.

**ACTING CHAIR**—For the larger ones.

**Mr SULLIVAN**—I just made a note that the smaller projects could be quarterly rounds and the next larger projects could be six-monthly rounds. Previously, people were lodging proposals and some of them were waiting a great deal longer—Bill quoted 33 weeks. I am convinced in my mind that part of that, if not all of that, was because people in Canberra were perhaps waiting to see if a better idea came up that they could spend the money on rather than the one that was sitting in front of them. We need to know—as applications to the state's Gambling Community Benefit Fund do now—when the round finishes, when the announcements are made and whether you won or you lost. Scratch your head, try to work out how you could put it in better next time, and put it in the next round.

**Mr Kah-Nutt**—Yes.

**Mr SULLIVAN**—All sorts of things need that certainty. If it is going to be the massive amounts of money then I think you have less visits to the well in the term of the financial year. I would be inclined to recommend rounds. I think that is probably the way you handle it, with how often it is depending on the size of the project. Still, there was a state government fellow from Tourism and Sport that said their process is that the department has got 14 days to get the applications with recommendations on the minister's desk and the minister has got 10 days to deal with that—if I have his numbers right. That sounds about right to me. None of these letters coming back asking ACCs whether the council is fit to do this project—which is one of the ones we were told about. As far as I am concerned, someone had to do something by Friday, so they sent a letter out, asking the first question that came to their mind, just to stall the project.

**ACTING CHAIR**—If I can just throw one in there, not that I wish to disagree with my colleague. The evidence, I think, was at Dubbo or Nowra. It was very strong evidence. Do not goat around for the smaller projects, because if you do the department gets great chunks to have to try to work their way through every so many months and that would even exacerbate the already long hold-ups that they have. The recommendation from there was that certainly that middle tier should be a rolling round so that you had an equal number of applications going through the department at any given time.

**Mr CLARE**—There were different views on the idea about why they are good and why they are bad. Largely, in making this decision, part of it will depend on who makes those decisions. Bill, you made the recommendation a minute ago that for small grants they could be done at the RDA level. If that were the case, do you think there would be a problem with a log jam or would an RDA be able to set up a system where it was able to deal in a very efficient way with deliberating on small grants in a round-base model.

**Mr Trevor**—I believe that capacity is there and the relationships with local government who often support those small projects in that sort of thing. I think it is quite capable—

**Mr CLARE**—Do you think a closed round-based system for small grants would enhance the types of grants that you get and make it more competitive or would there be disadvantages with a closed round system?

**Mr Trevor**—As for the small grants, I believe they are just better off coming in as they come in. I think that way you can work your projects around to flex around council budgets, sport and recreation grants and all those sorts of things. If you end up with your rounds out of kilter with the council round, which is out of kilter with the sport and recreation grant, which is out of kilter with the gaming fund rounds, then I think you can complicate it and slow it down. I think you need to have people involved in a timely manner on the small projects. That is where you get the most commitment from volunteers in your community to see them through.

**Mr CLARE**—Is that the view of others?

**Mr Law**—I would agree with that because that is some of what you will find. In relation to the large ones, Mr Chair, when you talk about who makes the decisions, at the end of the day I really do not care who makes the decision. It is whether they have the right expertise and they do

it in expedient fashion. Whether it be the minister or department head or someone else—and we would like to see the minister ultimately being able to make it—let us just get them out fast and do it in a way where they have a certain level of knowledge and expertise in order to make that decision.

**Mr CLARE**—In terms of the local approvals, how much money do you have to approve, Bill?

**Mr Trevor**—\$50,000.

**Mr SULLIVAN**—How many times? One?

**Mr Trevor**—I understand where you are coming from. What I would like to see is a budget amount for ACCs across Australia. Right? I keep saying ‘ACC’. You know what I mean. Notionally, everyone gets a rough amount, whether it be for higher project or lower projects. But I also think there should be a bid system in there because some ACCs are a lot more robust in getting things out and about. No Treasury wants to see money that they have allocated out there not spent. So I think each ACC has a notionally lower grant. Some, whether that be two times, 50 or three times 50 and then a larger sum depending on what the total sum is going to. But if someone is not using theirs, there needs to be a bid system for projects out there that really can make a difference.

**Mr SULLIVAN**—I do not think I could survive for the rest of my life on government money unspent by community organisations. If there is money there they will spend it. They will find a way to spend it and that is the problem.

**Mr CLARE**—What I hear you saying, Bill, is that you want it spent on the best possible projects too. You do not want RDAs going around saying, ‘We have a lazy hundred grand we have to—

**Mr Trevor**—‘We just spent a hundred grand on two projects because we had to spend the money’, if across the border there was a really super-duper project that would have engendered a lot more cross-community support.

**Mr SULLIVAN**—One of the difficulties is making sure that the money is spent on the most deserving projects—and everybody’s most deserving projects are theirs—but somebody has to make a decision.

**Mr Trevor**—Or maybe you have one ACC that gets one or two of those \$50,000 each and then they can bid into a pool for some of the other on merit.

**ACTING CHAIR**—We are starting to run short of time. We have a few things to do yet so I would like to wind up this section. What is your view about a Sustainable Regions thing? By that I mean programs specially devised for regions that are suffering economic, social or unemployment disadvantage. Should there be a special program—a subset of this program?

**Mr Mobbs**—Yes, I suppose, where there are socioeconomic areas of disadvantage. In some small communities, trying to raise 30 per cent or 50 per cent is just impossible. I have sat on a

Sustainable Regions committee in respect of that in western New South Wales and western Queensland and Darling-Matilda. I would strongly recommend that there be something, because once you lose the leadership in those areas—because they feel there is no direction and no future—then you have to try and raise that community up and re-establish its leadership. That is another difficult job. It is better to get in there beforehand and actually help those communities. Certainly we do have some of those areas in Central Queensland and in central western Queensland. Yet we go to the other extreme where we have huge operations through mining now—and this has caused its own problems in respect of social infrastructure and the needs of those areas. So Sustainable Regions, I strongly believe, is a program that can enhance—

**ACTING CHAIR**—What should the management be: 20 per cent, 15 per cent, 25 per cent?

**Mr Mobbs**—In western New South Wales we had to go to 100 per cent.

**ACTING CHAIR**—So you had to provide all of the funding?

**Mr Mobbs**—In those recommendations to the minister we had to provide all funding—especially in some of the Indigenous areas and so forth—because there was no hope of even the local authority helping in that respect because of their circumstances.

**ACTING CHAIR**—Would that have general support around the table?

**Mr Wilson**—Yes.

**ACTING CHAIR**—What is your view on commercial projects—industry projects?

**Mr Wilson**—In the local paper a little while ago there was a story about an immigrant who came to Australia, and in a very short period of time the family base created from that one immigrant was something like 1,600 people. Once people leave the rural communities—whether it be for education, work or whatever—if they move from Bundaberg down to Brisbane for university or to find work, they create their own lifestyle down in that area. They get married, they have kids. Had they stayed in Bundaberg they would have got married, had children, be buying schoolbooks, uniforms, cars, houses et cetera there, and the whole thing then expands to these 1,600 people. I believe that, whatever it takes, we need to keep those people here in Bundaberg. Some of the projects may be of a commercial nature. Some of them may be of a community based nature, like the Lake Ellen project. If we have a project here that is going to be good for the local community, I believe that that should be supported. If you read Richard Florida's book *Rise of the Creative Class* you will see that if you create that lifestyle environment in a rural area then the creative people will naturally come to that area. You need to not just limit yourself to community based projects. I believe that there are a lot of projects out there that will create jobs. Yes, okay, they might be profit based, but that is the whole basis of our society.

**ACTING CHAIR**—I notice Phil Ainsworth in the audience and I assure everyone that that was not prearranged. We will be seeing Phil's operation tomorrow. Phil, would you like to introduce yourself? You have been associated with three different commercial projects that obtained grants. You understand the caution about these being proceedings of the parliament?

**Mr Ainsworth**—Yes, I do. Thank you. I am Phil Ainsworth. I am Managing Director of Microair Avionics, a technology based company based here in Bundaberg. Prior to that, I was Joint Managing Director and co-founder of Jabiru Aircraft, which manufacture light aircraft and aircraft engines. Both of those businesses export to some 40 countries worldwide from Bundaberg. As I mentioned with Microair, Jabiru is also a technology based business operating in Bundaberg in regional Queensland. I am also chair of the CQ University Bundaberg Advisory Committee, on which Paul also sits. Paul and I were foundation members of that committee and we were involved in the establishment of the campus here at Bundaberg.

**ACTING CHAIR**—Can you articulate for the committee the value of government contribution to businesses? You have mentioned Microair Avionics. You have had a grant there.

**Mr Ainsworth**—Not through these programs.

**ACTING CHAIR**—Which one did you get that through?

**Mr Ainsworth**—I have had R&D Start and R&D Commercial Ready grants through Microair. Through Jabiru, we had a Sustainable Regions grant.

**ACTING CHAIR**—That allowed you to—

**Mr Ainsworth**—That enabled us really to take Jabiru from a company manufacturing aircraft kits for the amateur built market to being able to certify a number of models of our aircraft and aircraft engines, which enabled those to be sold as factory built aircraft into the Australian and certain export markets. It also enabled our engines to be used in other certified aircraft products worldwide. That enabled us to lift our capacity in that business substantially. It enabled us to bring to Bundaberg a very experienced aeronautical engineer, who managed that project for us. It also enabled us to bring to Bundaberg one graduate directly and two graduates indirectly—one in Jabiru and one in Microair—who would not have been here otherwise. Jabiru also has a business concept of contracting as much work as possible to local businesses and, in fact, establishing in many of those local businesses that are part of its supply chain. The target of that program, as I recall—and it was some seven years ago, I think, when we had that grant and the project—was to increase the net employment in our business and in those businesses that were part of our supply chain by some 50 to 100 employees. It actually achieved that objective.

**ACTING CHAIR**—As I remember, it was in the vicinity of \$500,000 or \$600,000. So you are saying that that triggered other downstream effects. Is that the idea?

**Mr Ainsworth**—Yes, significantly so, and it developed a local supply chain and many small businesses that contributed to that.

**ACTING CHAIR**—How do the rest of the table feel about commercial projects?

**Mr Trevor**—I would like to put on the record that I am a strong believer in them. Having been a mayor in a local authority, I am well aware of the community infrastructure needs within a community. The last thing a community needs is a bright new shiny toilet block but no jobs. Jobs in rural and remote areas are extremely important for the value-adding that they do in a community. A job gives a person dignity. If we can create higher value jobs through grants, just

as Phil has pointed out—and I refer you to what has happened with the old Oz Tuff site through the Bundaberg Futures program, where a small amount of government money has created high-tech development in a regional town like Bundaberg and hundreds of jobs. It brought skilled operators, who left the town when Oz Tuff closed down, back to the area because there were high-value jobs there for them.

The flow-on effect for that in this community cannot be underestimated. If you take away all those opportunities to bring forward the technical advancement and development of industry in rural areas then what we are going to have left is people on unemployment queues with nice new toilet blocks and a hall down there that the local authority cannot afford to repair. I think it is vitally important that the committee and the government understand what these projects have done in regional and rural areas.

Let us also remember that it was hard to get money into regional and rural areas from banks previously. It is going to be even more difficult in the future to convince the bankers to lend into regional and rural areas because of the financial situation around the world. This is where these grants—whether it be through Sustainable Regions, Bundaberg Futures Programs or the Regional Partnerships—play a vital role in lifting the technical job values and letting enterprise grow. In most cases what it has done is that it has brought forward private enterprise development worth millions and millions of dollars that would have been strung out over 10 or 15 years before it finally got there if it did not wither and die on the vine in the meantime. I am a strong supporter of it and you will see the evidence tomorrow. I think that it would be an absolute travesty—

**ACTING CHAIR**—How do you answer the critic who says, ‘Yeah, if this were such a good project or if this guy had such a good idea, why did he need a quarter of a million or half a million dollars from the federal government to make it work?’

**Mr Trevor**—In a lot of cases if they had relocated out of Bundaberg to Sydney or Melbourne they may have been able to get the financial backing to do it. But if you want to do that in regional, rural or remote Australia, where jobs are needed to keep up the existing infrastructure that is already there, then sometimes you need to tip it over the edge a little bit with a grant coming from somewhere. If you have run business in regional Australia you will understand how the liquidity of getting funding from banks at various times is not as easy and sometimes it is that little tip from the Commonwealth that makes the difference.

**ACTING CHAIR**—Is it the receipt of the government grant that influences the banks?

**Mr Trevor**—In a lot of cases it shows to your funder that there is support from a government level and that gives them confidence for a start. In a lot of cases the funding level from your banker may be to a level that does not quite get you there and this tops it up to make it happen, whereas in a lot of cases the banker would say, ‘Come back next year, Phil—save a bit more money and come back next year’. By having this grant coming in it allows it to happen now. We need jobs now in rural and regional Australia, not in 10 or 15 years time.

**Councillor Carter**—I have had some experience over the years at public funding, businesses and the mix, and the marriage and sometimes the divorce that occurs. I am very familiar with Phil Ainsworth’s business development over the years and the various bits of public support that

have gone there and the very creative, innovative research that was required to support that business. I support Bill Trevor there, in terms of his comments, in what is needed.

However, on the other side of the equation, I am sure the research that your standing committee has done would have identified many failures where public injection into the commercial world has failed, and failed dismally, where we have interfered in the marketplace, where we have tried to encourage businesses to go into environments where they cannot survive because it is not competitive for them and at the end of the day when the public funds have run out the business fails. All I would say is that I would urge extreme caution in how you manage that process. You need to look at the Phil Ainsworth type businesses in terms of what we are trying to achieve in trying to get a business like that to grow versus pouring money down the drain. There are many examples of that at both levels of federal and state governments over the years where it has failed because the process has not been managed effectively. That is the only comment I would like to make.

**Councillor Pyefinch**—I would concur but I would also agree with Bill Trevor in that you do need to support new ventures in regional areas as well. This brings me back to my original comments earlier tonight where you really need to be looking at the commercial grants in a different light so their application process may be quite different, their level of scrutiny, their level of monitoring and what performance targets you want them to meet at the end of the day would be very different from what you would expect from a community group and their projects, or what you would expect from local government, which is perhaps why you should not be looking at them in the same pool under the same conditions. Still make it available, but in a different way.

**ACTING CHAIR**—Is that the general view of the table?

**Mr Ainsworth**—Yes, I would agree with that too.

**Mr Wilson**—I strongly agree with what Councillor Pyefinch is saying. I think if we are going to look at business ventures they also need to be assessed by business people. With all due respect to government employees et cetera, if you have someone who has been in the government system sitting in an ivory tower down in Brisbane or in Canberra, I do not believe that in all cases they have the knowledge or the skills to assess a project like Phil Ainsworth's. There is one classic example of a project that I am currently involved in—I approached a government department for assessment and they basically threw our idea, the way that we wanted to do it, out the window and showed us the way that it is 'normally' done. I am sorry but that is not the way that we had planned to do it. So their advice et cetera was completely useless. We need to make sure that we have qualified people to assess business projects on a business level.

**ACTING CHAIR**—Good point.

**Mr SULLIVAN**—I want to ask a question of the people at the table about grants versus nil, or low interest, loans. I am conscious that one person who received a grant subsequently sold his business and made quite a nice, tidy profit and I wonder about the ethics of that. Should there be some capacity for a successful business to contribute back to the taxpayer?

**Councillor Pyefinch**—Yes.

**Mr SULLIVAN**—Because that probably frees up and makes a bigger bundle of money in the end. I do not know Phil Ainsworth's company at all. I know the Jabiru Aircraft and I used to work for airlines. I do not know how much of the money that has been made as a consequence of the original grant has been ploughed back in, but I assume quite a bit. Is there capacity to assess whether, at some stage, a project should pay back some money? There is a bit of a nod. I would like to hear from Bill Trevor on this because Bill is a strong supporter of grants.

**Mr Trevor**—When you look in some of these rural areas where we are trying to get businesses to grow—and there are some magnificent examples—another loan is not going to do the job because you are going to be up to your ears in debt anyway. Taking on another loan is just another overhead. Some people will not take the risk. They will just say they are not going to do it. What I get upset about with government is they want to 100 per cent eliminate risk. Now that is a nice virtue but that is not how business works anywhere. It does not have to work exactly that way. The fact of the matter is that out of all the small businesses that start up in Australia there are some that are going to fail. What we should be doing is putting in place processes that allow us to sift down to the last degree the ones that are going to make it. You can give Phil Ainsworth the same amount of money for a project and assess it, and you can give the same amount of money to Peter Byrne—and I am not picking on you, Peter—but Phil will make it work and Peter will not. That is the nature of human beings. No assessment process is going to show that up. It is the size of the fight in the dog and the initiative and all those things that make it work.

But don't throw out 1,400 good projects because you are trying to sift out one that might fail. What we tend to do is throw out all the good initiatives so we can stand up in parliament and say, 'One hundred per cent of these projects made it'. That is not how the world works. If we got one failure in 1,400 projects delivering thousands of jobs in rural Australia I would say, 'Mr government, you have been extremely successful, let us have some more of that'. I think we are getting too conscious about dumbing down, for politics, so that we can stand up and say, 'As the minister I have not had a failure in any of these projects that I have announced'. But you have not had too many successes either because you have made the conditions that hard that people cannot get into them.

**Mr Law**—If we use Jabiru, for example, we are talking about 50 to 100 staff who all pay tax and have bought thousands of things with GST attached to them and so on and so forth. I am not trying to be disrespectful but do you count that as contribution back to the government in terms of the income generated and the spends and so on through purchases and supply chains and so on and so forth? Would that be logically included in the equation towards contributing back to the government spend?

**Mr SULLIVAN**—It is part of the reason, but there are any number of businesses that employ people. They may be small or whatever. We certainly want to get businesses into the regions. I am just looking at the pile of money. If the pile of money was set at X million dollars a year and after 10 or 15 years a couple of X million dollars start to dribble in each year, then you have got more money to go. That is the thing that I have in mind. Grant money is gone; a loan has future potential as well. It may be that it hinges on the beneficiaries of a grant making a windfall profit

at the time of the sale of a business and maybe the taxpayer is entitled to some of that windfall profit. I do not know, but I am interested to hear the views.

**Mr CLARE**—Certain contracts between government and the private sector say that once the internal rate of return hits a certain point then there is an obligation to make certain payments to government.

**Mr Wilson**—That is exactly where my point was going to go. We have heard the argument about a grant and then somebody goes and sells the business. An extra loan, yes, to a struggling business or to somebody who is trying to grow is probably not what they are looking for. Can I just throw it out to the table—and I would welcome Phil's opinion on this one—maybe an equity share or loan type situation might be the way to go. What are your thoughts on an equity share?

**Mr SULLIVAN**—He wants the government for a partner!

**Mr Wilson**—As long as they are a silent partner!

**Mr Ainsworth**—Exactly! And who sits at the board table! I think you have an excellent point there. I think there is room for both grants and no interest and/or low interest loans. If the business group is to be treated as a separate group—which I support, because I do not believe that business should be competing for the same bucket of funds as community organisations and local government—then I think there is the opportunity to look at different funding models for different projects. Paul referred to the Bundaberg Futures program and the Austoft facility—or I think Bill referred to it. I was one of the investors in that group that brought the investor group together to form the Bundaberg Technology Group, which actually acquired that property. As Bill suggests, there are now over 200 people employed on that site, and the numbers are growing rapidly.

A different funding model there actually brought a consultant to the city to establish that Bundaberg Futures program and to look at how the Commonwealth could assist in ensuring that the sale of that facility was done in a way which benefited the community in the long term. That consultant, Neil McPhillips, is still here some four years later. He has established his own business here in the city. I guess I should declare an interest in that he has also taken my son as a business partner into that business.

**Mr SULLIVAN**—I thought for a minute that you were going to say he married your daughter!

**Mr Ainsworth**—No, he did not get to that stage! He has gone on to assist in the establishment of many other businesses and other activities of an economic development nature in the community.

**ACTING CHAIR**—That was actually funded through Regional Partnerships in the end, wasn't it? Or was it just administered by the ACC?

**Mr Trevor**—No, ACC made the application for the grant for the department. It was a special grant originally, made by the department.

**ACTING CHAIR**—It was not under ACC?

**Mr Trevor**—ACC—

**ACTING CHAIR**—It was not Regional Partnership; it was a special grant that you administered?

**Mr Trevor**—The special grant came through and there was a subcommittee. I was the ACC chair and there was the Mayor of Bundaberg and the head of the Bundaberg tourist and development region. We administered it, but the ACC ran the program through our ACC books.

**ACTING CHAIR**—That was 2½ years, wasn't it?

**Mr Trevor**—Yes, we had 2½ years and then the councils took it up with the Bundaberg Port Authority and have kept it going.

**Mr Wilson**—Can I just say on record, too—Phil will correct me if I am wrong—that project has actually attracted businesses from the metropolitan area to a regional area.

**Mr Ainsworth**—Yes, it was really the only significant manufacturing business that has ever been attracted to Bundaberg. Most of our business in Bundaberg was always home-grown. Even our largest business, Bundaberg Sugar, was an amalgam of small, home-grown businesses. For the first time we were able to encourage new business to come to the city, and one very substantial business in Transpacific Industries.

**Mr Mobbs**—In private enterprise, one of the things that we certainly encouraged and recommended to the department was that a time criterion be placed upon contracts. An example of five years was used, and if a business sold up or so forth within that five-year period then they would have to pay the department back pro rata. I know that in a number of our contracts that method was used.

**ACTING CHAIR**—We have got one final piece of business and that is to have a look at a film that I understand came from the Wide Bay ACC. How long does it run, Bill?

**Mr Trevor**—It runs for seven or eight minutes.

**ACTING CHAIR**—Would one of my colleagues like to move on the record that we accept it as an exhibit?

**Mr CLARE**—So moved.

**Mr SULLIVAN**—Seconded.

**ACTING CHAIR**—Are there any objections? So ordered. We will watch the film and I will wind up the meeting as soon as it is finished.

*A video was then shown—*

**ACTING CHAIR**—Ladies and gentlemen we will wind up now. There are a couple of formalities that we have to do. The first one is to tell you that you will be sent a copy of the Hansard draft of today's proceedings to which you may make editorial corrections, not corrections in meaning but editorial corrections, if you wish to have that on the record, and then send it back.

I thank you all for your attendance. I realise some of you have come a great distance, especially the people from Rockhampton. Thank you to Councillor Carter and Mr Dawson—that was a big effort. To all the locals and to you too Councillor Jensen, from the North Burnett and Mr Mobbs from Biloela, I realise you have put in a big effort to get here today—we would like to thank you.

This will be the last hearing outside of Parliament House. In about one month's time we go into consideration of the report and we hope to have our report out by the end of the year.

Resolved (on motion by **Mr Clare**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 7.52 pm**