



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION REFERENCES
COMMITTEE

Reference: Regional Partnerships Program

THURSDAY, 30 JUNE 2005

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SENATE

FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE

Thursday, 30 June 2005

Members: Senator Forshaw (*Chair*), Senator Watson (*Deputy Chair*), Senators George Campbell, Heffernan, Moore and Ridgeway

Substitute members: Senators Barnett and Johnston for Senators Watson and Heffernan, Senator Murray for Senator Ridgeway, and Senators Carr and O'Brien for Senators George Campbell and Moore

Participating members: Senators Abetz, Bishop, Brandis, Boswell, Brown, Carr, Chapman, Colbeck, Conroy, Coonan, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Ferris, Fifield, Harradine, Knowles, Ludwig, Lundy, Sandy Macdonald, Mackay, Mason, McGauran, McLucas, Murray, O'Brien, Payne, Robert Ray, Sherry, Stephens, Tchen and Webber

Senators in attendance: Senators Barnett, Forshaw, Murray, O'Brien and Stephens

Terms of reference for the inquiry:

To inquire into and report on:

- (1) The administration of the Regional Partnerships program and the Sustainable Regions program, with particular reference to the process by which projects are proposed, considered and approved for funding, including:
 - (a) decisions to fund or not to fund particular projects;
 - (b) the recommendations of area consultative committees;
 - (c) the recommendations of departmental officers and recommendations from any other sources including from other agencies or other levels of government;
 - (d) the nature and extent of the respective roles of the administering department, minister and parliamentary secretary, other ministers and parliamentary secretaries, other senators or members and their advisers and staff in the process of selection of successful applications;
 - (e) the criteria used to take the decision to fund projects;
 - (f) the transparency and accountability of the process and outcomes;
 - (g) the mechanism for authorising the funding of projects;
 - (h) the constitutionality, legality and propriety of any practices whereby any members of either House of Parliament are excluded from committees, boards or other bodies involved in the consideration of proposed projects, or coerced or threatened in an effort to prevent them from freely communicating with their constituents; and
 - (i) whether the operation of the program is consistent with the Auditor-General's 'Better Practice Guide for the Administration of Grants', and is subject to sufficient independent audit.
- (2) With respect to the future administration of similar programs, any safeguards or guidelines which might be put in place to ensure proper accountability for the expenditure of public money, particularly the appropriate arrangements for independent audit of the funding of projects.
- (3) Any related matters.

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Committee met at 10.41 am**MORRIS, Mr William Frederick, Director, Seahorse World Pty Ltd****WYLDE, Mrs Georgina Anne, General Manager, Seahorse World Pty Ltd**

CHAIR (Senator Forshaw)—I declare open this public hearing of the Senate Finance and Public Administration References Committee. Today's hearing is a continuation of our inquiry into the Regional Partnerships program and the Sustainable Regions Program, and it is a pleasure to be in Launceston. We have previously held 11 public hearings and published a number of submissions, which are available from the committee's web site. Today we will be hearing evidence from organisations and individuals as listed in the program, and we do appreciate the fact that a number of witnesses have travelled some distance to participate in this hearing.

Evidence given to the committee is protected by parliamentary privilege. This means that witnesses are given broad protection from action arising from what they say and that the Senate has the power to protect them from any action which disadvantages them on account of the evidence that they give to the committee. I also remind witnesses that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. The committee prefers to conduct its hearings in public. However, if at any stage there are matters which a witness wishes to discuss with the committee in private, they should make a request at that time and we will consider it. The committee decided at an earlier meeting that all evidence given by all witnesses to this inquiry should be given either under oath or by way of affirmation, which the secretary will administer.

I welcome our first witnesses, Mr Bill Morris and Mrs Georgina Wylde, from Seahorse World. I now invite you to make some opening remarks and then we will proceed to questions from members of the committee.

Mr Morris—I will just give you a little bit of background as to how we came into being and what assistance we got at the outset. Seahorse World is a tourism venture situated on the wharf at Beauty Point, which is some 46 kilometres down river on the West Tamar, an area that had been decimated—we lost the apple industry, and a lot of shipping used to come into that very good deepwater port. All of that died, and the area itself has become virtually uninhabited. That was an area that I believed we should be able to do something with. It offered a heck of an opportunity. A company called Seahorse Aquaculture actually started farming seahorses in one of the old apple-packing sheds. I visited that company on a number of occasions and was always surprised by the number of people knocking on the door wanting to get in and see the seahorses. They recognised the opportunity for tourism in an area that needed something to lift it up. The idea was that we could start to have a look at who was about that might be able to give us some funding and assistance to get a business plan and a feasibility study done. We got assistance initially under DEETYA's regional assistance program. Do not ask me what DEETYA stands for.

CHAIR—It stands for the Department of Education, Employment, Training and Youth Affairs, I think.

Mr Morris—I cannot repeat it.

CHAIR—Politics is full of acronyms, Mr Morris.

Mr Morris—I did know it once, but I am getting older.

CHAIR—That is okay, we struggle ourselves.

Mr Morris—They were very kind, and what I liked about it was that we got it fairly quickly. We got a feasibility study done and we got a \$30,000 grant. We were able to produce a prospectus and I was able to then get out on the road and get some investors. We initially budgeted some \$800,000 to build it—that was actually for restoring the shed. Outwardly the shed still looks like a normal wharf shed, but we had to do a lot of work inside. We put a mezzanine floor in and we did the aquarium.

The University of Tasmania had been doing a lot of research, and they were and still are the only people in the world that were able to farm or produce seahorses. They were told initially by authorities worldwide that it is not possible to breed seahorses. After one year of operation they had 50,000 reasons why that theory was wrong. They pushed on for quite a while and spent a lot of money endeavouring to produce seahorses for the medicinal trade in South-East Asia, where they are used as an alternate medicine which is very popular. But they were not able to produce the quantities that were required, so they then concentrated on supplying the aquarium trade with these very attractive fish.

We determined then that the time was right to look at the tourism aspect and build the project and get it under way. The Tamar Valley area was pretty sick economically; it is a beautiful area but it did need revitalising. We have been attracting something like 60,000 people some 46 kilometres out of the tourism area. I call Launceston itself the tourism area, because that is where the majority of people who come to northern Tasmania go. Our task is to attract them the extra 46 kilometres down to our tourist attraction. Fortunately, we have been doing that and, as a result, there are at least half-a-dozen businesses that have started up, three of them are in the area we are in, on the same wharf. And things like the bed and breakfasts, as well as service stations, the supermarkets, the general stores—everything that has happened in the area—and the council have all had an economic boost as a result of what we have done down there.

We appreciate the assistance we got in the first instance and we appreciate the fact that both the federal and state governments have stayed with us. We have always had a good ear—somebody to listen to us whenever we have wanted to talk about what we are doing. We have always been fortunate in having plenty of federal and state visitors; not enough federal visitors—I understand the situation there—but certainly state visitors. It has been most heartening to us as a new business developer. It is fair to say that most of the tourism type businesses in Tasmania that have got going have done so with a heck of a lot of government assistance. They have been pretty big projects. I take pride in the fact that we are one of the few who, with only a \$30,000 grant, were able to turn something into about a \$1½ million project. Based on a one-to-one ratio, I guess it is probably as successful, if not more successful, than most of the other businesses that are in the area.

I hope that gives you a little bit of an idea. We do get excess seahorses, of course, as we are breeding them all the time. We have a part of that farming operation down at Beauty Point that is still being operated by a couple of the people who were previously employed there. They are

concentrating on sales to the aquarium trade only, so any excess stock we breed we pass on to the farm, so it keeps them in the picture, it keeps them viable. It means that we do not have to put them to sleep, that we can do something else with them.

CHAIR—Mrs Wylde, did you wish to make any additional comments?

Mrs Wylde—I would back up what Bill is saying. I have been involved in the more recent stages and I am more on the operations side of things. We get around 65,000 people each year. That is a lot of people to educate about the plight of the seahorse in the wild. Since the first application for funding, we successfully applied for the Regional Tourism Program in AusIndustry in 2003. We have got results from that, which I can fill you in on a little later. We have also just applied for federal funding through the Australian Tourism Development Program.

Senator BARNETT—I declare at the outset an interest as the only federal member of parliament—and possibly the only member of parliament in the state—who has seahorses in his or her office. They are seahorses from Seahorse World. I am very proud of those seahorses, and the constituents who visit my office show a great deal of interest in them. Like Senator O'Brien, as a Tasmanian senator, I am involved in a whole range of activities in terms of Regional Partnerships support—

CHAIR—He has horses.

Senator BARNETT—He has horses, not seahorses!

Senator O'BRIEN—I suspect, rather than risk being charged with neglecting the animals because I am not around there as much, they would probably be safer at Seahorse World.

Senator BARNETT—They are well cared for, anyway.

CHAIR—We will still let you ask questions.

Senator BARNETT—As a Tasmanian senator, I have been involved in a number of the applications, so I want to declare that to the committee up front as an obvious area of interest. Thank you, Mr Morris and Mrs Wylde, for your opening statements. Mr Morris, you mentioned being a catalyst for further development in and around the area. Can you expand on the statement that you made in your introductory statement?

Mr Morris—Certainly. We have got what we call Platypus House—when I say 'we' I mean northern Tasmania—which has started directly opposite us on the wharf. That is a tourist venture that came into being because we were attracting the numbers we were attracting. It showcases platypuses in their natural environment. That business is about 18 months old; it is just starting to grow and it will grow bigger. The building we are in has some buildings attached to it which we have leased to a vodka producer. It has got contracts to supply vodka into Russia. It is going to employ nine people and it is starting up now. It has got the equipment being commissioned at the present time. They will be producing and selling vodka within the next month.

There is a big proposal down the Tamar for a tourism housing estate. It is next to a very desirable part of the river. The idea is to build a satellite town, if you like, but to make it tourist

orientated. They are hoping to attract people to retire there. That is what I call mainland money: people from the mainland wanting to invest. They have got the investors and they intend to do that. There is development proposed in the area called Greens Beach. At least three of the bed and breakfasts operating in the area have expanded. Pomona bed and breakfast has built more cottages.

We have testimonials from most of these people to say that they have done this because of our being there. There are a number of cellar-door sales outlets in the wineries now and at least two of those put in their cellar-door sales as a result of the numbers that were driving past their door to get to our door. The challenge is there for them to get those people to drop in. We have had acknowledgement from Dr Andrew Pirie and from Mr Bob Harkness that it has had a big impact on what they are doing, cellar-door sale wise.

Senator BARNETT—To clarify for the record, Mr Morris: your business, which Mrs Wylde is managing, has not been and is not a recipient of Regional Partnerships funding, but you were a recipient of \$30,000 from regional assistance back in 1999 and, secondly, under the tourism program in 2003, I think it was, and you are an applicant to another tourism development program.

Mrs Wylde—That is correct.

Senator BARNETT—That is helpful. It is important for the committee to be aware of that fact.

Mrs Wylde—In 2003 it was the AusIndustry Regional Tourism Program.

Senator BARNETT—Did any of those programs require you to invest certain funds on the basis of Australian government funding support?

Mrs Wylde—In 2003 the funding was dollar for dollar, so we applied for \$30,000 and we had to put in \$30,000 as well. Likewise, with the Australian Tourism Development Program, for which we have just submitted, we are applying for \$50,000 and we have a commitment from the company, the board and the shareholders of a further \$50,000.

Senator BARNETT—That is dollar for dollar as well.

Mrs Wylde—Yes.

Senator BARNETT—Because the Regional Partnerships program, as you are probably aware, does require other partners to invest funds on the basis of Australian government funding. It is designed to improve growth, development and jobs. Coming back to the 2003 tourism program, you were going to outline to the committee the benefits of that particular funding.

Mrs Wylde—Absolutely. Obviously, when a businesses in its early stages, there are going to be things that are not quite right and things that you can certainly do better. We recognised a few things from our visitor surveys and feedback; from workshops with the board, the shareholders and the staff; from Tourism Tasmania; and also from our own feedback. Our touch pool was quite small and we could not get a large group around it. If you have 20 schoolchildren they are

backed up, so we tripled our touch pool in size. We recognised that we needed more tanks and we needed to bring in more fish that our aquarium staff were capable of breeding. Our breeding programs in all different sorts of species have improved.

We also recognised that the actual route that our visitors took around Seahorse World was diverting them from the gift shop. They walked out of the aquarium into the foyer and then they had to walk into the gift shop. Our spend per head in the gift shop was around \$2 or \$2.20 at that stage. We also got complaints about the tours being too quick—people had to be in a certain place at a certain time to get the movie and to keep the whole thing rotating. So we applied for the grant money, we moved our theatre from downstairs to another area upstairs, thus encouraging people to go upstairs, enjoy the view and eat in the restaurant.

We expanded our fish stock—we have more seahorse species now than anywhere else in the world. We now get fantastic feedback about our touch pool and we can get a whole coach load around it. That is sponsored by the Australian Maritime College. Our theatre and interpretation room were moved around and we tripled the size of our gift shop, thus enabling us to have a lot more room to expose Tasmanian artists. You need the \$2 Chinese seahorse magnets but you also need to expose the local artists, and there are so many in the Tamar Valley. As at 10 June, our spend per head in the gift shop is now \$5.72. That is a direct result of that gift shop being expanded and having a much better display of products. Also, overall, with the new species we have increased our staffing by 2½, and that is just us directly, not counting all the artists who now supply us, and that kind of thing. So that is what we did and that is what we have achieved. Now we are looking at the next stage, for which we have just submitted.

Senator BARNETT—In terms of jobs, you obviously started off with zero at first. What is the situation now? I understand the cyclical nature of your business in terms of summer and winter. Can you give us a feel for the jobs situation?

Mrs Wylde—As the baseline, year round we have 7.5 FTEs—full-time equivalents. Working full time, there is only me; the rest of our core staff are permanent part time, giving us flexibility through winter. In summertime we employ up to around 25 staff, supporting a lot of the university students in the area. A lot of our own students in the Tamar Valley cannot travel to town, which actually works really well both ways because when they are on holidays we need them and when they are in school we do not need them. So that is how that works.

Senator MURRAY—Mr Morris, I am interested in your views as to how programs such as Regional Partnerships, or any scheme designed to kick-start businesses, opportunities or community projects, should be designed. I will give you two brief examples to add to what you have just told us. The first is a bad example, where up in North Queensland money was being given, as far as I can ascertain, on a falsehood to a so-called convention centre—it looks much more like money was going toward a skimpily dressed barmaid kind of operation. The good example is of an Indigenous inventor who invented a fence post pulling gadget to enable people to pull and replace fence posts on rural properties. As a result of some money granted there is now a business capable of employing substantial numbers of people to use this machine and to do repair and maintenance work around rural properties. Your example is another good one: a small amount of money granted to end up with a large business which forms a hub, as I understand it. How should governments set the thresholds for funds going out to proponents?

Mr Morris—I did not hear everything you said—I am sorry, but I am a little hard of hearing—but I go the gist of it. Correct me if I am wrong. I believe this publication that has been put out by the federal government—I do not know whether or not you have all seen it—illustrates that areas that were in decline, as West Tamar was some years ago because of the loss of the mining industry or of some industry, were all funded through—

CHAIR—Could you tell us the title of the publication you are referring to?

Mr Morris—It is called *Good enough never is*. It is a report for the Rural Industries Research and Development Corporation by Peter Kenyon. That report probably answers your question, if I have correctly got the gist of it. We have seen it work. We believe that governments have actually done the right thing, as far as we are concerned, in terms of follow-up. In particular, we got an AusIndustry grant; they became dollar-for-dollar grants and I think that was an excellent suggestion. Previously they were straight grants, which meant the people sitting in assessment of them had to look at hundreds because there was no participation by the people that wanted them. Having to put in dollar for dollar made us more conscious of making it work. I think that some of the success stories are because of this dollar-for-dollar basis.

AusIndustry has shown an ongoing interest in us. They sent people down from Canberra to have a look at what we had actually done with the money. They have kept in touch with us. They encourage us to further develop—which we need to do; we have to stay ahead. We intend to keep changing and making sure that people on their second, third and fourth visits see something different each time.

Senator MURRAY—The question surrounding the level of funding the government should provide has three aspects. One is the risk. You should not take away risk—if things do not sometimes fail, you have not really tried hard enough. I do not object to some of the government funded projects not working, because I think there has to be risk, but the risk needs to be managed. The second aspect is the partnership thing—the proportion of government money relative to other people's money. The third aspect is the return—in other words, the consequences of this. So I am asking: where should risk reside, and to what extent?; what, in your view, from your experience, should be the maximum proportion of government funding?; and how should they measure the return at the time of making the commitment?

Mr Morris—I think the government has lessened the risk by making it a dollar-for-dollar grant—in other words, the proponent should be putting something towards their idea. The government assess how successful it is, to a point. We gave them a report on progress, and at the end of the project they came down and physically looked at what we had done. That is an excellent way of doing it. The state governments could probably get a little more involved with the federal government to assess what has happened to a business once the federal government has funded it to get it going or has assisted in getting it going. There are departments of industrial development in each state who are flat-out looking for new businesses, but I think they tend to overlook businesses that are already running along and, to their mind, because they have been operating for years, have been successful—but that is not always the case. The states should be showing more interest to follow-up those new-starting businesses to lessen the risk. Outsiders looking in can still contribute, particularly people who are specialising in business development. So one area that could be improved between state and federal governments is in following up federal government grants to make sure that, after the federal government has come

along and said, 'Yes, you've done a very good job, we'll sign off on that,' somebody is still showing an interest in the place, from a government point of view.

Senator MURRAY—For how many years?

Mr Morris—It is their job to look after industry in the area anyway, and I think it is ongoing.

Senator MURRAY—But when do you cut the tie? Is five years the kind of period for which it should be monitored?

Mr Morris—I am not sure whether you should ever cut the ties. As I say, those departments exist to look after existing industry. They are not helping financially, apart from the cost of their guy visiting to see what is going on. It happens to a certain degree here. But, in my view, it all goes towards lessening the risk.

Senator MURRAY—But, listening to your story, no-one, including you, could have envisaged at the beginning the point where the business has got to now. Nobody would have said, 'As a result of our converting this old warehouse we will get more cellar door business down the road, tourist villages will operate and university departments will find more activity in the area.' It is very difficult to forecast the add-on effects.

Mr Morris—Difficult, yes, but not impossible. We knew that vineyards existed down the river and we knew that they did not have cellar door sales. It was reasonable to expect that, once we were able to attract some 60,000 people past their door, they would have an opportunity which was up to them to cash in on and which they have done. It was reasonable to expect with that number of people coming; we did forecast in our business plan that we would get 30,000 to 40,000 people a year. So the feasibility study and to make it worth while to get a return as a commercial investment indicated 30,000 to 40,000 people. We assessed that number of people to be worth X amount to the valley in terms of the existing industry and what we thought might happen.

I was pretty close to the West Tamar Council; I used to be a councillor. But I knew there were developments in the wind, just sitting there waiting for somebody to do something. And when something did happen, in our case it was the seahorse farm, some of these people would maybe have a bit more confidence to invest in an area that is a very desirable place to invest in anyway. At the same time, as I said, we assessed existing businesses and whether there was room for them, and we have all that in our business plan. To attract the funding that we did from private enterprise we had to go into all that. In conjunction with Tourism Tasmania and the council, we got what has proven to be conservative more than anything else—in other words, we have exceeded what we thought we would achieve.

If you were to put a dollar value on it, through the councils we could say that X number of building permits were given to people to produce what they have or to extend their existing operations. It would not be hard to get a dollar value on that side of it—somebody has built a cellar door outlet directly as a result of what we have done or somebody has put extra cottages on. That could all be assessed and you could get pretty close to a dollar value, plus what people are spending at our businesses and at other businesses in the area.

Senator STEPHENS—I have no questions, but I would like to place on record that I have been to Seahorse World and I think it is fabulous.

Senator O'BRIEN—What was the process you went through to obtain the \$30,000 Regional Assistance Program grant that Seahorse World Pty Ltd received in 1999?

Mr Morris—We went through the Tamar Valley Businesses Enterprise Centre. We worked very closely with TEAC and we also worked closely with what was then the Department of Industrial Development and is now the Department of Economic Development. So we worked with the state government arm, the federal government arm and the local government arm. In fact the Tamar Valley business centre worked with me to produce the business plan. They provided a secretary and that sort of thing, and we had terrific assistance from them.

Senator O'BRIEN—Was that grant important in establishing the business?

Mr Morris—Yes.

Senator O'BRIEN—How long did it take from the time of application for you to find that your grant had been approved?

Mr Morris—From memory, it was not a very long process. I would say that it was probably under six months. We had to do a lot of research. We had to do a lot of sketches and drawings of what it would look like and we had to have council approval for what we wanted to do.

Senator O'BRIEN—You had to have council approval before you applied for the grant?

Mr Morris—We needed to know—they were not approvals as such; they were approvals in principle—that we could build a grease trap under a wharf, that the existing sewerage under the wharf would be adequate for what we were proposing and all those sorts of things.

Senator O'BRIEN—In other words, before you got the money, you had to prove the worth of the project.

Mr Morris—That is right. Before we went to TEAC, which put us onto the Tamar Valley Business Enterprise Centre, we had to have a fair idea of the direction in which we were heading, that it would not be a waste of time and that we could do it.

Senator O'BRIEN—Was there also assistance from the state government?

Mr Morris—The Department of Economic Development was terrific. It put together a proposal from its point of view for me to include in the business plan. To get going, we needed many licences from the state government. Once we had our feasibility study and had determined to go ahead, we got very good cooperation from state and federal government.

Senator O'BRIEN—You have told us about a grant from the AusIndustry Regional Tourism Program. How did you go about securing that grant?

Mrs Wylde—Bill put the application together. Once again, that built on the relationships we already had with local tourism and local business and got these people to put in their vote of confidence for what we had already. I am not sure how you went about that, Bill. You put it together; I just looked after it.

Mr Morris—I made it my business to familiarise myself—which I still do—with the grants or assistance that was available at both the state and federal level. Even though I have retired, I am still a director of the company and I find I now have a little more time to look into some of these things. These were early days and we are not so much in need of assistance now, but that is not to say we could not do with some. Recognising the opportunity to get assistance in the form of that grant from AusIndustry, we were able to do something that needed doing. Had we not got that grant, we probably would have still been talking about it because we would have funded it out of our cash flow. That probably would have meant there would be a two- or three-year delay. The things that Georgie talked about—our increased spend to make the business more profitable and our educational focus—happened as a result of us getting that money sooner rather than later.

Senator O'BRIEN—Many tourism businesses have capital problems and the Tasmanian market has been rapidly expanding. Obviously you are a beneficiary of that, but you have to provide the product. Access is critically important, as we all know, but it is important to fit the product attracting people to regions with general access to the state. What was the amount of the AusIndustry Regional Tourism Program grant?

Mrs Wylde—It was a dollar-for-dollar grant of \$30,000, with the other \$30,000 coming from the company. Altogether, it was \$60,000.

Senator O'BRIEN—They provided \$30,000 on the basis that you would match it; is that right?

Mrs Wylde—We would match it; yes, that is correct.

Senator O'BRIEN—You are currently, I think you said, applying for an Australian Tourism Development Program grant.

Mrs Wylde—That is correct, yes. We have just submitted it.

Senator O'BRIEN—That is a pretty competitive process. Not a lot of money is available, as I recall, under the ATDP process.

Mrs Wylde—I think there is about \$4 million Australia wide. Last year only 40-odd people actually received them, but there were literally thousands and thousands of applicants. I believe that the first time around—this is round 2—it was a straight-out grant. This time, hopefully, there will be a little more commitment from the businesses.

Senator O'BRIEN—There are different levels.

Mrs Wylde—Yes, category 1 and category 2.

Senator O'BRIEN—Which level are you in—category 2?

Mrs Wylde—Round 2, category 1.

Senator O'BRIEN—Is there a limit to how much you can apply for under that grant?

Mrs Wylde—The minimum is \$50,000 and I believe the maximum is \$500,000. Obviously, we are a small business and to commit to even \$50,000 the company will have to juggle that with our financial years.

Senator O'BRIEN—It is a dollar-for-dollar matching program as well?

Mrs Wylde—Yes, it is.

Senator O'BRIEN—Have you submitted the paperwork to the department?

Mrs Wylde—Yes, we have.

Senator O'BRIEN—Do you know the closing date for those applications?

Mrs Wylde—I believe it was 15 June.

Senator O'BRIEN—When do you expect the application to be ruled upon?

Mrs Wylde—Early November. It is similar to the six-month time frame of the AusIndustry grant. That closed in April and we found out that we had been successful around October-November.

Mr Morris—We want that grant in connection with the work we do with the university. We work very closely with the university and many of its people work on site at Seahorse World.

Senator O'BRIEN—Is Professor Forteath there from time to time?

Mr Morris—Yes. He is our patron. He is not as active now as he once was; he is in other areas. He is available and is still an official consultant of ours. He still spends a lot of time with us. He is devoting a lot of his time now to the platypuses; he is moving on to that. He is in the area all the time. He and I meet once a week. The idea is to bring what they do at the university on to our site. We believe that seeing the white-coated guy working in the laboratory with the seahorses will add visual appeal. We have now bred about eight different types of tropical seahorses there and they can be shown to the public. We propose to build an active R&D room, for the benefit of those who come through the place.

Mrs Wylde—We are trying to incorporate the needs of the education system with what the visitors like to see. We probably intend more—the Education Department has given us advice and many letters of support—to go down the inquiry room track. Rather than call it a research room, which tends to frighten people away, we call it an inquiry room. Students will be able to come in and have hands-on activities and university students will be able to do actual projects. At the moment when people ask, 'Where do your seahorses go?' we reply, 'Research and

development; such-and-such is doing this.' But there is nothing there for anybody to see, to read or to understand, and there is a limit to what a guide can say in a 45-minute period.

We are trying to get the public to interact a little more. If visitors want to see one under a microscope, they can do that. If they just want to read, they can do that. There will be a lot of other activity supporting education in Tasmania and also recognising the need for hands-on centres like this. There is a marine environment in the south, I think at Woodbridge, which children can go to. In Devonport there is the Imaginarium Science Centre. In Launceston such a centre is missing; there is nothing. The museum runs different types of things, but a class cannot be taken there to do activities related to the curriculum set by the schools.

Senator BARNETT—I understand that the Tasmanian Area Consultative Committee has a role in reviewing that particular grant, Mrs Wylde. Can you confirm that for us?

Mrs Wylde—I believe so. I was told just today. I will forward that on as soon as I get back.

Senator BARNETT—It was formally TEAC and it is now the area consultative committee. We can talk to them about that. I understand that they have a role in that review. You have an excellent track record and the results of your hard work seem to be flowing through not only to the West Tamar but also broadly to northern Tasmania and the whole of the state. As a visitor there, I congratulate you. It is a great reward. In addition, thank you very much for your submission today. Is Peter Kenyon the author of the book about being in the top 40?

Mrs Wylde—Yes.

Senator BARNETT—So you are in the top 40 small businesses in rural and regional Australia?

Mrs Wylde—That is correct.

Senator BARNETT—It is a great credit to you. Thank you for your submission.

CHAIR—As there are no further questions, we thank you very much for coming along this morning and telling us about your project. We wish you good luck and continued success.

Proceedings suspended from 11.25 am to 11.40 am

RAMSAY, Mr Gregory James, Director, Links Golf Tasmania Pty Ltd

CHAIR—Welcome. I am a golf tragic and I declare an interest! I need to inform you that your evidence today is protected by parliamentary privilege, which means that any actions taken against you as a result of any evidence given to this committee may well be in contempt of the Senate. We also remind all witnesses that evidence must be truthful and not misleading. We prefer our hearings to be in public, but if there is anything you need to discuss with the committee in private or a question you believe you will need to answer in camera, please make that request at the time and we will consider it. We decided at an earlier hearing that all witnesses would be sworn in, and the secretary will administer the oath or affirmation to you. I invite you to make some opening comments to the committee, after which we will proceed to questions. We have been provided with a brochure on the Barnbogle Dunes golf-by-the-sea facility, at which I hope one day to have the pleasure of having a round.

Mr Ramsay—You will be very welcome.

CHAIR—With my handicap, that could be a long way off.

Mr Ramsay—I think we need an upper house versus lower house golf challenge at Barnbogle Dunes at some stage! Links Golf Tasmania is the company which is developing the Barnbogle Dunes Golf Links golf and tourist facility. The background to our development is that we had the funding in place for the development of the golf links and we had a range of investors from interstate who were in the golf industry. The landowner is the majority shareholder of the actual developing company, and the developing company has a 40-year lease over the site. So we have the finance in place and we commenced the construction of the golf course. Part of the fundamentals of our development was that we were never going to overcapitalise on the development of the course because, being a regional development in Tasmania with its very seasonal tourism cycle, overcapitalising is often something that many tourism developments fall into here and they often cannot meet the interest payments or make the returns on their investment that were expected. So part of our philosophy was that we were going to build one of the great golf courses in Australia and that would be the core attraction.

During the development we looked at different government grant opportunities. We were assisted by the state government with a grant towards the infrastructure through their community, economic and infrastructure fund, or something similar to that. We received a grant from the state government for \$250,000 and the local government, the Dorset Council, assisted in building our 1.4 kilometre access road. That was to the value of \$65,000. So we felt that, with both the local and state government supporting us as well as the private investment going into the project, we would have a good look at the range of Commonwealth government grants available.

I had been working closely with Sheryl Thomas and Trevor Halimcek of TEAC, as it was then known, for several years while we were formulating the project, and we obviously identified the Regional Partnerships program as the most suitable. Our funding was only to build the best golf course in Australia. We were going to have a small demountable clubhouse installed where the current clubhouse is that would service golfers only. It was basically to be staffed by one to two

people, just serve cafe style meals and have a small retail pro shop for the golfers only coming to play golf.

Hopefully you can see from the pictures in the brochure I have given you that it is a fairly spectacular location. We knew that there was the opportunity to build a much larger catering, public dining and function centre. Because of the nature of golf tourism there was also the opportunity for accommodation on site. However, going back to our philosophy that the real margins in our business are in the golf course so we only had the funding for the golf course itself, coupled with the opportunity to receive a grant, we went out into the finance marketplace and secured finance for the development of on-site accommodation, which is the two-bedroom cottages that we now have.

That was dependent, from the standpoint of the investor, on us getting expanded dining facilities for the guests so that people staying on site could get breakfast, lunch, dinner and so on on site. We said that, if we received the funding for the public dining and function centre that we now have, we would not only put our own funds into that but we would also then be able to put the accommodation on site and deliver the range of services associated with being a public facility as opposed to a golfers-only facility. We worked very closely with Sheryl and Trevor Halimcek of TEAC, we put a submission in that we felt was fairly strong and we were very relieved and fortunate that we got a positive response from De-Anne Kelly, who was the secretary to the minister at the time.

We have delivered the goods. The background to the grant was the growth in jobs, because we went from being purely a golf facility to being a public tourism facility. We planned to grow the number of staff from eight to 32, including four to five traineeships in areas not commonly offered in north-east Tasmania. The provision of functions, food and beverage and accommodation is very labour intensive. If we received the funding for the full-service dining and function centre the breakdown of full-time employees was to be a minimum of 26 in the low season, which is what we are in right now, up to 38 in the high season. We have in excess of 26 right now and we certainly had more than 40 employees pretty much from January through to the end of March and the beginning of April. We delivered very much on employment.

We ended up building more cottages than we had included in the application. Instead of building the 15 that we provided for, we have ended up building 17. Another big factor was the environment. We have recently received a big tick from the Worldwide Fund for Nature that the golf course has delivered a range of considerable environmental benefits around the site, which was a very degraded coastal dune system.

CHAIR—Thank you. Just for the record, we will formally receive the two brochures, one entitled *Barnbogle dunes: open for business*, which you tabled as part of your submission.

Senator BARNETT—I wonder whether those brochures could be printed in colour in *Hansard*? It is worth a try! They do look good. I declare, for the committee's purposes, my interest, as a person who has played at the Barnbogle Dunes Golf Course and as somebody who assisted with the application. Thank you, Mr Ramsay, for an excellent introduction and overview. For the purposes of the committee, part of the objective of the funding was to take into account the fact that at the time the area had been knocked about by the Simplot closure in and around Scottsdale in north-east Tasmania. Can you describe to the committee the feeling, the

environment at the time? The community was somewhat demoralised as a result of the closure of the Simplot potato factory and governments were looking at opportunities for growth and development, and yours was it. Can you describe that for the committee?

Mr Ramsay—I cannot remember the exact figure, but I think Simplot announced the impending closure of their vegetable-processing factory in Scottsdale—which involved largely potatoes—and they were relocating that production capacity to Ulverstone. The whole community was greatly hit by that because they were by far and away the largest single employer. The forestry industry is also a very large employer but, in terms of one facility, Simplot was the largest employer and there were certainly no other real alternatives coming online to pick up the slack in the number of people who would be unemployed as a result of the Simplot closure.

While we certainly have not picked up 200 jobs, we were one very viable tourism development that was going on, and also, with the flow-on benefits associated with tourism, obviously our project was strong. North-east Tasmania is a beautiful natural environment—as are many regions in Tasmania—but it was felt and recognised by Tourism Tasmania that north-east Tasmania did not have a key attraction or an icon attraction to draw people to it to stay overnight and spend time and money in the area. Barnbogle Dunes is a high-end golf facility. One thing I should have noted in my original overview was that in February a US magazine ranked us as the No. 1 public access golf course in Australia, which essentially says to all golfers throughout Australia that the very best golf course in this country that everyone can play on is Barnbogle Dunes in Tasmania. I have the magazine here, but I cannot submit that one, so I will not bother. That is the background.

The fall of Simplot really made the government aware that the area was going to struggle without it and Barnbogle Dunes was perhaps a bit of a shining light in terms of the potential for us to attract many people to spend a lot of money and time in the area, as well as generating jobs on site ourselves. Also, the expected growth is happening. We are now master-planning for a second course and for, potentially, a much larger accommodation facility, so that process is ongoing.

Senator BARNETT—In part, you have answered my second question in terms of it being a catalyst for further growth and development particularly in the area and this view in the community—and you have just confirmed it—that there may be a second course. Can you outline that possibility to us? In terms of it being a catalyst for further growth and development in the area in and around Bridport in the north-east, if there is any further evidence you can put to the committee that would be good. I understand that in a US magazine, the dunes golf course was also recognised as one of the best in the world.

Mr Ramsay—That is correct. The golf magazine out of New York put Barnbogle Dunes on the cover of their June-July edition last year. We were the first ever Australian golf course to be on the cover of an American golf magazine, which was a great thrill for us all. They ranked us among their top 10 best new courses internationally. Again, these were the kinds of endorsements that we really needed in our first few years of operation to be able to attract golfers down to regional Tasmania.

Senator BARNETT—It is not just golfers from Tasmania; it is golfers from interstate and overseas—is that right?

Mr Ramsay—That is right. At the moment, more than 60 per cent of our business is interstate golfers and the international market is also growing. It is a bit less than five per cent at the moment, so it is growing. Going back to stimulating other investments, the Bridport resort built seven new villas on a new site in Bridport overlooking the bay and out to the golf course. It is called Bay View Villas. One way or another, it was involved with the development of the golf course. A redevelopment of the Bridport Bay Inn is under way which is essentially converting a pub with about 12 three-star rooms into a very high-end hotel with, I think, about 40 or 50 rooms overlooking Bridport and the bay. Aside from that, since we opened two tour companies have set up. One has nature based walking trails around the north-east. They pick up nongolfers—either a golfer's wife or a golfer's husband and take them on a nature based walk. I am not saying that Barnbougle Dunes has been the direct trigger for all those developments, but they are able to feed off the people who come to Barnbougle Dunes. Another company are doing winery tours and they do very well out of golfers and also the caddie—

Senator BARNETT—You mentioned the second golf course as well.

Mr Ramsay—We are master-planning at the moment for the expansion of what Barnbougle Dunes might become. The major shareholder in our company, Richard Sattler, has sufficient land to build at least one more golf course in the dunes on the coast.

CHAIR—Would that make it a 36-hole complex or are you talking of two separate golf courses?

Mr Ramsay—That is all part of the planning stage. The two sites are separated by a river, so it may well be two separate facilities, or branded facilities, or it may well be managed and branded under the one—

CHAIR—It will all be in the one area?

Mr Ramsay—Right next door to each other.

CHAIR—So you can have the composite courses and so on?

Mr Ramsay—That is correct.

Senator BARNETT—Mr Ramsay, going back to your Regional Partnerships funding of \$385,000, I understand it was announced in July last year.

Mr Ramsay—That is right.

Senator BARNETT—Just to clarify the process: firstly, it took about six months from the time you put your application in to the announcement. Secondly, the condition of that grant was state government funding support of, I think, \$250,000-odd and local government support and obviously your own investment. Can you outline the nature of the grant, what was involved and the terms and conditions of the grant?

Mr Ramsay—The conditions were first and foremost on the construction of the clubhouse and that was cofunded by our own shareholders of Links Golf Tasmania and also on the installation or erection of 15 accommodation cottages. A lot of the infrastructure for those cottages came from a grant allocated by the Tasmanian state government for infrastructure such as sewage processing, electricity, water and so on. That had to be matched by both sides—(1) by us as shareholders and (2) by a state government grant as well.

Senator BARNETT—Was that separate to the state's \$250,000?

Mr Ramsay—No, it was incorporated. What we really had to show was that we had full support from all levels of government and the community.

Senator BARNETT—You are saying that you have exceeded the conditions that you had to fulfil in terms of jobs, growth and development. I think you mentioned 26 jobs in the low season and 38 jobs in the high season and you have exceeded those requirements?

Mr Ramsay—Yes, very much so—and that does not include caddies. The caddy program has been a great success; the demand has been proven for caddies. The problem we do have is actually finding enough people in the community who have got the flexible time and interest to be fully trained as caddies. At the moment we have got 16 fully trained caddies who are available more often than not to visiting golfers. We expect that to grow as the volume of golfers grows.

Senator BARNETT—What is the timeline of when you put your application in? Can you recall when that was and how long it took?

Mr Ramsay—I believe we put in our application in late March or early April—it was certainly before Easter—and we received confirmation in July. Then we went to the independent audit. It was in late July that we had the full confirmation of the grant, as I recall.

Senator BARNETT—Thank you very much; I will leave it there.

CHAIR—It is described as a public access golf course in the brochure. Is it a private club and golf course with full public access, or is there no membership—

Mr Ramsay—There is no membership base at all at Barnbougle Dunes. There is a trend in golf at the moment away from memberships and more towards daily fee golf courses because people want the variety.

CHAIR—And it is hard for a lot of people to join private clubs. There are long waiting lists and so on.

Mr Ramsay—That is right. Our major shareholder, Richard Sattler, is an hotelier and a very well known tourism operator. He can see the benefit from a tourism perspective and, from that, the accommodation business of it being a public course. If it were a private club, it would not generate the same visitor numbers or revenue.

CHAIR—I am not suggesting it should be, but there are private clubs that also have fairly open access for the public to play a round—particularly a lot of publicly owned golf courses. Certainly, there are ones that I know of on the mainland where the local council may own the course and there is a club established there with private membership, but it is also open to the public.

Mr Ramsay—Yes.

CHAIR—Is the course finished and operating? Is there any more work to be done on it?

Mr Ramsay—No. We opened the course in October for three months and then we opened the full facility in December with public dining and function centres as well as the accommodation and golf course. The accommodation was all open. It was not initially all open when we opened the facility, but by the end of January all 16 cottages were open. The 17th cottage is about three weeks away from being useable.

CHAIR—You said in your opening remarks that there is a 40-year lease over the land. Can you elaborate on that? I took note of that because it seemed to me that maybe a 40-year lease is not a long time for a golf course, if you know what I mean. I would have thought the developers and the proprietors would be looking for a longer lease time for something like this.

Mr Ramsay—Going back to the absolute avoidance of overcapitalising, we saw that by leasing the facility our break-even point would be considerably lower in terms of the volume of golfers needed each day to break even without having to outlay the \$2 million, \$3 million, \$4 million or \$5 million to build the site. It would have doubled our overheads to buy the site. The 40-year lease was on good terms. It included all the water. The next business model I go out and pursue, I will go that way again because you generally write off an asset over 40 years anyway. Our investors came in and said: ‘We’re not buying part of the actual asset. What we are investing in is a 40-year cash flow of the business.’ Buying that site would have really complicated—

CHAIR—I am not so much suggesting that you should have thought of buying it but rather that you have a guaranteed lease longer than 40 years or an option or something like that.

Mr Ramsay—We do have an option beyond the 40 years.

CHAIR—You do?

Mr Ramsay—Yes.

CHAIR—As I said, I am a golf tragic at the moment who wishes he could get a lot more opportunity to play. Part of the thing about a golf course is that it does gain in stature as time goes on.

Mr Ramsay—Certainly.

CHAIR—If it is a good or a great course, it develops its own bit of tradition and improves, hopefully, over the years. Forty years is not a lot of time in that context—that is what I was thinking.

Mr Ramsay—Our investors were all quite happy with that. We negotiated with the landowner and that is what we came up with.

CHAIR—I have no other questions at this stage. Thank you.

Senator O'BRIEN—The construction of the links course was funded by private means?

Mr Ramsay—That is correct.

Senator O'BRIEN—Where did the funds for the clubhouse come from?

Mr Ramsay—We had just under \$200,000 in our own budget to lease a demountable clubhouse or to build a shack with a lean-to off it and some decking. We were going to build a small facility that might have seated 25 to 40 people and we were looking at a range of structures. We were leaning towards leasing a building that you could bring in in three parts and plonk down on the dune and only have it open to the golfers and maybe golfers' partners who were coming to pick them up.

When we got the grant we did have to go and get more shareholder funds to match it, which was not a problem—our major shareholder and some of the other shareholders put in more equity to more than match the investment by the Commonwealth government. We always had that contingency. I had been talking with TEAC for 2½ years before we started construction because we had had a different business model before the one we pursued. So we were always aware of the Regional Partnerships program and always had that as an option of potentially getting more funds to build a public facility on the dunes for dining and functions.

Senator O'BRIEN—What support did you receive from the state government for the project?

Mr Ramsay—We received a \$250,000 grant for infrastructure. I think we were actually the first recipient of a new grant program implemented by Dr David Crean while he was Treasurer. Many developments in Tasmania are fairly isolated, so almost the biggest hurdle is infrastructure. We could not get onto the town sewerage system, so we needed our own system. Similarly, it cost in excess of \$50,000 just to put the power on that we needed and it was also expensive to get the fresh water from a spring. We were an ideal candidate. That grant program was created to assist isolated projects, which a lot of new developments in Tasmania are. That was \$250,000.

Senator O'BRIEN—I recall that when I looked at the course you showed me the water reticulation system and talked about its installation. There was some phenomenal quantity of piping to reticulate water around the course. Is it a course that is watered throughout the summer and dry months?

Mr Ramsay—Certainly during the dry months the course gets a drink each night. We have 25 kilometres of pipe underground. Essentially every square centimetre of turf should be irrigable. We have valve-in-head irrigation all over the golf course, so we can turn on any sprinkler and water what we need. That was the most expensive component in the building of the golf course. It actually uses less water than an agricultural pivot. You only need to give the grass a drink each night; you do not need to soak it like you do with some other agricultural uses. At the moment

we are not using any water; in the height of summer we might use one megalitre to 1.2 megalitres of water per night.

Senator O'BRIEN—And you have that supply on the property?

Mr Ramsay—Yes, as part of the lease. That is correct.

Senator O'BRIEN—The environmental recognition you were talking about was from the Worldwide Fund for Nature, was it?

Mr Ramsay—The major hurdle in getting approval for the golf course was an endangered frog that existed in two identified wetlands on the site. The frog habitat was deemed by the manager of coastal policy for the Department of Primary Industries, Water and Environment to be damaged. The Worldwide Fund for Nature has a frog biodiversity expert, Dr Karyl Michaels, in Tasmania. She did an assessment of the frog habitat and deemed that the site had been more damaged by sheep and cattle roaming through the dunes than it would be under the controlled environment of a managed golf course. After the golf course had been finished, they came back and did a survey of the frog population, and they said it had gone through the roof.

Senator O'BRIEN—Looking at the course, I imagine there is a fair bit of wandering through the dunes—but I will leave that to the golfers to talk about.

Senator STEPHENS—Listening to the process from concept to fruition, it seems to have been a very powerful experience for you. Is Links Golf Tasmania Pty Ltd a special purpose vehicle established just for Barnbougle, or are you looking to establish other links in Tasmania?

Mr Ramsay—There are other great sites in Tasmania which would be ideal for world-standard golf courses. The main reason that this golf course has been a success—we have been thrilled by the visitor numbers; we have been blown away—is the site. Such a site is very rare nowadays. In America and Europe you would struggle to get permission to build on a site such as this because most of the coastlines are overdeveloped. Our site was infested with a lot of native weeds, so it was deemed not to be of great preservation value and that the golf course would do a lot more of that. So, yes, there are other sites in Tasmania which lend themselves to an equally high-quality development but, at the moment, we are just trying to get through our first winter and have the facilities settled and established through the summer before we consider any developments other than expanding what we already have. Links Golf Tasmania was set up to develop Barnbougle Dunes. Whether there will be one golf course or more, and where it goes from there, we do not know. We are not planning anything at the moment.

Senator STEPHENS—Did you tell us how big the site is?

Mr Ramsay—The lease is 280 acres in size and it is on three kilometres of beach.

CHAIR—Mr Ramsay, thank you for coming along today.

Mr Ramsay—Can I make a closing comment?

CHAIR—Yes.

Mr Ramsay—You asked a previous witness about how a grants program should be run. Through every stage of this process, I felt that the program was very well run. There was good analysis and research on the project. All the proponents of our project had some input along the way. Having your people on the ground through the area consultative committees is absolutely invaluable. It would have been very difficult to run this program the way it would have been done 20 years ago, dealing more directly with Canberra. I felt that your independent audit process was very well run and reasonable, and that is obviously a really important check and balance for the project. I would like to thank the Commonwealth government. We are thrilled that we have more than delivered the return that was being sought on the government investment of \$385,000. Thank you very much, and congratulations on what I see as a really well-run program.

CHAIR—Thank you, Mr Ramsay, for coming along this morning. I hope that one day I might get the chance to have a round. Looking at the pictures, though, I think I would need a good supply of golf balls for the rough. But that is what a links golf course is all about, as we know.

[12.15 pm]

MADDOCK, Mr Bruce David, Chief Executive Officer, Mentor Resources Ltd

CHAIR—Welcome. Mr Maddock, were you here earlier when I advised the previous witnesses about the impact of parliamentary privilege and issues related to that?

Mr Maddock—I do not think I was, but I have read it.

CHAIR—The evidence you give is protected by parliamentary privilege. That means that if any action were to be taken against you as a result of any evidence you give today such injurious action may well be a contempt of the Senate. We of course require that all evidence be truthful and not misleading. We prefer our hearings to be in public, but if there is any particular matter you wish to discuss or a question you believe you need to answer in private please ask the committee at that stage and we will consider your request. We require all witnesses to give their evidence under oath or affirmation, which the secretary will now administer. I invite you to make some opening comments to the committee and we will then proceed to questions.

Mr Maddock—I was not aware that I would have the opportunity to present brochures. I apologise that they are not in colour, but they are all we can afford. The Mentor Resources program is a project the Rotary Club of Hobart commenced in 1984-85. They set out to address the high incidence of bankruptcy within small business at that period. They looked at several programs and came up with what we now call Mentor Resources. We recruit successful, experienced businesspeople who are prepared to volunteer their time to assist small businesses. Those successful, experienced businesspeople are generally retired, but not all of them, and they contribute greatly to what we do.

The program has been running for 10 years now; it had its 10th birthday on 8 May this year. We have mentored some 3,000-odd businesses within Tasmania. We have three programs: one for existing small businesses, to help them either to survive or to grow; one for new start businesses, which we euphemistically call ‘business immunisation’, which is to immunise them against failure—as with the medical term; and a recent program called community mentoring, which is available to non-profit community groups to provide them with mentors not just from business but also from the arts and other areas where they might need advice. But we do find that the requests from community mentoring are of a businesses nature, such as how to run their organisation, how to set up their books and how to deal with their constitutions and the like.

It has been a very successful program. Its major attributes are, obviously, that it helps businesses and the businesses are very grateful for that. The other benefit pertaining to us is that the community benefits as well because all those retirees find something meaningful to do. Currently we have about 154 mentors within Tasmania—we only service Tasmania. So we have 154 retirees doing something meaningful within the state instead of playing golf and going fishing.

Senator BARNETT—Which is, of course, a very important part of their lives.

Mr Maddock—That is right—but they tell me that there is only so much of it you can do! We have been servicing the community for 10 years, and the mentors are getting the benefit, the businesses are getting the benefit and, of course, the community is getting the benefit from the jobs that are created by the mentors assisting businesses to grow. Since the advent of the GST and the requirement for businesses to keep books, we have found that our emphasis has turned from helping businesses to survive to helping businesses to grow. They are coming to us and wanting to know how to grow rather than to survive, which they were doing when we started out initially. We have grown from one section of our program to three sections. We still have a staff of only me and an assistant. My predecessor, Tony Bromage, who organised the company in the first place, has retired. We still run the company with the same number of people.

Part of the partnership money was applied to setting up a web site and a mentor database, which will make life easier for us, our mentors and our clients. It will be a better result for the community because the object behind it is to allow other business help organisations, such as business enterprise centres and government departments—the Department of Economic Development and such—to access our mentors on the web, to be able to select mentors and deal more directly with us. From our point of view, we get to deal electronically instead of with paper. I can go back to year one with the first mentor on a piece of paper, but it is not a lot of help to me to have to go and look for it if I need to.

We received the money from Regional Partnerships. I have to say, as previous speakers have, that the help from TEAC was immense. I was in a hospital bed when we submitted our application for the partnership money and TEAC were very helpful and understanding about it. The only comment I have about the money is that we applied on 29 June 2004 and we received the money on 17 December 2004. We had money coming from the Tasmanian Community Fund and we received their money on 6 August, but we could not do anything with it until we got the Regional Partnerships money. Consequently, we were not able to start the project realistically until February and so it is not completed as yet. It is very near completion—it should be completed this week or the next.

Senator BARNETT—Thank you for an excellent overview of your program and congratulations on your success to date. I also acknowledge the work of Tony Bromage who, prior to you, had a wonderful leadership role in terms of mentoring and developing the mentoring business. Before I get on to the Regional Partnerships grant and the application process, you mentioned the 154 mentors that you have, mostly retirees. Can you outline how long they work, as it were, as volunteers each month and, secondly, how many small businesses are supported? I think previously you had some statistics with respect to the number of jobs saved and the number of jobs created. I do not know if you have any of those figures that you can help us with today. If so, that would be good.

Mr Maddock—I have not got the job figures with me, I am sorry. But we do keep those and report those in the reporting that we do for our funding. If I can digress for a moment, one of the things I did not mention is that we offer a free service. We are funded by both the Commonwealth and the state governments. We get sponsorship from organisations such as Aurora and in-kind donations from the Commonwealth Bank, Rotary and Southern Cross Television. Part of our success is the Southern Cross Television in-kind donations, because they do all our advertising for free. That is how the organisation exists. Coming back to the 154 mentors, they spend—

Senator BARNETT—Just to cut in on you there, you said you get funding from the federal and state governments and Aurora. Do you have an overview of those figures? Can you share those with us, if that is not confidential?

Mr Maddock—The Commonwealth has just committed to fund us for the next three years for \$50,000 a year. That is coming from the Department of Industry, Tourism and Resources through AusIndustry. The state government funds us through the Department of Economic Development for a similar amount. We have not got a three-year funding guarantee on that at this time but it is at least for the next two years, as I understand it.

On the Regional Partnerships money, we have applied on a number of occasions but, because we run an ongoing program and did not have a project, we never qualified for Regional Partnerships. When we came up with the web site requirement and the database, that then became a project with a definite start and finish, and that is what we were funded for on this occasion. We certainly would not have had the funds to do it if we had not got the Regional Partnerships and the Tasmania Community Fund money because our other funding barely scrapes us through the year. We usually have to go begging to the Rotary Club or somewhere just to finish off the year.

Senator BARNETT—Before we get onto the grant, how much time do your volunteers put in per month, roughly?

Mr Maddock—It varies. When some are accredited as a mentor, we give them a job in the same breath. We tell others, ‘We might call you tomorrow, we might call you next week or we might never call you.’ Because their skills vary, their experience varies and their location varies—and obviously it is the same for our clients—it is a case of matching clients with mentors. I know there is one mentor who has mentored 64 times. There are others who I am sure have not done any mentoring. But they are available. Some of them just do one or two. As I said, some have done up to 64.

Senator BARNETT—Do you have an average?

Mr Maddock—The average is about 20. We tell the mentors that it takes an average of about 2½ hours for a mentoring, which is a phone call, an hour’s meeting to find out what the problems are and perhaps make some suggestions and another hour’s meeting in a week’s time or something to follow up on some of the suggestions that might have been made. But, on the other hand, we have mentoring that is still going on five years later.

Senator BARNETT—Do you know how many small businesses you have mentored over the last 12 months or over a given time period?

Mr Maddock—In the entire period, it is 3,000, give or take one or two.

Senator BARNETT—You said that in the early stages you saved small businesses from collapsing or disappearing. Now you say you have helped small businesses to grow. Is that right?

Mr Maddock—Ten years ago, as I said, the majority of our inquiries were for help to survive. We identify that by our inquiry forms and then log that information. Now we are finding that the

help needed is help to grow. Instead of people coming and saying, 'The bank will not give me any cash, so how am I going to pay my staff?' they are coming to us and saying, 'We want to diversify; we want to export; we want to put people on.' A common inquiry is about what the pitfalls are in putting people on and employing people. We have been saying to our government fund providers, 'Not only are we creating possible jobs but we are certainly saving or growing the jobs that each employer has.' In other words, we are securing the jobs of people who are already in work.

A typical example is a consultant who comes to us and says, 'I'm spending too much time doing the books instead of being out there getting consultancy at \$120 an hour.' You would be surprised at how many of them do not realise they can hire a bookkeeper at \$30 an hour for a couple of hours a day and then go out there and get \$120 an hour for their work. That is a typical example of the sort of thing that mentors are able to say to businesspeople just to get them thinking about what they are doing. I can see you are puzzled but, believe you me, that is what happens in small business.

Senator BARNETT—Thanks, that is very helpful. Can you tell us whether the grant from the Tasmanian Community Fund was conditional on a partner coming in.

Mr Maddock—Each on the other, yes.

Senator BARNETT—How much was coming from the Tasmanian Community Fund?

Mr Maddock—There was \$20,000 from them and \$20,000 from Regional Partnerships.

Senator BARNETT—Was there any other funding or in-kind support?

Mr Maddock—From Aurora, the Department of Economic Development and in-kind from the Commonwealth Bank and—

Senator BARNETT—Can you outline for the committee how much there was from each?

Mr Maddock—The total figure was \$60,000. There was \$20,000 from those others, but some of it was in-kind. We are just about to mount an advertising campaign through Southern Cross. It is a bit difficult to get them to put a value on it.

Senator BARNETT—That is fine. The total figure was about \$60,000.

Mr Maddock—The total figure for the project was \$60,000.

Senator BARNETT—So there was \$22,000 from the Australian government, which is nearly three-to-one in terms of the return. And the database that you were talking about was for volunteer mentors, business clients, to allow faster, more extensive and cost-efficient provision of services. Is that project halfway done or nearly complete?

Mr Maddock—It is nearly complete. I expect and demand that it will be finished by the end of July.

Senator BARNETT—Do you think that the project will meet the expectations that were set out in the grant application?

Mr Maddock—I cannot guarantee that the numbers will meet the numbers set out, but I am very confident that they will. It depends a lot on the advertising campaign that goes with it.

Senator BARNETT—So you think that, if there were an audit of the program, you would get a clean bill of health and that it was a good outcome?

Mr Maddock—Yes.

Senator BARNETT—You mentioned that you had involvement with TEAC—now the Tasmanian ACC. What involvement did you have with them?

Mr Maddock—We had applied through them on previous occasions for funding—when I say ‘we’, Tony Bromage had; I had not myself. When we looked at this project that we needed to do, and at where we were going to get the money from, that was one of the avenues that was obviously available. We talked with TEAC, as it was then, and with Trevor. As I mentioned, I was in hospital for three months at this stage. Most of the negotiations and the submission were done from my hospital bed. They were very helpful; they came down, helped us to put it through and everything.

Senator BARNETT—I note that you said the application went through on 29 June, according to your files; and the announcement was made on 17 December.

Mr Maddock—We were advised on 2 November, from De-Anne Kelly’s office I think, that it had been successful. I got an official advice from the program on 26 November and we got the payment on 17 December.

Senator BARNETT—In any event, whether or not it was 2 November, the figures that were put to us earlier in evidence from the department had the application going in on 5 July and a date of approval of 22 October. So there are obviously a few days missing there. You have advice on 2 November. In any event, I just make the point that it was after the 9 October federal election that the announcement was made and you were advised of your success.

Mr Maddock—Our first indication was, as I said, 2 November.

Senator BARNETT—In any event, as I said, it was after the federal election.

Senator O’BRIEN—I was going to ask some questions about the state government’s role in the project, but you have clearly enunciated the matters that I thought might go on the record as well. On the actual project, have you brought in consultants, effectively, to set up a system for your organisation?

Mr Maddock—We have hired Clark Integrated Technology to develop the software and the web site.

Senator O’BRIEN—Is it all software or is there hardware as well?

Mr Maddock—Hardware was involved as well. They have assisted us in the purchase of that as well. The hardware is in place.

Senator O'BRIEN—So it will take some time to develop the software?

Mr Maddock—No, it should be completed by the end of this week. It will probably be the next week or the week after, but it is well advanced. I have a draft web site and I am currently asking all people concerned to verify their logos, references and the like.

Senator O'BRIEN—How will the web site be maintained?

Mr Maddock—We will basically maintain it. It will be able to be maintained from my office, but also, obviously, the contractor will be available if needed. It is integrated with our office system.

Senator O'BRIEN—There is nothing in the \$60,000 for ongoing maintenance?

Mr Maddock—There is a little bit for initial maintenance, yes, but not ongoing. We feel that we can manage that ourselves.

Senator O'BRIEN—That is all. Thank you.

Senator MURRAY—Mr Maddock, about two decades ago, maybe a little longer, I remember reading that the West German government at the time had decided to put in a system requiring all small business people to have certificates that meant they were trained in the basic underpinnings of business. They did that because, I think, the failure rate for start-up businesses was something like eight out of 10; it was very high. Your scheme avoids the bureaucracy of all that, but it obviously does enable people to develop the essential skills without which the business would fail or fail to grow—one of the two. My question to you is: where is the principal weakness in small business that mentors address? What is the most common problem?

Mr Maddock—Managerial capability is by far the largest problem, as I see it. Our mentors address problems across the board and we categorise them into finance and accounting, sales and marketing, human resources and those sorts of categories, but it all comes down to general management. It comes down to the ability of the small business person to manage. I always refer to it in this way: a good number, if not the majority, of small businesses get into business by accident. They have a product and they think, 'Gee, I can sell this,' and they start up to do something.

There is an example I often use, something that was happening when I first joined Mentor Resources as the deputy in 1994-95. The phone would ring and there would be a woman on the end of the phone. She would be desperate because her husband, a builder, had been retrenched because either the building trade was going under or his apprenticeship had finished, and, while he was on the dole, his mate said, 'Can you finish that extension on the house for me?' Then his other mate said, 'Can you build that carport for me?' He was coming home and saying to his wife, 'There you are, dear; there are the cheques, there are the invoices.' 'Dear' was ringing us up and asking, 'What do I do with them?' That is a general idea of what was happening.

The principal thing was that people were going into business with no idea about management, particularly people from the trades—they found they had to work for themselves because nobody could employ them—and disaster was happening. People were blowing the superannuation payouts that they got at the time. For example, Telstra was putting people off left, right and centre and they were taking their super. People were being retrenched and, with their retrenchment packages, buying a shop thinking they could stand behind the counter and take money. It was as simple as that. Unfortunately, it probably always has been and it probably always will be like that, and the people who survive are the people who get out there and are educated enough to work on their business and not just in it. But the majority of people only work in it, and they run into this brick wall which is called cash flow, expansion problems or the bank manager who says no.

Senator MURRAY—Given your experience of the value you are in fact adding to these businesses, has your organisation sought to spread this concept to other parts of Australia?

Mr Maddock—I think the contract for our last lot of federal funding says that we are there to advise other organisations throughout Australia, but nobody has ever asked us. There are five programs on the mainland of Australia that are based on our procedures manual; we actually sold them our procedures manual as part of our fundraising. There is one in Bundaberg and one in Rockhampton; I think they were based on the chambers of commerce up there. There was one in Gosford—I am not sure if that is still going—and there are three in Victoria. The city of Kingston in Victoria certainly chose ours from a worldwide search, and Wellington shire in Victoria also has a part-time program running.

Senator MURRAY—Have you any suggestions to the committee as to how governments might encourage employer organisations, educational facilities or civil society groups such as your own to use this model to prevent loss and to allow businesses to maximise their opportunities?

Mr Maddock—There are two elements of success from our program. One is that we use experienced, successful business people. Small businesspeople, particularly those who have got into business by accident, are not usually highly educated, not usually confident about approaching professionals, always worried about the clock going around while the professional is charging for their services and quite often do not have the ability to understand what the professional has told them. The ability to empathise with somebody who has been there and done that is the aspect of our mentors—retired people who have been in business and who have experienced the same problems—that gets the message across to small businesses. I remember interviewing a prospective mentor in the early days and, it being Tasmania, I knew who the gentleman was anyway. He came in and the first thing he said to us was, ‘I should tell you, I’ve been bankrupt,’ and Tony and I both said in unison, ‘Terrific!’ because he had been there and done that and he was able to transfer that experience to his clients.

All I can say is that governments should be aware that our program is two-pronged. It is helping businesses. It is getting to them in the best way possible, because having professionals and academics approach them on a fee-for-service basis is not what the smaller small businesses—and I am really talking about one- and two-man businesses—empathise with. Our method gives meaningful employment, if you like, to retirees and is of benefit to the community and of benefit to the businesses. So to push that model seems to me a logical thing to do.

There are a couple of things it needs. It needs the backing of advertising to let the program be known. I have to say that Southern Cross would be the linchpin of our organisation. If we did not have that television advertising, would we be as successful? We certainly would still be successful but I do not know about being as successful. That is the first thing. The other thing you need is a pool of mentors to start it off. In our case, it was nine mentors from the Rotary Club of Hobart.

Senator MURRAY—Do you find that banks, financiers, investors and so on lock into your system, knowing that if somebody has been mentored they are likely to be more stable and more able than somebody who has not?

Mr Maddock—The Australian Taxation Office, for instance, has a brochure out that recommends that people come to us if they have business problems. We, likewise, send them to the tax office if they have a tax problem. But I could not do that, because we mentored a business, a bank would think that they were better off. The problem is that you can mentor for all you are worth but you have got to have your businessperson take it on board—and that is probably the mentors' biggest frustration and our biggest frustration: some will and some will not. Some will do as they are shown and others will not be bothered. I often get a report that says: 'I said this, this and this. He has done that, that and that. Degree of potential success: 10 per cent,' because the mentor knows that the client is not listening.

Senator MURRAY—You mentioned in your opening address that a side-effect of the GST was to require people who did not keep proper books to keep proper books. The result of that was better information, and that information enables better analysis of the business and what to do. You said that the biggest problem with these businesses is managerial, but that remark of yours seems to imply the biggest problem was information.

Mr Maddock—I meant managerial including no record keeping—poor record keeping would be the better way to put it. My remark about the GST was only anecdotal, but we noticed the effect of it. We have on the bottom of our inquiry we have 'survive' or 'grow', which we used to circle according to our judgment about what a client wanted: did they want to survive or to grow? Eighty per cent of them wanted to survive, pre-GST. Shortly after GST 80 per cent of them wanted to grow, to the extent now that we circle 'survive' very rarely. Whether it was the GST or not I do not know. It might have been the improving economic conditions; it could have been anything.

My predecessor had an experience where he went into a jewellery shop in Hobart and asked the proprietor: 'What do you think about the GST?' 'It is the best thing since sliced bread,' the man replied. 'Why,' my predecessor asked. 'Because now we know where we are every month,' the man said. Then his wife popped up and said: 'No we don't—we know where we are every week. Before, we didn't know.' A typical small business would take their shoebox of invoices and their shoebox of cheque butts to their accountant three months after the end of the financial year and they would get a report back from their accountant six months after that to say they went broke 18 months ago—and they still would not know what it meant.

Senator MURRAY—That is right.

Mr Maddock—We laugh, but unfortunately that is a fact.

Senator MURRAY—Yes. I know that to have been so.

Mr Maddock—I am not being denigrating—there are a lot of good little businesses out there. I am not saying every business is like that, but we deal with the whole range.

Senator MURRAY—Coming back to the question I put to you earlier, if the scheme has worked so successfully here, do you think it can be replicated elsewhere in Australia?

Mr Maddock—I most definitely do, yes.

Senator MURRAY—Have you had any approaches from federal bureaucrats or politicians with that in mind?

Mr Maddock—I got grilled fairly thoroughly on the program a couple of weeks ago by a couple of federal bureaucrats and I got some follow-up questions that I was led to believe were for a Senate estimates committee. But no-one is letting on as to what is happening so I do not actually know. I noticed in the budget there was \$9.5 million put aside for mentoring programs and succession planning. I did ask the bureaucrats how that was going to be done and they did not know.

Senator MURRAY—You might not know but the federal government has a very big volunteers program and promotion. Yours would seem to be a very useful and productive scheme of that kind.

Mr Maddock—From a biased point of view I cannot see how you could see past it. But that is only my point of view, of course.

Senator BARNETT—I am a supporter of the mentoring resources that your business is involved in and of that concept generally. The Senate inquiry in 2002 was into small business employment, with Senator George Campbell, and other senators of course, and we went round the country. You may or may not have made a submission, but your Mentor Resources was used as a bit of a model. We did look at some of the other states that Senator Murray was asking about. At the time there were at least half a dozen that had picked up on your concept and talked to your business and were implementing similar or related types of mentoring resources in those areas. I specifically remember they were in Queensland and New South Wales. Some of those recommendations were set out in that report in terms of the merits of mentoring. I acknowledge the point that Senator Murray and others have made that there is merit in pursuing that concept further and we will certainly follow it up. Thank you for your submission and response.

Mr Maddock—One point that I did not fully go through is that the other element of the success of our program is that it is free to the businesses. You can argue the merits of charging or not—whether it is worth it if it is free and all those sorts of things—but we have proved that free is by far the best way to go. I can give you paperwork on why and how that is. But it is certainly one of the elements of the success of the program. It is very difficult to make it free because we have to keep asking people for money.

Senator MURRAY—The result of that is you do not get conflicts of interests.

Mr Maddock—That is one of the big aspects of the mentors out to the small business. We say they are unbiased—they have no axe to grind.

Senator O'BRIEN—And a fee might be a barrier to getting help.

Mr Maddock—They simply would not come to us.

CHAIR—You indicated in the course of your submission that it is noted on the brochure who the major sponsors are, the groups that you have dealt with and the governments that you have dealt with. What is the relationship with chambers of commerce? I think the state body here is the Tasmanian Chamber of Commerce and Industry. Are they actively involved?

Mr Maddock—We are a member. I recently did some work for them in strategic planning with some programs they were running, and they often do things for us. We cooperate very well—put it that way.

CHAIR—But they do not have a mentoring system as such?

Mr Maddock—No, not as such. I think they are a registered training organisation and they run training programs like other registered training organisations do, but they charge for them, so they do not pick up the people that we pick up.

CHAIR—You pick up those who are in trouble.

Mr Maddock—Not all are in trouble.

CHAIR—Or may be heading that way or, as you said, looking to expand. I appreciate that.

Mr Maddock—Most of our people now are wanting to grow, and we get quite a few inventors. Certainly the bulk of our business right at the moment is new start businesses—people wanting to start businesses. Part of our philosophy is that we sort of make an attempt to discourage them, if you like: we give them a fairly extensive questionnaire and say: 'Complete that questionnaire. When you have done that, if you still want to start a business, come back and we'll give you a mentor.' Probably 20 per cent of them do not come back because they are asked some awkward questions like: 'Have you got a marketing plan?' 'Have you thought about this?' and 'Have you got sufficient finance?' We also say: 'Even if you answer no to all the questions, it doesn't mean to say you can't start a business. It means you now know what you have to do to start a business. If you are prepared to do that, we'll help you.'

CHAIR—Thank you, Mr Maddock, for coming along this morning and giving us your evidence. Well done on the efforts that you are putting in.

Mr Maddock—Thank you for the opportunity.

Proceedings suspended from 12.52 pm to 2.10 pm

ROWELL, Mr David John, Chairman, Area Consultative Committee Tasmania**THOMAS, Mrs Sheryl Lois, Executive Officer, Area Consultative Committee Tasmania**

CHAIR—I declare open this afternoon's session of the Senate Finance and Public Administration References Committee inquiry into the Regional Partnerships program and the Sustainable Regions Program. I welcome the new witnesses. The committee prefers to hear all evidence in public. However, if there is anything that you need to discuss in private, please tell the committee at that stage and we will consider the request. Evidence is protected by parliamentary privilege, which means that any action taken against a witness which disadvantages them and which arises from what they say in the evidence that they give to this Senate committee may be deemed to be a contempt of the Senate. All evidence must be truthful. The giving of false or misleading evidence to the committee may also constitute a contempt of the Senate. The committee has decided that all evidence given in this inquiry should be given either under oath or by way of affirmation. I note that you have provided the committee with a submission. Before I invite you to make an opening statement, do you wish to make any alterations or additions to your written submission.

Mr Rowell—No, Mr Chairman.

CHAIR—I now invite you to make some brief opening comments and then we will proceed to questions. I note you have been listed under 'Tasmanian Employment Advisory Council—ACC'.

Mr Rowell—We were the Tasmanian Employment Advisory Council but our name changed. Recently we became the Area Consultative Committee Tasmania. That was done as part of a move to provide a more consistent naming structure for ACCs around Australia. I think most references in the previous documents supplied would be to TEAC. Those should now be read as ACC Tasmania.

We commenced in 1997. I, as chairman, and Sheryl, as executive officer, started with the ACC at that point in time and have been with it ever since. We currently have 13 regional directors, including five executive regional directors and an additional seven associate regional directors. The executive regional directors form the board of this organisation and run the administration. All directors, whether they are regional, executive or associate directors, have an input into our strategic plan and attend our AGM. Our associate regional directors in particular, as I will explain shortly, provide us with the expertise that we need to provide the back-up to our decision making on RP applications.

They all represent community or business organisations. In particular, our associate directors, who provide us with linkages to other organisations who are part of our stakeholder group, would include representatives from the Tasmanian Chamber of Industry and Commerce, DPIWE, the Local Government Association, education in OPCET, the Department of Economic Development—DED—tourism and TasCOSS. We work very closely with major state government departments, particularly the Department of State Development. The way they are structured in Tasmania means they have a very significant role in any economic development

that occurs here and it is important for an organisation such as ours to have a close association with them. We work with Tourism Tasmania and all other Australian government agencies with offices in Tasmania.

We have a program where we keep in touch with members of parliament, both federal and the Tasmanian parliament, and the 29 local government councils. We also have, from a partnership funding perspective, very strong links with the Tasmanian Community Fund. We are currently working with them to develop a structure where we can improve the partnership funding process in relation to the projects that we put forward. For the committee's information, in Tasmania our Regional Partnerships approvals from 2003 to 2005 have been \$1,507,965, with total cofunding of \$5,337,144. The cofunding aspect of the work we do is quite important to us. That is a brief overview. I think our original submission was quite extensive and we would leave it at that.

CHAIR—I note for the record that we have also been provided with a copy of the publication entitled *ACCTasmania NEWS* issue No. 18, which has a photo of Senator Guy Barnett on it.

Senator BARNETT—An excellent photo too.

CHAIR—We will receive that as part of the record.

Senator O'BRIEN—I have a couple of questions about your submission. In your submission, in part, you say:

Either the Duty Senator or MHR in the area of the RP application informs the ACC, should an application be successful or otherwise. It is also the role of the Duty Senator or MHR to inform the proponent. (This is a process that could be better co-ordinated)

Could you define what the term 'duty senator' means, please?

Mrs Thomas—The duty senator is usually the person who looks after a particular electorate. So it could be Senator Barnett as far as Lyons is concerned, Senator Colbeck as far as Braddon is concerned and so it goes on.

Senator O'BRIEN—Do I understand it correctly that it is not the minister or the department who informs the ACC of the outcome of project assessments; you have to wait for the Liberal MP or senator to let you know?

Mrs Thomas—It is usually the first identification in relation to a project's success or otherwise. Then, usually a couple of days later, we get official correspondence from the parliamentary secretary for DOTARS.

Senator O'BRIEN—Do I also correctly understand the submission to mean that it is up to Liberal MPs or senators to let proponents know about the success or otherwise of their project applications?

Mrs Thomas—That is usually the case.

Mr Rowell—It is the initial contact. Obviously, there is the formal letter that arrives from the department in the mail shortly after that.

Senator O'BRIEN—Does it mean that if a project proposal is unsuccessful, the local Liberal MP or, where the seat is not held, the Liberal senator would let the proponent know?

Mrs Thomas—That is correct.

Senator O'BRIEN—What does your submission mean when it says:

(This is a process that could be better coordinated)

Mrs Thomas—From my perspective as the executive officer who is working with the proponents, sometimes we can read in the paper that a project has been successful. Sometimes, probably due to senators or ministers being busy within their electorates, we are not always at the forefront of being informed. However, I would like to add that in more recent times that has been improving.

Mr Rowell—Once we have been with a proponent at a point of time where the application actually hits the system we have to stand at arm's length. Because we are making decisions and advising the minister we do tend to stand back from the project quite a bit in order to retain that independence. That process then goes on a little separately from where we have been. There is some aspect which involves our stepping back a bit.

Senator O'BRIEN—So how would the process be improved? You say it is being improved a bit. How would you improve the process overall?

Mrs Thomas—As I said previously, it has improved. If we could be informed as soon as possible by the duty senator or MP that the project has been successful that would be an improvement. I think you have heard today that we are particularly supportive of applicants so it is always nice to know when a project has been successful.

Senator O'BRIEN—I think it would be fair to say you are usually supportive. But you do not support all projects, do you?

Mrs Thomas—No.

Mr Rowell—No.

Mrs Thomas—But in working with them we try and tell them if their project does not meet the Regional Partnerships guidelines. We usually give them homework—that is the terminology I use—in terms of going back and working more closely with their community and their local government and gaining other funding opportunities.

Senator O'BRIEN—Your submission recommends that candidates for election consult with the ACC about election promises. Do you just mean election promises that relate to existing Regional Partnerships applications or promises that would be funded from the Regional Partnerships budget allocation?

Mr Rowell—It means all projects that would fit into the Regional Partnerships program, whether they have been to us or not. The reason we say that is that our people are out in the field—not only our staff but also our directors—and we have spent a lot of time cultivating an environment whereby people expect to go through a rigorous process to get their project up. So in that sense we have a feel for what is going on out there on the ground and we think we could add some value to that.

Senator O’BRIEN—Then what do you mean when you say in your submission:

It appears that the "squeakiest wheel" may be the only one given consideration during the election campaign.

Mr Rowell—During an election campaign we are out of the process while the government is in caretaker mode, as you know. We have no input and cannot be tied up or associated in any sense. The committee felt that anybody who put their hand up during that time who had some case to put would be listened to and that if they made strong enough representations then they would get something up—that is, outside our process. We are talking about Regional Partnerships.

Senator O’BRIEN—So if I understand you correctly, you are suggesting that someone who can make the right amount of noise in the campaign might at the very least fast-track their application or, perhaps even worse, get an approval that might not be as warranted as others that are in the process?

Mr Rowell—No, not specifically. I guess we are saying that because we have no background in some of those projects that have been put forward—

Senator O’BRIEN—Sure. I am saying ‘might’; I did not say ‘did’ or ‘did not’. I am talking about the potential in the process.

Mr Rowell—There is the potential for that, because if we have a very rigorous process we have to go through and our understanding would be—I cannot be certain on this, because we are not part of it—that that same process does not apply. I guess that is the difference we are trying to make. Ours is a question of process. We have a concern about process in that sense.

Senator O’BRIEN—Has the ACC waived any of its assessment procedures in relation to any proposal that has come before it?

Mr Rowell—Never.

Senator O’BRIEN—In your submission you say:

The “election promises” where projects have received funding, that were not known to the ACC, or where further development was required, undermines the voluntary commitment of the ACC Regional Directors.

Can you identify projects to which this passage refers?

Mr Rowell—My understanding is that that was a general comment made by committee members. Could I confer on that? I do not have that information with me at the moment.

Senator O'BRIEN—You can take that on notice if you want to. You can go back to the committee to find out whether that is their view.

Mrs Thomas—Because our regional directors take Regional Partnerships with a passion and are seen out in the community as representing the ACC and the Australian government with Regional Partnerships, they talk to their communities and potential proponents about having very strong community support and cofunding arrangements. In some cases, perhaps the community support and cofunding were not as evident in the election promises as we would have liked.

Senator O'BRIEN—Are you able to identify which projects, subject to the government's election announcements, needed further development?

Mrs Thomas—The Bridport Bowls Club presented a business plan to us for their synthetic bowling green. We indicated to them that they needed strong community support and to get funding from Sport and Recreation Tasmania and perhaps from the Tasmanian Community Fund. They were about to do that when the election was called.

Senator O'BRIEN—I want to ask some questions about a project list provided to this committee by the Department of Transport and Regional Services. The list is headed: 'Election commitment 2004-likely to use Regional Partnerships program as mechanism. Prepared for area consultative committees as 7/1/2005'. Are you familiar with this project list, which includes a group of projects headed 'Tasmanian package of projects'?

Mrs Thomas—Some of them, yes.

Senator O'BRIEN—Are you familiar with the document I have just referred to?

Mrs Thomas—Yes.

Senator O'BRIEN—Did you receive the document?

Mrs Thomas—Yes.

Senator O'BRIEN—When did you get that?

Mrs Thomas—I would have to check.

Senator O'BRIEN—You can take that on notice; that is fine. What was the source?

Mrs Thomas—Through DOTARS.

Senator O'BRIEN—Given that this project list identifies the Regional Partnerships program as a funding mechanism, I want to ask about the ACC's role in the development and assessment of the Tasmanian projects. There is one project entitled 'Economic development initiatives', which involves \$600,000. What was the ACC's role in and recommendation on that?

Mr Rowell—Is that the Region North project?

Senator O'BRIEN—Yes.

Mr Rowell—We had no direct involvement with that. We did know that Region North was seeking funding, but we had no direct involvement with that at all.

CHAIR—Did you say 'Regional North'?

Mr Rowell—Region North. It is a regional development organisation.

Senator O'BRIEN—The Tamar Woodworkers Guild building was \$50,000. What was the ACC's role in that?

Mrs Thomas—We are certainly aware of the project and have been aware of it for quite a long time. We have an excellent relationship with the Department of Economic Development. However, we had no direct input at all into that project, nor had we been approached by the Tamar Woodworkers Guild for an RP application.

CHAIR—Can I just clarify: when you say that, do you mean there was no recommendation?

Mrs Thomas—We had not been approached, even in the first instance, to work on a Regional Partnerships application.

CHAIR—I think Senator O'Brien's question was: what was the involvement, including recommendations? We are assuming that if you say there was no involvement, then there was obviously no recommendation.

Mrs Thomas—No.

CHAIR—Thank you.

Senator O'BRIEN—There was \$150,000 for a Bridport planning strategy.

Mrs Thomas—Yes.

Senator O'BRIEN—Again, what was the ACC's involvement, including, if any, a recommendation?

Mrs Thomas—No involvement, no recommendation.

Senator O'BRIEN—Three hundred thousand dollars for new facilities for Bellerive Oval?

Mrs Thomas—No involvement, no recommendation.

Senator O'BRIEN—There was a \$250,000 grant to the Launceston City Council to develop bike tracks.

Mrs Thomas—No involvement, no recommendation. However, I would like to point out that perhaps some of these projects may not have even come under Regional Partnerships. The bike track is more likely to come under sport and recreation.

Senator O'BRIEN—I am referring to a document that was given to us by the department. I understand what you are saying about how the subsequent budget identified a new program for sporting grants, but this is the document which the department supplied to us as at 7 January 2005. I just wanted to run through it because, as at that date, these were considered to have been Regional Partnership programs. I just wanted to see what your committee's involvement may have been. There is the Lyall district community hall, \$100,000.

Mrs Thomas—No involvement, no recommendation.

Senator O'BRIEN—Queenstown skateboard facility, \$15,000.

Mrs Thomas—No involvement, no recommendation.

Senator O'BRIEN—White City Athletics Club storage shed, \$25,000.

Mrs Thomas—No involvement, no recommendation.

Senator O'BRIEN—This may be repetitive, but permit me to be sure. Emu Valley visitors centre, \$200,000.

Mrs Thomas—Yes, we have had a long and strong involvement with that application. We received it prior to the election, and it had been assessed and recommended to DOTARS for funding.

Mr Rowell—It has strong support from us.

Senator O'BRIEN—So that was the subject of a recommendation and the recommendation was for funding?

Mrs Thomas—Yes.

Senator O'BRIEN—For \$85,000?

Mrs Thomas—Yes.

Senator O'BRIEN—George Town community facilities, \$260,000.

Mrs Thomas—We had had some involvement with that. An RP application was lodged just prior to the election. However, because it arrived just at the time of the election being called, we had to cease any recommendations on that.

Senator O'BRIEN—The Axeman's Hall of Fame, \$150,000.

Mrs Thomas—Again, we have had a very long and strong involvement with the Axeman's Hall of Fame. They had lodged an RP application. They subsequently withdrew it, and their advice to us was that they needed the money virtually immediately.

Senator O'BRIEN—They found a better way of getting it?

Mrs Thomas—I will leave that to them.

Senator O'BRIEN—The Norfolk project, \$250,000. That is in George Town.

Mrs Thomas—A Regional Assistance Program application was written for a business plan for the Norfolk project and recommendations were made. We subsequently talked with a community group from George Town in relation to the Norfolk being housed in George Town. There were quite a few issues involved with that project, including the ownership of the theatre and the set-up of the trust. However, we were working on that and there were some issues that needed to be resolved before we could put it forward for recommendation.

Senator O'BRIEN—So there was work being done by the ACC.

Mrs Thomas—Correct.

Senator O'BRIEN—You said 'regional assistance' applications. Was it Regional Partnerships or Regional Assistance?

Mrs Thomas—We had worked with the George Town Council on developing a Regional Assistance Program for a business plan that was done approximately three years ago, and they were then coming forward using that business plan as a basis for the subsequent Regional Partnerships application.

Mr Rowell—If I might add, because of the ownership question, it was a very complex application from our perspective and we were working through that. The election stopped all of that.

Senator O'BRIEN—There is a Cradle Mountain Innovative Transport System initiative—a \$100,000 grant located obviously at Cradle Mountain.

Mrs Thomas—We had had no involvement and no recommendation, however that is in a Sustainable Regions area.

Senator O'BRIEN—Yes, but that does not exclude it from Regional Partnerships, does it?

Mrs Thomas—It can in some cases.

Senator O'BRIEN—Does that depend on the guidelines?

Mr Rowell—Where there is more than one government program to fund a particular project, in Tasmania we have taken the view that if it is in the Sustainable Regions area then its primary

funding should come from that fund rather than outside, from Regional Partnerships. It would not exclude us, but the primary funding would come from that area.

Senator O'BRIEN—Okay. Is that your policy, the department's policy or the government's policy?

Mr Rowell—It is a matter of agreement between the groups. We had to resolve some issues with it about how you approach these things, and we were, I think, very sensible about it.

Senator O'BRIEN—You were trying to avoid forum shopping.

Mr Rowell—Yes, I think so. We are aware of that.

Mrs Thomas—Are you saying that we are both funded out of DOTARS?

Senator O'BRIEN—The Devonport foreshore funding of \$250,000 is probably also the Cradle Coast, isn't it?

Mrs Thomas—Yes.

Senator O'BRIEN—Does that mean you were not considering it?

Mrs Thomas—It means no involvement or no recommendation.

Senator O'BRIEN—There was \$65,000 for the Victoria Cross memorial rest stops in the hometowns of Tasmania's 13 Victoria Cross recipients.

Mrs Thomas—No involvement or no recommendation.

Senator O'BRIEN—Thanks for going through them. That is one of the documents the committee had from the department and I thought it would be useful to talk to the ACC about their role in the matter. The current member for Bass, Mr Ferguson, has made a submission to this inquiry which identifies some of the projects on the list we have just discussed and other projects as well. Can you tell the committee what advice, if any, the ACC provided to Mr Ferguson about any of the projects on the list that I have just run through or on the ACC's list for approval at the time of the election?

Mrs Thomas—We had spoken to Mr Ferguson in regard to the Region North \$600,000 proposal. We were aware of that.

Senator O'BRIEN—Before or after it was announced as a promise?

Mrs Thomas—Before.

Mr Rowell—We had discussions through DED in regard to that. We were both interested parties.

Mrs Thomas—There was also the Trail of the Tin Dragon, the Low Head Tourism Precinct and the Launceston Regional Sports Precinct.

Senator O'BRIEN—Which precinct did you talk to him about?

Mrs Thomas—The swimming pool—the \$4 million project.

Senator O'BRIEN—Not the \$8 million one—the Windmill Hill site?

Mrs Thomas—Yes, Windmill Hill, also George Town and the community facilities. We did tell him that we had been working with the Bridport Bowls Club.

Senator O'BRIEN—Do you mean he knew the state of the discussions between the Bridport Bowls Club and the ACC?

Mrs Thomas—Yes; that they had approached us with a business plan.

Senator O'BRIEN—But did he know that you had suggested they needed to do more?

Mrs Thomas—He was aware that we had suggested that they do more, yes. That is it as far as Mr Ferguson is concerned.

Senator O'BRIEN—Have either of you read the submission to this inquiry from the Orford-Triabunna Region Chamber of Commerce concerning the ACC's handling of its application for Regional Partnerships funding for an artificial dive reef?

Mrs Thomas—Yes, I have.

Mr Rowell—I have not.

Senator O'BRIEN—On page 9 of the ACC minutes and recommendations, it says the chamber withdrew its original application and was due to submit another application in 2004-05. Can you take me through that application process, please?

Mrs Thomas—The application was withdrawn because the *Cotswald Prince* became unavailable and was sold. Therefore, they had to access another vessel that was available to sink, and that did not become available for quite some time. They resubmitted after our suggestion that they had to resubmit because things had changed; that they had now been able to get the *Troy D* and not the *Cotswald*.

Senator O'BRIEN—Another application has now been submitted?

Mrs Thomas—It has been. It has gone through the ACC committee process and it has been recommended to DOTARS.

Senator O'BRIEN—When was that?

Mrs Thomas—It would have gone through in May.

Senator O'BRIEN—Is that what you were told by Senator Barnett or Senator Colbeck? Who told the ACC that it had gone through?

Mrs Thomas—No, it has not been funded.

Senator O'BRIEN—That is only your recommendation.

Mrs Thomas—It is our recommendation to DOTARS. It has been dealt with by the ACC.

Mr Rowell—I believe it is with the minister now. It has progressed through the system.

Senator O'BRIEN—Was there any change of process or rules during the ACC's assessment of the Orford-Triabunna Region Chamber of Commerce proposal?

Mrs Thomas—Absolutely none.

Mr Rowell—In fact, might I add that it was a very difficult application. I would suggest, if anything, we were more diligent on this than probably a lot of other applications because of the complexity of it. We spent a lot of time looking at a lot of the issues that were involved with it because there were so many groups trying to mesh together and so many approvals were required to get this up and running that we had to be very careful. We did dot all the i's and cross all the t's with this and spent a lot of time on it. If anything, we were more rigorous than with a lot of other projects because of that.

Senator O'BRIEN—Can you tell me when this ACC first learned of the existence of the Strategic Opportunities Notional Application guidelines? You are looking bemused. Is that because you cannot remember or because you have never heard of them?

Mr Rowell—Can I confer? I am sorry that it is something I do not know about.

Mrs Thomas—I am not aware of it.

Senator O'BRIEN—Neither of you have heard about them?

Mrs Thomas—Unless you are calling it by another name.

Senator O'BRIEN—SONA is the acronym. The full title is the Strategic Opportunities Notional Application guidelines.

Mr Rowell—Is that in relation to Regional Partnerships?

Senator O'BRIEN—Yes.

CHAIR—I take it from your silence and from your earlier comments that you have not heard of these guidelines?

Mrs Thomas—Unless it is working with regional communities and industries where those industries are in threat of closure, where there are special circumstances.

Senator O'BRIEN—Okay. How does your knowledge of the program guidelines influence your assessment of projects, if at all?

Mrs Thomas—We strictly follow the guidelines from both the ACC handbook and the Regional Partnerships handbook. Our regional directors have those guidelines with them at all times when they are making comments. We have a very rigorous process that links the guidelines and our strategic plan on the key criteria that must be commented on. At our board meetings, our DOTARS representative ensures that our regional directors are kept up to speed on all the information that is provided.

Mr Rowell—I might add that there is a paper record of that assessment, matching against the guidelines, for each project that we have in the system.

Senator O'BRIEN—Do you have a tick box system, or something like that, that says 'The project meets the guidelines' and you put a tick? Do you have something like that?

Mr Rowell—That is one explanation. It is a combination of tick boxes plus a series of steps that you have to take and questions you will need to answer when you are assessing it.

Senator O'BRIEN—That sounds quite thorough.

Mrs Thomas—It is extremely thorough.

Mr Rowell—I believe we are thorough.

Senator O'BRIEN—I do not have any further questions.

Senator BARNETT—Thank you for your submission. Just to recap, Mr Rowell, you mentioned the executive board. Can you advise us on how many are on that board, how many regional directors you have on your ACC and how often you meet?

Mrs Thomas—We have five executive members. Do you want their names?

Senator BARNETT—Yes.

Mrs Thomas—They are: David Rowell, the chairman; the vice-chairman, Judith Liauw, who is also a member of the sustainable regions committee and is from the north-west coast; Jane Teniswood, who is the secretary and is from the east coast; Geoff Fader, who is the treasurer and from Hobart; and Gil Sawford, who is also from Hobart and a DOTARS representative, who comes to both executive and general meetings. We hold our executive meetings every six weeks and we hold our general meetings on a quarterly basis. All general meetings are held in regional areas of the state. Our next meeting, which is in July, will be held in Ulverstone. At those meetings we undertake our board matters as per the agenda, we then invite community members in for lunch. It is an opportunity for them to meet the ACC regional directors. It is also an opportunity for us to get to know the community a little bit better. In some cases we actually hire

a bus and the key community members and the ACC regional directors view the area and actually undertake industry visits as well.

Mr Rowell—We also have very good gender balance and very good regional distribution of people around Tasmania. We have spent quite a lot of time on that.

Senator BARNETT—Those general meetings that you referred to are attended by the regional directors, of which you have 12. Is that right?

Mrs Thomas—There are 13. We are not superstitious!

Senator BARNETT—In all respects you said you follow the guidelines, but I understand that you have a handbook, you have criteria that need to be met and you have an internal procedures manual.

Mrs Thomas—That is correct.

Senator BARNETT—I am just looking at your submission and referring to it. You have the contracts that are entered into with the proponents.

Mrs Thomas—With DOTARS?

Senator BARNETT—With the proponent.

Mrs Thomas—We do not have anything to do with the contracts that the proponents sign. Once those applications leave the ACC and we have made our recommendation, we have very little input after that unless requested by DOTARS. Once we hear from you, perhaps, that an application has been successful, we do not have anything to do with the proponent and the contract; that is DOTARS' role.

Senator BARNETT—But you are aware that there is a contract and that there are terms and conditions in the contract?

Mrs Thomas—Absolutely.

Senator BARNETT—In terms of what the proponent must and must not do.

Mrs Thomas—Correct, yes.

Senator BARNETT—You mentioned an audit in your submission. When is that done and how rigorous is it?

Mrs Thomas—It is a quality assurance audit. That was undertaken in November. The ACC executive directors believed that we should get an outside person to come in and go through the template that had been provided by DOTARS. It is a recommendation by DOTARS that you do that on a biannual basis. So we wanted to do that first up to ensure that we were at arms length from that audit. We passed it extremely well. There were a couple of very minor things that have now been addressed.

Senator BARNETT—Thank you. How many applications would you get per year and how many would you approve? Can you give us the success rate of the applications?

Mrs Thomas—Since July 2003, which is when Regional Partnerships commenced, we have received 45 projects that have been assessed by the ACC. Nineteen of those have been approved, eight have been withdrawn, 12 have not been recommended and there are still six under assessment.

Senator BARNETT—Are you aware of the department's advice that the success rate with respect to applications for Regional Partnerships across Australia is exactly the same in both Liberal and National Party seats—coalition seats—and Labor seats? Are you aware that the success rate is exactly the same?

Mrs Thomas—I am aware, yes.

Senator BARNETT—Mr Rowell, you said that about \$1.5 million has been expended for the successful applications since 1 July 2003.

Mr Rowell—That is right.

Senator BARNETT—You said there was a return of cofunding, so the other partners have put in a further \$5 million?

Mr Rowell—Five million.

Senator BARNETT—So we are looking at a success: in terms of dollars in, the ratio is one to three, or a bit more than that. Is that right?

Mr Rowell—That is one of our benchmarks. Of ACCs throughout Australia, our performance would be average. We are in the middle ground; some are better.

Senator BARNETT—You have a benchmark that says you want to deliver about one to three.

Mr Rowell—Our benchmark is more than that. Our target is—

Senator BARNETT—It is a little more than that?

Mrs Thomas—Yes.

Mr Rowell—Yes, it is. We are about average.

Senator BARNETT—Okay. Are you familiar with the jobs benefit to the state as a result of these applications that have been made?

Mrs Thomas—I cannot quote the amount of employment that has been created out of those successful applications. It was interesting to hear from Barnboughe that they have exceeded their total as well. So we can take it on the application.

Senator BARNETT—Okay. We are looking at a very significant number of jobs, obviously.

Mrs Thomas—Yes.

Senator BARNETT—In terms of the applications and the partners—you have referred to the partners—in many cases, in most cases, in half the cases or in the majority of cases would there be state government support of some sort? Have you any idea? You said there were 45 applications and 19 have been approved. Do you know what proportion have been supported by the state government?

Mrs Thomas—There are at least 50 to 60 per cent that the state government have been involved in.

Senator BARNETT—Have any of the projects not been supported or been opposed by the state government?

Mrs Thomas—We do not put applications through that are against the state government—

Senator BARNETT—In your time, has the state government ever opposed a proponent's project?

Mrs Thomas—No.

Senator BARNETT—What other regional partners are we talking about—the proponent and perhaps local government or community funds?

Mrs Thomas—The Tasmanian Community Fund are one of our key sources of cofunding, especially for community groups.

Senator BARNETT—I want to go to the Orford/Triabunna Region Chamber of Commerce submission to clarify a few things. Senator O'Brien asked some questions on it. They say in their submission that they have been at the original application for a long time, like many of the applicants to Regional Partnerships for funding. Do you have the date with you of the original application? It was withdrawn, you said, because it related to the *Cotswald Prince*, which has ended up, I understand, in India or somewhere, and now they are focusing on sinking the *Troy D*. Can you advise us when the second application went in? We will then ascertain whether there has been undue delay. I think, Mr Rowell, you said you had put a lot of time and effort into it. You said it was a difficult application, but do you think you have been fair in terms of the timeliness of the response to the application?

Mr Rowell—I would suggest to you that we have probably spent time on this application that we could have spent on other applications that might have progressed further.

Senator BARNETT—Do you think you have been timely in the response and applied due diligence?

Mr Rowell—We have responded well within our normal time lines to every request we have had from that organisation. I would suggest that many of the delays are due to some of the work that they have put in themselves.

Senator BARNETT—They do make allegations in their submission that it has gone on too long. But you are refuting that allegation.

Mr Rowell—Absolutely and categorically. I am quite happy to have anyone look at the record of that.

Senator BARNETT—Mrs Thomas, can you help us with the timing of the application, specifically the second one?

Mrs Thomas—I would have to go back. I do have the document here but I have not summarised it.

Senator BARNETT—Are we looking at only a matter of months? The most recent application that went in—

Mrs Thomas—The most recent application was resubmitted in May and we assessed it virtually immediately.

Senator BARNETT—So we are talking a matter of weeks, which is a very quick assessment. Is that a fair assessment? How would you put it?

Mrs Thomas—We meet the DOTARS guidelines. Once we receive an application, we have 10 days in which to comment. I would suggest that nine times out of 10 we meet that 10-day turnaround. There has been a lot of toing-and-froing because this application has a huge number of environmental guidelines. It is most important that they are aware of those guidelines. The state government only very recently, in the last two weeks, identified that they will put in cofunding. Prior to that there was not state government cofunding. They had indicated it was coming but there was no letter or press clipping to identify that.

Senator BARNETT—So there was no formal commitment from the state government to that project prior to several weeks ago?

Mrs Thomas—A couple of weeks ago.

Senator BARNETT—So you have acted on it; it has gone through, I understand, to the department in Canberra, DOTARS; and in due course it will get to the minister for assessment.

Mrs Thomas—That is correct.

Senator BARNETT—Is that your understanding, Mr Rowell?

Mr Rowell—That is my understanding. I believe it has progressed quite well.

Senator BARNETT—Let us go back to the federal election and your understanding of the political process, because there have been allegations of pork-barrelling and things like that. Do you understand the political process in that the Labor Party, the Liberal Party, the National Party and whoever make decisions in what they see as the public interest, so there is no requirement for a political party to seek your views or assessments of promises they may make about a particular political promise or a promise for a particular region? Is that accepted as fair comment?

Mr Rowell—Absolutely. Our committee accepts that position.

Senator BARNETT—Is there any requirement in the guidelines that a political party must consult with the ACC prior to making an announcement in regard to a promise for a region?

Mr Rowell—Not at all.

Mrs Thomas—We are apolitical.

Senator BARNETT—And it is fair to say you have dotted the i's and crossed the t's on all of the guidelines and all of the criteria—the handbook, the internal procedures manual—in every respect in respect of every single application that you have received since July 2003?

Mr Rowell—Absolutely.

Mrs Thomas—Absolutely.

Senator BARNETT—Are you familiar with or have you perused the submission made by Mr Ferguson to this committee?

Mrs Thomas—Yes.

Senator BARNETT—In that submission, he refers to 11 projects that have been promised by the Labor Party for the electorate of Bass. He adds that up to total \$29,350,000 of funding for those 11 projects. He compares that with the promises for the electorate of Bass by the Liberal Party of \$16,482,000. Have you seen those figures or are you aware of that?

Mrs Thomas—Yes.

Senator BARNETT—In terms of any of the Labor Party promises, did any of those come to you prior to them being announced?

Mrs Thomas—No.

Senator BARNETT—I think Senator O'Brien has referred to many of the Liberal Party promises. I will not go through each of those, but you have seen them—they were in the document. There were 11 particular projects. It is helpful to clarify that. There has been a

reference to the Bridport Bowls Club, for example. I think that is a \$70,000 announcement, but it is also based on partnership funding.

Mrs Thomas—Conditions, yes.

Senator BARNETT—Are you familiar with the conditions and can you outline to the committee what they are?

Mrs Thomas—I am not familiar with the conditions, but I would suggest it would be on cofunding.

Senator BARNETT—I understand they are on a dollar-for-dollar basis and there is support for it. But are you familiar with the fact that there is a partner involved in that project, or have you not seen that?

Mrs Thomas—I have had no involvement since they came to us.

Senator BARNETT—There have been allegations that this project is about pork-barrelling in different electorates around the country. Federal member Lindsay Tanner has referred to and criticised the program. He specifically referred to the Axeman's Hall of Fame. Are you familiar with that criticism? What would you say with respect to that criticism?

Mr Rowell—I am not familiar with that criticism. The Axeman's Hall of Fame has been funded over the years by every political party, I think, in the country, if I might add that. It has done a great job of attracting funding. It has been funded from a number of different programs, including the Community Fund, as I understand it. I do not understand where the criticism came from, but we have funded one project with it some time ago, we are quite well aware of the particular operation, and it met our guidelines at the time we were asked to do it.

Senator BARNETT—So, again, you are happy with the process with the Axeman's Hall of Fame, that it is of merit and that it is a meritorious application; is that correct?

Mr Rowell—I do not understand the exact purpose of the funding in the election campaign, but we have certainly been involved with the Axeman's Hall of Fame. As a concept it is a very good one—it involves the community and is good for the community. As I said, we have been involved with it before.

Senator BARNETT—There was criticism as well of the Sisters Hill road funding, which is obviously outside your area, but again that was promised by both the Liberal Party and the Labor Party.

Mr Rowell—We have no views on the Sisters Hill road funding.

Senator BARNETT—I will just draw you back to the Ferguson submission for a minute and ask whether you are aware that the Low Head authority requested funding of some \$250,000 for the Low Head tourism precinct. Are you aware of that request?

Mrs Thomas—Yes.

Senator BARNETT—Did you ever receive that in writing? How did you become aware of it?

Mrs Thomas—We have had long ongoing discussions with the Low Head Historic Precinct and there was a Regional Partnerships application being put together for that amount of funding.

Mr Rowell—With the strong support of Tourism Tasmania, I might add. We work closely with them in that respect.

Senator BARNETT—It is just interesting that they had requested funding of \$250,000 in writing but the Labor Party commitment was \$1.5 million, many times in excess of that. The other one I draw your attention to is the Launceston City Council and its Tamar River Improvement Authority, where they had sought \$3 million for stabilising the riverbank. Are you familiar with that request?

Mrs Thomas—No, not at all.

Mr Rowell—I am. When the Seaport project through Sustainable Regions was being put together, the issue of that particular side of the river came out and I was aware that there would be a funding project. I had some discussions with the state government and the Launceston City Council—at that level. So, yes, I was aware of the project.

Senator BARNETT—Would you be surprised that Labor in fact promised \$4 million for that project rather than the \$3 million that was requested, without any indication of how the extra \$1 million would be spent?

Mr Rowell—I did not have any idea of the cost of it originally, I have to say.

Senator BARNETT—Thank you for that. In terms of the SONA reference made by Senator O'Brien—the Strategic Opportunities Notional Allocation—are you aware that that may in fact be part of a national assessment process undertaken by DOTARS?

CHAIR—Order, Senator Barnett! The witnesses were asked specifically whether they were aware of the SONA guidelines. There were a number of questions directed to whether or not they were aware of them, and their answers were that they had not even heard of those guidelines or the terminology.

Senator BARNETT—That is why I am asking a further question.

CHAIR—You are asking the witnesses about something that they have already indicated to the committee they know nothing about. You can ask your question, but I am trying to point out to you that it is not fair to the witnesses to go to asking questions of detail about a specific set of guidelines that they have already indicated they have never even heard of.

Senator BARNETT—I appreciate your comment, Chair. Let me reword the question. Mrs Thomas or Mr Rowell, do you attend national meetings of ACC representatives from time to time and, if so, how often?

Mr Rowell—We both do. There is a national conference every year and I also sit on what is called the CRG, which is a group of 12 people who advise the minister. We meet monthly. I have to say that that particular term does not ring a bell with me. I do know that in the overall national quantum of Regional Partnerships funding there is a component which is notionally allocated, I think, to national emergencies. It may be part of that. I also know that there is a notional amount allocated for national projects that may involve a number of states. But I am not aware of the term that you have used today.

Senator BARNETT—But you do have national meetings and discuss national type policies and processes from time to time?

Mr Rowell—Yes, certainly.

Senator BARNETT—How often do you attend those, Mr Rowell?

Mr Rowell—I will be attending those twice a year and Sheryl once a year.

Mrs Thomas—There is a national executive officers conference once a year.

Mr Rowell—And every month I attend a phone hook-up in relation to matters of interest to ACCs.

Senator BARNETT—In conclusion, this morning we had witnesses from Seahorse World, Mentor Resources and Barnboughe. They were very thankful for the funding that they received and supportive of the process. I think that is a fair assessment. In terms of Mentor Resources, that announcement was made in November or December. It was after the federal election. Barnboughe was obviously prior to that election period. They were very complimentary of the process. Certainly, from their point of view, you can be pleased. Thank you very much for your contribution.

Senator MURRAY—Mr Rowell, I want to cover the area of the involvement of politics and politicians in the Regional Partnerships program and its processes. In doing so, let me state at the outset that I accept that you and your committee operate entirely independently and with integrity, based on the information I have before me. On page 1 of your submission, in the first paragraph, you say, ‘Potential projects are brought to the ACC’s attention in a number of ways.’ In those ways, you include:

... via their local politician, (being government, federal MHR or Senator from either major party).

Of course, it would not exclude politicians from a non-major party, such as the Greens, would it?

Mr Rowell—No, it would not. I do not think we have, if I can answer that question.

Senator MURRAY—You mentioned ‘major party’ because those are the people who have approached you, not because you exclude any others.

Mr Rowell—That is correct.

Senator MURRAY—But you think that is entirely proper, don't you?

Mr Rowell—We do. One of our roles as an ACC, and particularly the role of my executive officer Sheryl and her staff, is to network. A networking role is quite critical in bringing the parties together to build projects. As part of that networking function, we do send out information to all the people in the political area—all parties in Tasmania. We do network whenever we can with those people, either by making appointments to see them or meeting them at a seminar or whatever else. We make the approach in many ways. We see being involved with the political system on the basis of those networks as important.

Senator MURRAY—Those local, state or federal politicians that approach you would generally do so in an advocacy sense, unless of course they had a professional role in accordance with these things—like a local government councillor may be required to talk to you as part of a partnership arrangement. That is correct, isn't it?

Mr Rowell—That is correct.

Senator MURRAY—Further on in your submission, on page 3—there are number of mentions of this, but this was about recommendations of department officers and recommendations from any other sources question—you said:

There has been no involvement by administering department, ministers and parliamentary secretary, senators, advisors etc with the selection of successful applications ...

In other words, you are confirming that your recommendations are made entirely free of political interference.

Mr Rowell—Absolutely. We are very meticulous about that.

Senator MURRAY—You then go on to discuss the role of the duty senator or MHR. Senator O'Brien has taken you well through that—that also is on page 3. On page 4 you say that the ACC has meetings with members of parliament, both state and federal, in relation to constituent queries for accessing the possibility of funding for projects but you qualify that by again saying that members of parliament—either in government or opposition—have played no role in the assessment of Regional Partnerships applications. So, in other words, it is proper for you to consult, but you do not allow any interference in your decisions. Is that correct?

Mr Rowell—Absolutely correct.

Senator MURRAY—Then on page 5 you deal with the issue of election promises, which Senator O'Brien has raised with you. I have briefly encapsulated this area because there have been concerns about the politicisation of the process. For instance, when we were in Tamworth yesterday talking to the New England Area Consultative Committee, the chair complained about politicisation. When questioned, he did not disagree with any of the things you have said—you need politicians involved in this process. I questioned him further on two areas. One of these he did not raise and neither did you. I will deal with this first. An area for political interference in applications is ministerial discretion. Are you both aware that, in the case of the Regional

Partnerships scheme, two ministers and one parliamentary secretary can all have a role depending on what the project is?

Mr Rowell—Yes.

Mrs Thomas—Yes.

Senator MURRAY—And are you aware that they can vary the recommendations, they can approve an application that has been turned down or they can vary the quantum either up or down?

Mr Rowell—Yes.

Mrs Thomas—Yes.

Senator MURRAY—Do you consider—and you can take this on notice if you wish to think about it further—that that discretion, even if you agree with it, should be perhaps tightened up or made a little less flexible?

Mr Rowell—I am happy to answer that, Senator.

Senator MURRAY—Please do, Mr Rowell.

Mr Rowell—I would answer it in this way. The Regional Partnerships process is quite rigid in the sense that there a lot of things that we have to get right to get to the point where we are happy to approve something. There are projects out there that have great community worth. Our major role—and that of all ACCs—is to establish for the government of the day the value to the community of a particular project. For example, is it something that the whole community supports and does it have value? But in some cases some communities have few opportunities to have partnerships to meet the guidelines and there are a few other issues like that—in other words, a project may not quite meet the guidelines.

We have put through projects to the minister for approval because we believed they were something that the community needed. I think in those cases the minister needs some flexibility to approve things outside the guidelines when there is good justification for it. So in fact I do support the ability of a minister to make that final judgment. I think having an independent arbitrator outside the system is important, and I happen to believe that the role of politicians is to be that arbiter of fairness in the community and that sometimes systems do not deliver that. So from that perspective I would support the view put. I cannot comment on the quantum of flexibility because I do not understand the detail, but personally I have no particular issue with the current system.

Senator MURRAY—Would you agree that a useful check and balance, or safeguard, for ministerial discretion might simply be that if the minister's decision varies from the recommendation of the ACC or DOTARS—or both—the minister should be required to table full reasons in the parliament?

Mr Rowell—Quite frankly, I would not like to comment on that. I think that is a matter for the parliament.

Senator MURRAY—But you support transparency and accountability?

Mr Rowell—I absolutely do. My understanding is that, other than commercial confidentiality, the work that we do is discoverable and is in the public domain. I would have thought that would be transparent enough and that the minister's decision, which is the final decision, would make it so.

Senator MURRAY—Let us recap where we are. You support the involvement of politicians in the way you outlined in your submission and you support ministerial discretion. Obviously, given your conduct and your remarks, both of you support due process and transparency. Now let me talk about the downstream side, where complaints have been made about politicisation. That seems to fall into three main areas. One is where there are competing groups or projects or interest groups involved and different politicians—not just federal politicians; they can be local and state and federal ones all mixed up together—barrack for different projects. The second is the area of publicity, where politicians are either trying to take credit where they should not or are competing for getting credit for a project. The third is the area of elections, which you have picked up on. The closer you get to an election, the more intense this political environment gets.

Senator O'Brien—quite rightly, I thought—quizzed you further as to that area because, like other area consultative committees that have given us submissions, you did not make any recommendations as to how those three areas might be better managed and improved. So given that lead-in, my first question to you is: would you like to think more about it and perhaps give us a supplementary submission as to ways in which those areas might be improved? You do not have to; it is just a request. The second question I have is: could you comment on those three areas and what you think about them and whether they bring the Regional Partnerships program into disrepute, which is essentially what the chair told us yesterday?

Mr Rowell—I would like to make a comment. Quite frankly, it really is a matter for the political system. As an ACC, we have a set of guidelines that we must fulfil, and we do that. I believe that outside of that, the other issues are a matter for the political system. The political system should decide whether or not it is a matter of ministerial discretion. That is a matter for debate in parliament, in my view.

Senator MURRAY—Leave the discretion out. I want you to focus on the downstream side.

Mr Rowell—The issue of politicians interfering and the argy-bargy that goes on?

Senator MURRAY—The issue of competing groups, the publicity and the electioneering surrounding this. Are there safeguards and checks and balances we could put in which would lessen that while still allowing a proper competitive process, if you like, to occur? You do not want to rule out competition.

Mr Rowell—No, I do not. I love competition. If you are talking about election time, we have to step away from any of the issues in relation to projects. At election time, that is in the hands of the political system and it is up to the political system to set the rules for that.

Senator MURRAY—Let me stop you there, if I may. You have stated that you thought the ACC should be consulted if an election promise is going to be made. Yet if they do that, you might find the candidate who is competing at the election saying, ‘We have been endorsed by the ACC for this particular project.’ In other words, they will drag you into the political process.

Mr Rowell—I recognise that might be a risk. But our comment in relation to that is that as an independent advisory group with the best grasp of a state wide perspective on the important issues in regional development in Tasmania, we believe it would be useful for any political group who were making up a set of election promises to ask us our advice and seek some understanding of what is on the ground out there and what the environment is. We made that comment on the basis that we thought we had something to contribute to that.

I agree with you that if that did occur, and if our views were asked for, there would be a risk that somebody may say that we have actually endorsed their proposal in that sense. That would then be up to us to either dispute that or take whatever means we need to redress that. But I think that is, again, taking a view that you look at a single problem and then set up a mechanism for controlling the whole. Quite frankly, I think that the checks and balances work now. This committee is testimony to that. This is a check and balance in the system that is happening now. I have not changed my view. I think it is a matter for the political system. I have no issue with politicians making promises at election times or any other time. I think it is their job to do that to look after their electorate. In behind all of that, when we do get a project put to us, our role is to go through the process that has been defined for us and make sure that we do that to the best of our ability and then bring that out at the end.

Senator MURRAY—I was interested to pursue this line of questioning with you because yesterday the chair of the New England ACC was very aggrieved about politicisation because he has been in an area of greater controversy that you probably have.

Mr Rowell—I understand.

Senator MURRAY—That is why I was interested to hear how somebody else who had not been in such great controversy thought about it. My final question is regarding this publication of yours entitled *ACCTasmania News*—a four-page glossy newsletter. At the outset I can see that you conduct yourselves with integrity and independence, but this form of publicity includes at least four pictures of coalition parliamentarians. It might be seen that your publication is unduly promoting the virtues of coalition politicians. Obviously, people with an official role, a minister or parliamentary secretary, have every right to be in there, but do you not think you should spread around the publicity a little to the opposition, for instance, who also voted for the moneys that you get and who support the ACCs? In fact, I think they established them. I will not advocate too much publicity for the Greens.

Mr Rowell—We do have articles from present state government ministers and others that appear regularly in our other journals, and we can show those to the committee. I cannot recall personally when an opposition member was in there, but there may have been.

Senator BARNETT—That is a state government minister in there, isn't it?

Mr Rowell—Yes.

Senator BARNETT—A Labor minister?

Mr Rowell—Yes, a Labor minister.

Senator MURRAY—I excluded ministers in my question because I think they should, quite properly, be in there and I do not object to that at all. I am merely making the point that I have the view that you are independent and objective but if I were picking that up I would say, ‘This is very much a promotional vehicle which happens to include a large number of people from just one political point of view.’

Mr Rowell—I understand your comment. Without bias, we would promote anybody in there that we had a project association with. I think that would be fair to say.

Senator BARNETT—This publication, which I think is an excellent publication, also has tips for applicants. This publication, I assume, goes to some of your key stakeholder groups and businesses that might have an interest in making an application and highlights the merits of the ACCs and the Regional Partnerships program. Is that what it is designed for?

Mr Rowell—It is. It is our major communication vehicle into the public arena to inform people about the things that we do and give them some information about how to go about it.

Senator BARNETT—You have a photo of the parliamentary secretary, John Cobb, on the front page and inside there is another photo of Michael Ferguson.

Mr Rowell—The theme we took for that particular publication was of the minister visiting this area and launching a child-care centre for the migrant resource centre. As I think I said before, anybody with whom we partnered in a project would certainly have their photograph in there.

Senator BARNETT—I would find it incredibly surprising if, in a publication like that, you did not have photos of the sorts of people who were responsible for a program.

Senator MURRAY—Mr Rowell, you will recognise that, as a Democrat, I have no stake in this. But I raise this because allegations and strongly felt complaints have been made by Independent and opposition parliamentarians that they do not get a show in ACC literature. I have not heard anyone complain about ACC processes or people, but publicity is an issue.

Mr Rowell—Certainly. But again I would make the point that, for example, if a Democrat from Tasmania—if there were one here—were involved in putting up a project, we would certainly be involved in that.

Senator MURRAY—Except that you have control over this. Your organisation produces this, doesn't it?

Mr Rowell—Yes.

Senator MURRAY—Whereas you do not have control over other things.

Mr Rowell—Certainly. My comments relate to that document or any other document we put forward.

Mrs Thomas—We have a database of approximately a thousand people or organisations and it goes to all political parties. If somebody wants to add something to our newsletter, all they have to do is call.

Senator MURRAY—I was not going to pursue this but, if allegations of pork-barrelling are made about a good program, one way to stop those allegations or that impression is to make sure that the publicity for that program is fair. That is why I drew attention to that.

Mr Rowell—I understand where you are coming from.

Senator BARNETT—I have a final comment. As a member of the government, I am very proud of the program. I think the document is entirely appropriate. It is a government program and that is why there is a balance in there. In there, you have tips for applications and a photo of the parliamentary secretary. You talk about the different projects that you have been doing. It shows some of the merit of the program.

CHAIR—This committee—with different members, I might say—will be conducting an inquiry into government advertising, so we might leave some of these debates until a later time. How often is the—

Mrs Thomas—Quarterly.

CHAIR—Mrs Thomas, earlier you were asked about the Orford/Triabunna Region Chamber of Commerce application for funding of an artificial dive reef. The application was withdrawn before the ACC had made any decision or recommendation but, according to the information, it was given a medium priority. The document I am looking at states, ‘Subcommittee of 24 March 2004 recommended medium priority.’

Mrs Thomas—That is correct. That was prior to receiving state government—

CHAIR—I want to clarify the funding, about which Senator Barnett also asked you questions. As I understand it—and correct me if I am wrong—the proposal was put forward and an indication was given that there would be state government funding.

Mrs Thomas—Yes.

CHAIR—Who said that—the proponents?

Mrs Thomas—The proponents indicated and identified that state government funding would come forward. However, there were no letters of support from the state government.

CHAIR—So they put it forward as though there were a commitment from the state government—

Mrs Thomas—Yes.

CHAIR—but at that time there was no commitment from the state government.

Mrs Thomas—There was no formal written commitment or identification.

CHAIR—At that stage, I take it, there was no commitment from the federal government, because this was an application for funding under the Regional Partnerships program and, therefore, no commitment could be made until you had processed the application and made a decision.

Mrs Thomas—Correct.

CHAIR—Then eventually there was some indication of a commitment from the state government for funding.

Mrs Thomas—Correct.

CHAIR—Was that conditional upon federal government funding being made available also or upon the project being approved? That has been the case with a number of others.

Mrs Thomas—It was identification of the federal government putting funding in as well.

CHAIR—At the end of the day, if the funding did not come forward, say, under the Regional Partnerships program, the project would not get off the ground and the state government commitment would not be needed.

Mrs Thomas—Correct.

CHAIR—As there are no further questions, we thank you very much for your appearance here today.

[3.44 pm]

CHALK, Councillor Roger George, Mayor, Waratah-Wynyard Council

HAMPTON, Mrs Karen Wendy, Executive Officer, Cradle Coast Authority

HOLLISTER, Councillor Peter Graham, Mayor, Devonport City Council; and Chief Representative, Cradle Coast Authority

JAENSCH, Mr Roger Charles, Executive Chairman, Cradle Coast Authority; and Chairman, Sustainable Region Advisory Committee, Cradle Coast Region

CHAIR—Welcome. We understand that you have travelled some distance and we appreciate it. There are a couple of preliminary matters to draw to your attention. The committee prefers that all evidence be given in public but if a particular matter arises that you wish to discuss in camera, please advise us at that time and we will consider your request. Evidence given to the committee is protected by parliamentary privilege. That means that any action of an injurious nature taken against any individual in connection with their giving evidence to the committee could be deemed a contempt of the Senate, and the Senate has powers to deal with that situation. All evidence should be the truth. Misleading or false evidence deliberately given may well constitute a contempt of the Senate. This inquiry requires that all witnesses give their evidence under oath or affirmation, which the secretary will now administer. We now invite you to make some brief opening remarks, after which members of the committee will proceed to ask questions.

Mr Jaensch—I can make a statement. We have no formal submission to speak to but, if it assists your process, I will give a very quick description of the Cradle Coast Authority, how it came to be part of the Sustainable Regions Program and what it is, as a context for the questions.

The Cradle Coast Authority is technically a joint authority under the Local Government Act of Tasmania. It was established by the nine local government councils of north-west and western Tasmania in late 1999. The mayors here can speak to the history prior to that. The authority has a membership of nine councils, who are effectively shareholders and owners of the Cradle Coast Authority. The structure allows for each of those councils to nominate two representatives to a shareholder group. That group appoints an independent board, which is made up on a skills basis, including people with skills and experience relevant to our region and covering the areas of agriculture, industry, commerce, education, tourism and local government.

Members of that board are appointed to the industry and community based roles through a public nomination process and are selected by representatives of the councils. There are also two positions which are appointed from nominations through our member councils and one which is appointed from nominations received from the general managers of the councils. So on the whole, looking at it from the outside in a corporate governance sense, the majority of the members of our board are independent of the owners of the authority and are generally not people with background experience in local government but, between them, represent a fair cross-section of the life of our region through major parts of its economy, education et cetera.

The first board was appointed in the first half of the year 2000. In 2001 we got wind of the announcement that our region had been selected as one of the eight prototype regions for the Sustainable Regions Program and that Minister Anderson was going to set about a process of identifying and appointing a local advisory committee to administer the program in the region. We wrote to the minister and explained the structure of the Cradle Coast Authority, its purpose as a regional body to coordinate and drive development of our region and that it is 100 per cent owned by our community. We put it to him that we might be an appropriate body to take on that role, rather than trying to create something similar to work in parallel with it. The minister sent some departmental folk out to our region to talk to a lot of different parties. Apparently, from those parties' advice and from a meeting that they had with our councils, they took advice back to the minister. He wrote to us informing us that our board would be appointed as the advisory committee for our region, with the addition of one member of the Tasmanian Area Consultative Committee who would sit with us for Sustainable Regions business.

I can roll out a little bit more information. The other thing that we considered that may have been slightly different from the other Sustainable Regions committees was that, because we were an existing organisation, we had been looking at the region's needs and strategic planning for some time before this program came about. We put it to the minister that our region's economic circumstances were not as they were for a lack of grants being available to the region but, rather, for a lack of deliberate strategic investment coordinated in our region. So we saw that Sustainable Regions was an opportunity to perhaps move away from the cargo cult of Commonwealth grants programs and to more of a strategic investment program. On the strength of that, we developed and proposed to the minister a Sustainable Regions investment plan. We have copies of that here if you would like them now.

CHAIR—Yes, if you could table those documents with the secretariat. Could you read out the title of the document or identify it so it is clear for the published *Hansard* record.

Mr Jaensch—Certainly. The document is the *Cradle Coast Sustainable Regions Investment Plan—October 2002*.

CHAIR—Thank you.

Mr Jaensch—Our Sustainable Region Advisory Committee proposed to the minister that the up to \$12 million available to our region would be best applied through a strategic investment approach rather than a competitive small grants process for the whole amount of the money. We gave that some rationale for that. We based our investment plan on a number of strategic planning community processes. We searched conferences, Tasmania Together data capture processes and information that we had available to us that was still current. There were about 20 documents in all that we reviewed and used to shake out common themes regarding the needs of our region and where investment could be applied to address some of the long-term structural and economic issues that made us one of the regions chosen to participate in this program.

As part of that process we also put that to a meeting of our council representatives to test our rationale for the headings and priorities we identified, and they confirmed them. We put it to the minister and he accepted our investment plan as a basis for use of Sustainable Regions funds in our region, subject, of course, to his discretion. That was launched in October 2002. Since then we have been rolling out that investment plan. At this point, the whole of the program is around

90 per cent allocated. By October 2005, which will be the three-year point of Sustainable Regions in this region, we believe we will have 100 per cent allocation, at least at the regional assessment level.

So far we are confident that we will have all Sustainable Regions funding available to this region allocated and acquitted by June 2006. The trend at the moment is that the matching funding to Sustainable Regions money across the range of projects so far has been in the order of \$3 to every \$1 of Sustainable Regions money. There have been no proposals rejected. There have been no recommendations not accepted. There have been no withdrawals and no appeals, and we are not aware of any cases where proponents or assessors in the process have bypassed the advisory committee process.

We believe that another feature of the way that Sustainable Regions has worked in this region is that our organisation will survive beyond Sustainable Regions, which means that we will continue to live and work with the proponents as we did before the program came about and that the outcomes of our recommendations to the minister will also last beyond the life of the program. I think that has helped our committee to take long-term sustainability issues very much to heart when it comes to the decisions and the recommendations they have made, because we have got to live with the results.

We very much have seen Sustainable Regions not as an opportunity to get federal money into our region—because it was coming anyway in one form or another—but, rather, as an opportunity to address some of the long-term structural issues which we believe were the basis of the indices of disadvantage that identified us in the first place. We believe that we will have made very good headway. We have been fortunate in that the last three years have also been a time where a lot of other favourable conditions have prevailed for our region. We have been able to leverage those, with Sustainable Regions, into a very successful program of activities. Without the general economic improvements of Tasmania and Australia at the same time, and the psychological impacts they have had on our region, it would have been a harder row to hoe, but I think the Sustainable Regions Program would have been that much more important as an investment in the repair of our economy.

Mayor Chalk—Roger commented about the history prior to the Cradle Coast Authority, and I will endeavour to cover that for you. Before Cradle Coast was born we had a regional organisation of the nine councils, which were represented by the nine mayors. Quite obviously, that was a very political organisation, but it lacked cohesion for addressing individual items, I would suggest. Our region was going through a very difficult financial period at that particular stage and we believed it was imperative that we had a cohesive approach, and so the Cradle Coast Authority was born from that. I think you will find that all the councils agreed that that was the way to go to remove some of the political aspects so that we could more cohesively address the issues confronting our coast, which were extremely serious at that stage

Mayor Hollister—I think the Cradle Coast Authority has been fairly successful. I find that whenever I go to local government conferences, whether they are management or engineering conferences, people want to know how the Cradle Coast Authority has been set up. It has obviously been heard about in other regions. I think it is pretty good, and the interest seems to bear that out.

Senator O'BRIEN—Thank you for coming here today. I endorse the comments about the fact that you have travelled to be here. As I said to you earlier, I thought it was important that this committee have on the record some information about your role, your background and the process of the Sustainable Regions Program as administered through your authority. And thank you for the comprehensive response to the committee's request for the provision of minutes and recommendations related to the projects that have been considered. I think what you have told us, Mr Jaensch, is that none of the projects recommended by this Sustainable Region Advisory Committee has emerged as an object of political controversy. Is this a fair comment, or have I missed some raging political debate in the community?

Mr Jaensch—There is nothing so far, Senator.

Senator O'BRIEN—I take it the process has been to develop projects rather than consider applications. Have I understand that correctly?

Mr Jaensch—The investment plan contains six key areas, and each of those has a slightly different approach. The tourism program and what we call the stronger learning pathways program, or the education and training components, were both run as targeted grants programs. But the way we structured them was different. For the tourism program we required that we did not get proposals up from individual enterprises or individual councils or anything like that. Because tourism has been a place where a lot of money has been invested over the years at all sorts of different levels of government, we made it a requirement, insofar as we could, that any proposal was signed off by the local council, the local tourism body, the regional tourism body and the state tourism body and that it showed evidence that it picked up on aspects of all of their planning. So we used it as a mechanism for our region to start vertically aligning the way tourism was being invested in. Basically, during the process, everyone had to be in the room from the beginning.

The other thing is that we have a full-time employee, a professional officer, and a team of people who work with him. He is working with all of those levels of the tourism industry and individual operators on a full-time basis funded through the member councils' contributions to the authority. That person is the first point of contact and the first point of assistance for the development of proposals as well. So we are working with people we know in an environment we know, and that ensures the proposals that come through are not frivolous and that they are well backed and well planned. For that reason, by the time they get to our advisory committee for assessment and go to Canberra for assessment, we have filled in most of the gaps and ironed out any bugs.

Senator O'BRIEN—There are no projects on your list where there is what Mr Anderson describes as 'female entertainment', are there?

Mr Jaensch—Not that we are aware of, no. The stronger learning pathways, or education and training, program works very similarly. There was a full-time officer appointed there. That one was funded partly by the Sustainable Regions Program but partly also by the University of Tasmania, TAFE Tasmania and the education department. We did it that way because sometimes those institutions have worked separately from each other and one of the big issues we needed to address was that sometimes people were falling through the gaps between those institutions. We were not getting the retention to year 12 and to tertiary and to training and that was showing up

in our regional statistics. We made them all a partner in the program itself and got them together to employ someone who would assist with the development of projects that address those problems. Again, it was fairly controlled, but applications are still coming forward.

With the food industry program, we commissioned research at the outset, which included interviews with about 60 food businesses in our region. From that, we identified two or three strategic goals that they identified were structural needs for the industry. We have then effectively commissioned a couple of projects to address them. One of those is a small grants program of \$1 million, which is currently looking like being well subscribed for individual enterprises, which addresses a need for assistance for them to take risks and innovate. A second one, which was commissioned in partnership with the University of Tasmania, was a food innovation centre so that we had an R&D capability to support the industry located in our region. The third project was identified as being of strategic importance. We were able to hook up with a private developer who is developing a contract-processing facility for our region, which is something that has been spoken about for decades here but we have never before had either the money or a private investor ready to give it a go.

There are different ways that different aspects of the investment plan have rolled out. But certainly, compared to other regions, there has been less of an open, competitive, small grants program where we are getting a very large number of expressions of interest, culling them down and then putting the rest through a competitive process in which there are winners and losers. We consider that that takes up a lot of time and resources. We preferred, as a region, to be able to be far more direct—a smaller number of much more certain and strategic investments.

Senator O'BRIEN—In the investment plan document you gave us, you have a general funding criteria passage.

Mr Jaensch—They are the minister's criteria for the Sustainable Regions Program.

Senator O'BRIEN—Did you have a tick box process to make sure that the areas that funds were directed to met those guidelines?

Mr Jaensch—Yes. I believe the assessment sheets are in the parcel of information that we have prepared for you.

Senator O'BRIEN—We have received a lot of material.

Mr Jaensch—We have created a process for ourselves. In the material that we have submitted in response to your request, you will see that there is an assessment sheet for each of the projects. The way we run that process is that, when we send a completed application form through to our committee members, we put a couple of pages of comments and technical advice where we have needed to seek it from outside our own organisation. We also send each committee member an assessment sheet which they consider as they are reading through their papers, and a number of them fill it in before they come to the meeting. In the meeting, after we have had discussion about a proposal and agree that it is suitable to be assessed, in that all the information is there that we need to be able to make an assessment, we go through a process where I go blow-by-blow through the eligibility and assessment criteria and we go around the

table and ensure that every committee member has an opportunity to state whether they believe the criteria have been met.

What we have added, for each of the programs, to the generic criteria that the minister provided is a set of criteria specific to each of our priority areas. We go through those and ask each committee member to give each proposal a numerical score out of five against each of those criteria. We average those. We stop the process and have a discussion when there is a great divergence between committee members' scorings, because they may have interpreted information differently or brought different experience to bear on the issue. That gives us some rigor. Then, at the end of it, we prepare an average of the scores given across the committee members and include that scoring with our recommendation to the minister to show him the relative strength of this proposal as against others he might have on his table at the time.

Senator O'BRIEN—Did the Commonwealth ever tell you your process was too ponderous?

Mr Jaensch—No.

Senator O'BRIEN—So there has been no objection to the level of detail that your committee has gone into to satisfy itself about the eligibility of the funding sources?

Mr Jaensch—No. We have never had a complaint about that and we have had Commonwealth representatives at every one of our meetings. They have changed; there are often new faces. We have got better and better at it. Our committee members are now very well prepared. They come to the meeting and have their scores in line. We run around the table and it is like bingo night—there are numbers flying everywhere. The discussion is rigorous, but the scoring process is very efficient now. It gives us the basis so that when we go to the minister we are not just saying, 'It appears to be okay,' but we can show them that there is some rigour behind it. In fact, in the way we are set up we are different to the other regions involved in Sustainable Regions because we have a full-time staff, we have an executive officer, we have an accountant and we have administrative help and such things.

Senator O'BRIEN—This is all paid for by the councils?

Mr Jaensch—Yes. We would have liked—and we suggested it to Canberra but it was not seen as necessary—the due diligence type processes which have applied to a couple of the larger projects to have been processes that we could have administered so that our committee could have the benefit of a detailed financial and business analysis of some of the proposals before it made its assessments. We are pretty much dealing with the information given to us in the proposals, which was good, but it was not due diligence. We believe we are capable of dealing with that but, again, the system has not been set up for that in this case.

Senator O'BRIEN—So it could be improved in that way?

Mr Jaensch—In our case, yes. It may be that the other Sustainable Regions committees were not resourced to be able to deal with that. We were.

Senator O'BRIEN—Mayor Hollister and Mayor Chalk, can you give the committee a sense of the views of the mayors of the councils—the constituent organisations behind the authority—about this process and the authority itself.

Mayor Chalk—We have confidence in the Cradle Coast Authority. I guess our confidence was foreshadowed by the fact that we make quite a financial commitment and we are prepared to support it, and that has been the case over the several years of its existence. We believe that we have been the benefactors. We have looked at the coast as a region and that has worked extremely well. We can only reflect on the runs that are on the board and at this stage we have had a good run. We are happy with the way it has been progressing. The authority has been very diligent in the way it has gone about the processes and I would have to say that we are happy with it.

Mayor Hollister—I would have to agree with that. You were asking before about whether or not there is any political interference. I do not think there is. If there is any interference it is more from parochialism. It is a vastly improved organisation to what it was when it was just the north-west region councils. With the funding we have been able to attract we probably employ about five people overall through the councils, but there are probably about 20 other employees that have wound up hanging off the various projects that have come about. So I think the proof is there.

Senator O'BRIEN—So you are saying it is better now that it is a professional board almost at arm's length from the elected representatives?

Mayor Hollister—Yes, definitely. We do have a few representatives every now and then that come out and say that it should be all representatives or elected people on the board, but I think it is proven that a skills based board is very beneficial. We have even gone to the extent now that we have a Cradle Coast Water Authority, which controls most of the water in north-west Tasmania. They are already a skills based board. Our Dulverton regional landfill authority is just now in the process of changing to a skills based board. I think all the councils are fairly supportive of it. Things are getting too technical nowadays and the expert is often not there among the elected people.

Mr Jaensch—It is important to add that, while the Cradle Coast Authority has important accountability structures and it reports back to its member councils, in the areas of our work which are to do with the Sustainable Regions Program our accountability is to the minister who appointed us. So sometimes it has been awkward to account for the fact that about a third or a half of the agenda of our organisation's activity is not being done in the full view of our member councils and that we are not at liberty to share the minutes of our Sustainable Regions sessions with them. Instead I have taken the opportunity at our regular meetings to give updates to our councils on processes that have been formally concluded and officially approved and announced, and on how the Sustainable Regions Program has been running in our region. But our councils do not have access to the substance of the work we do on Sustainable Regions prior to our minister's final decision, unless they are part of a proponent in the project. It creates an awkwardness for me sometimes, but the councils have been very patient with that and they respect that we have an advisory role to a minister and that we are working within his process. We have been able to keep it all together.

Senator MURRAY—I did not understand, but perhaps I did not hear properly: does the federal government make a pro rata contribution to the costs of this body?

Mr Jaensch—Not to the Cradle Coast Authority. The Cradle Coast Authority is 100 per cent owned, and its core operations are funded, by its member councils.

Senator MURRAY—So, although a third of your time, if I understood you correctly, is taken up on an essentially Commonwealth function, the local councils are paying for that?

Mr Jaensch—Yes, in that the councils fund the authority's existence and our core administrative and management systems. We do not have council money in our pockets to spend on things. Instead we, as an organisation, continually scan the region for opportunities et cetera and then we go out and broker up money.

Senator MURRAY—I understood that.

Mr Jaensch—In that sense the Sustainable Regions Program is a wonderful one-off, unique source of money that we have sole access to while it is there. We have been performing the function that we normally would; but instead of competing with the rest of Australia on a project-by-project basis for Commonwealth funding, we have had a special allocation of funding which is ours as a region to access.

Senator MURRAY—Because you are one of those eight regions?

Mr Jaensch—Yes. Early on when we were making a pitch to Minister Anderson we put it to him that he should not duplicate the authority structure to run the advisory committee. We made the point that we pay our board members an annual stipend and we have administrative and management staff who have the skills needed and that, to the best of our ability, we would provide those resources to the running of Sustainable Regions. Our intention was that, by doing that, upwards of \$1 million that might have been sunk into those costs over the life of the program may instead be available to our region as projects.

Senator MURRAY—Because of the economies of scale? In other words, it is nine councils together.

Mr Jaensch—Yes. Rather than allocating to our region up to \$12 million and then paying a board and an executive out of that money, we said: 'Well, we have got those things already, we have got some efficient systems in place, we are working right across the region and we have networks already. We have got a head start, so let's keep that money in the pool for projects rather than swallowing it up in administration.'

Senator MURRAY—I noted you were in the room when the earlier witnesses were being questioned, so I do not need to recap all that stuff about the politicisation or perceived politicisation of these processes. It seemed to me from the remarks offered by the two local politicians and by you earlier—

Senator BARNETT—What two local politicians?

Senator MURRAY—These two gentlemen are both politicians, in my view; I am sure they are in their view too. It seems to me from your remarks that the involvement of politics in the administration and allocation of grants and the determination of projects has not been an issue for you and is not an issue.

Mr Jaensch—No, and, where there has been potential for that to arise—for example, when we have had a proposal come through our process which was based in or included amongst its proponent partners the Circular Head Council and the King Island Council, both of which have elected people as members of our committee in that mix that I described earlier—we have just run a normal declaration of interest process, as we do with all of the rest of our committee members. You will see on the assessment sheets—

Senator MURRAY—I will interrupt here. There is a state statute which requires declarations of conflicts of interest, registers of interest and all those sorts of things, isn't there?

Mr Jaensch—Yes.

Senator MURRAY—That is under whatever your local government act is here. Is that correct?

Mr Jaensch—Yes. When you referred to parochial interests and political interests associated with local government figures linked to our process, we have dealt with them in the same way as we have dealt with potential commercial conflicts with some of the other people on our committee who have businesses in the region. We have sought declarations and excluded them from deliberations on proposals that those conflicts may arise in. We have those noted in our minutes where they have arisen.

Senator MURRAY—In your view, that is a sufficient safeguard against improper influence, manipulation of processes or anything of that sort.

Mr Jaensch—There are a couple of other layers of protection, if you like. One is that the authority is owned by nine councils. Those councils have created the authority's rules—effectively a constitution. I have 10 copies of that here if you are interested in them. That provides for there being a firewall between the elected owners and the executive board, if you like. Structurally, there is protection from that sort of influence. Secondly, the elected people or the people nominated through the councils themselves to two positions on our board are very much the minority of members on our board, so it is hard for them to exercise any political influence in the numbers on decisions.

Senator MURRAY—There are two broad allegations amongst many that are made surrounding these sorts of programs. One is that projects are selected primarily for political merits, not for project merits, and the other is that the projects may be entirely proper but the way in which they are publicised and used is improper. So there are two variants. My question to you is whether you think there are enough safeguards and protections through your own structure and set-up and the fact that you have political representatives involved with you anyway—which I think is a safeguard because of the competitiveness that that introduces—or whether you think there are any loopholes and that processes need to be tightened up. Before

you answer, I make the point that there is often a difference between actual integrity and probity and the perception, and I used the example of *ACCTasmania NEWS* to make that point earlier.

Mr Jaensch—We have not, in the last nearly five years of the authority's operation or in the last 2½ or three years of the Sustainable Regions Program's operation, had put to us any concern about improper political influence or bias of either the process through which proposals have been raised or through which they have been assessed at regional level or further downstream—or upstream in Canberra. That has never come up. We have a number of structural safeguards in place in the structure of the Cradle Coast Authority. Also, the minister appointed a ninth person, who is not a member of our organisation's board, to sit with the authority.

Senator MURRAY—This is the federal minister?

Mr Jaensch—Yes. When Minister Anderson appointed the Cradle Coast Authority's board as the advisory committee, he did so with the addition of one of the members of the Tasmanian ACC. He had appointed this person, for other purposes, into a similar role with the ACC. She sits with us during our Sustainable Regions deliberations as an equal voting member of our advisory committee. That is another safeguard that has been applied to the Cradle Coast Authority, as a block, not just running away with this thing. We have also gone to a fair bit of trouble with our assessment process and our minutes keeping and record keeping to ensure the paper trail is open to scrutiny, and you have had the opportunity to look at that as well.

Senator MURRAY—If, hypothetically—and we do not allow hypothetical questions!—someone did make a complaint, is there a process that you have? Say somebody said there had been something improper occur with respect to a project, is there an established process by which you deal with that?

Mr Jaensch—I do not think we have ever had to exercise one, if we have got one. I am sure that when we undertook the roles of the Sustainable Regions Advisory Committee and we all signed declarations provided by the department there were references in that. I can check that out, but it would have been the same procedural guidelines that were used as the basis for all of the area Sustainable Regions advisory committees. As far as the program's process goes, if an appeal or a complaint arose, we would go to the book and find out how to deal with it. My first call would probably be to a senior DOTARS manager in Canberra to ask what the process was and get it out of our hands and into theirs as quickly as possible. But we would also have the paperwork to be able to present to them, as we presented it to you, to show how we dealt with an issue.

Senator BARNETT—Can we go back a step as to how the Cradle Coast Authority was chosen as one of the eight regions for Sustainable Regions funding of up to \$12 million? There was a view that the north-west coast was a little bit more depressed than it is now. Things have lifted, but that is one of the reasons why you were chosen. Can you expand on that?

Mr Jaensch—Why the region was chosen?

Senator BARNETT—Yes.

Mr Jaensch—We never got the full dossier on exactly which criteria were used, but there are a number of indices of disadvantage that are used for various purposes, like taxation and all sorts of other things. We understand that that was the basis on which our region came up on the radar. The factors included unemployment rates, population decline, capital investment, post-compulsory education retention rates, tertiary qualification rates and those types of things—fairly standard socioeconomic readings. We had known previously, and it was one of the reasons that the authority was created, that our region had started to figure in the bottom one and two of statistical regions nationally. The Mersey-Lyell region, which is exactly the area that we serve, kept cropping up in the bottom rungs of those statistics. That is a very demoralising thing for a region, it can affect the attitude to government in particular. A region can start to become one which plays the poor card first. I think we are coming out of that now.

Senator BARNETT—You can probably guess that my second question is: how is the three-year program going and how is it looking into the future? How has the community responded to the program?

Mr Jaensch—To the Sustainable Regions Program?

Senator BARNETT—Yes.

Mr Jaensch—I think the people in the region have heard about Sustainable Regions often enough that they know that it exists, that it is a good thing, that it comes from the Commonwealth government but that most of the good things that have come from it have involved at least one other level of government—be it local or state—industry and other organisations contributing. That is how you get the leverage of three to one. When the evaluation team came around recently they asked us about benefits. The way that we have delivered the Sustainable Regions Program, which the minister agreed to, has not been to say, ‘We’re going to try and find the way to create the most new jobs in three years.’ We have tried to address some fundamental, long-term things like attitudes to finishing school and having much stronger links so that high schools, colleges, TAFEs and universities pass students from one to the other rather than letting them fall off the end of the conveyor belt.

Senator BARNETT—I am with you. Are you attaining those key performance indicators, those benchmarks which you would have considered at the start of the program? Do you have a view that in the foreseeable future you will continue on that upward slide in terms of benefiting the region?

Mr Jaensch—As a region, yes. I think that Sustainable Regions has given us the opportunity to invest in the things which are going to create the capacity and the structures within our region to grow those criteria across the board. Under oath we cannot tell you that the turnaround in the region’s population, employment and school retention rates over the last three years has been due to Sustainable Regions. We are probably looking at a three- to 10-year outlook for the full impact of the Sustainable Regions initiatives to be recordable. We have used judgment to apply the Sustainable Regions investment in ways that make the most of the momentum in the region that is created by a range of other things as well, like growth in the tourism industry.

Senator BARNETT—You mentioned the evaluation team coming to visit you recently. What did they say and how are you performing? What was the outcome?

Mr Jaensch—They did not give us any feedback. They were only asking questions.

Senator BARNETT—When do you get the feedback?

Mr Jaensch—I think the feedback is more for the department than for us. We will probably see part of a report at some stage. We would be very interested to see the comments that were made about our own region's performance.

Senator BARNETT—I presume they are comparing you to some of the other eight regions around the country. If I were you, I would be interested in their feedback.

Mr Jaensch—On our own performance, definitely. I am hoping, though, that also that evaluation process is about evaluating Sustainable Regions as an experiment in a different way of providing regional development investment and that the program is going to be reviewed in the way that it was intended—as a prototype that we can learn from as to how we apply assistance to regions.

Senator BARNETT—You have referred to the assessment processes and the criteria that are set out in your documentation, and I think the chairman—or it might have been Senator O'Brien—asked about the efficiency levels and the timing of the assessment. My supplementary question is: have you had audits done of your processes? Are there annual audits? Do they reveal that things are on track or do they reveal any holes in the Sustainable Regions arrangements?

Mr Jaensch—We have not had our decision-making processes audited by anybody. We have them witnessed by the department. I refer to the question before about whether or not these processes are cumbersome. We take putting a recommendation to the Deputy Prime Minister fairly seriously, so we go into a fair bit of detail. We have people who are capable of that, so we use their abilities. If a proposal, in its final form, arrives within 10 days of our meeting, we can get it out and turn it around and we can have our recommendation out 11 days from when we receive the proposal.

Senator BARNETT—I assume that you have guidelines for how quickly you are meant to review those particular applications and that you meet those guidelines in accordance with that procedure.

Mr Jaensch—The way that we have run any of the processes requiring applications under our system is that proposals—applications—are assessed as they are received on a monthly meeting cycle. They must be with us 10 days before a meeting to be able to get into the papers for that meeting, so that we cannot drop proposals on our committee members on the day and have them assess them cold.

Senator BARNETT—You referred earlier to the fact that you scan the region. How do you actually scan the region so that you know that all parts of the Cradle Coast region are covered and you have an opportunity to seek funding support?

Mr Jaensch—We have not attempted to maintain a current blueprint and projection for the whole region. We participate in, and sometimes initiate, regional scale strategic planning and analyses and audits of specific industries and interests. For instance, we have recently put out for

public comment a regional transport and infrastructure plan which involved consultation with a whole range of industries that use our public transport infrastructure—roads, rail, ports and things like that. There is a 20-year framework for that. We have done the same for recreational facilities management in our region. We have done the same through our natural resource management committee. We have a tourism strategy. We have a regional waste management audit. We have constant contact with our network of councils. We have a web of an infinite numbers of ways that emerging needs can be identified and fed into our processes.

Senator BARNETT—It sounds quite comprehensive.

Mayor Hollister—There is one thing that has not been brought up actually: the various ministers, whether they be for tourism or infrastructure, can go to the one organisation and not have to deal with nine individual councils. I think that is probably very important. Otherwise they would be dealing with nine different lots of individuals, whereas we have got a one-stop shop. I think that is pretty important.

Senator BARNETT—Do business use that approach as well or are you just talking about ministers? Can business benefit from going through the Cradle Coast Authority?

Mayor Hollister—Definitely, yes. The infrastructure is just one part of what Cradle Coast Authority does. We are used to sort out hospital issues. We get involved in a lot of things.

Mr Jaensch—Including vegetables.

Senator BARNETT—Hospitals and vegetables—there are some important issues there for sure. You mentioned the \$1 for \$3 return as the criterion that is set in your program.

Mr Jaensch—No, it is not. For different components of the investment plan, where there is a grants process to access, we specify in guidelines for applicants what the expectations and matching contributions are. That is tailored to a few different things. It is based on an understanding of a capacity to pay, in some cases, in terms of limits and levels of matching required and whether cash and/or in kind is considered appropriate. It is also used to ensure that there is a level of mutual commitment to some of the processes and whether they are likely to be competitive, to ensure that we are getting those who are really serious about the work they are doing. The one-to-three ratio is across the board. It is currently tracking at about 1.28: \$1 of the Sustainable Regions Program is leveraging about \$2.80. That is the ratio we are working on. Projecting to the end, we would hope that it will be around three to one.

Senator BARNETT—That is fine, I was just checking that. I think Mayor Hollister made a reference to the job side of things, where five people are involved directly and 20 people through the different councils. What is the context of that?

Mayor Hollister—The nine councils actually fund the structure of—

Mr Jaensch—We have a building at 30 Marine Terrace, where the authority lives. There are 17 people in that building. For six of them, 100 per cent of their salaries are based on contributions that come through the authority's member councils. The other dozen people who are in our building are funded through external sources. They are engaged in projects or

activities for a period of time and we are the technical employer. We host and manage them as part of our team. An example is the regional Natural Resource Management Committee and its team of staff. In our region, which is different to the other two regions, we have established that committee structure as a committee of the authority, rather than a separate, incorporated entity. It has four or five people?

Mrs Hampton—Five people.

Mr Jaensch—They are in our building; they are on our payroll but they are paid for through projects funded by the Commonwealth through the Natural Heritage Trust. So we are a bit of a motel for those sorts of things, but the benefit we are trying to wring out of that for the region is that we do not have lots and lots of semi- or quasi government incorporated bodies of similar size and shape with their own administrative systems, bank accounts, auditors and things like that. We have one central, universal system that they all clip into. Our tourism guy, our education and training people, our natural resource management people and those working on engineering industry projects and et cetera share a lunch room. We deal with professional development together and they can network those things.

Senator BARNETT—Thank you. That helps, as I was not quite sure where that was coming from. Can I clarify: of all of the projects that you have granted funding for, have any been opposed by the state government, the local government or the community?

Mr Jaensch—No.

Senator BARNETT—So they have all received community support?

Mr Jaensch—Where community support is a relevant thing. What they have generally involved is—within their communities of interest, be they geographical, political or sectoral communities of interest—advice and opinions being sought where it is relevant.

Senator BARNETT—There have been allegations made, with respect to the Regional Partnerships program at least, that there has been pork-barrelling due to political interference or political pressure. I am getting your response on Sustainable Regions. Has that applied in any respect to any of the programs or funding applications that have gone through your project?

Mr Jaensch—Not that we are aware of and that there is any evidence of. In fact, we would almost be happier if there were a little bit of that. We faced a situation where there was effectively a six-month slowdown in the whole Sustainable Regions process in the lead-up to, the conduct of and the aftermath of the election, where we could not get anything through the process. In a three-year program we have had frequent reminders that, if we do not allocate this money within a reasonable time frame, it may be reallocated to another region. We lost six months out of what has been 2½ years so far, while the clock stopped for the election and things. So, far from pork barrelling, there has been overcaution or whatever.

Senator BARNETT—A conservative, rigorous and comprehensive assessment approach.

Mr Jaensch—What happens is that the machinery stops. It takes a lot of starting again and the backlog has to be got through; you are in a queue.

Senator BARNETT—And it ends on 30 June—is it next year?

Mr Jaensch—2006 is the end.

Senator BARNETT—That covers it pretty comprehensively. Thank you very much for your submission and your report today; it has been very helpful.

CHAIR—I am not sure whether you covered this earlier, but I have a question about the size of the region covered by the nine councils. What is the population?

Mr Jaensch—About 110,000.

CHAIR—Is it evenly spread across the nine councils or do you get a great variety in the numbers?

Mr Jaensch—There is a great diversity. There are three councils that have in the order of 17,000 to 20,000 people. They get smaller and smaller from there. There is a jump down to the 7,000 or 8,000 size. Then there are a couple of outlying areas like King Island, which has something in the order of 1,800.

CHAIR—So the funding mechanism is an equitably based system across the councils to share the costs.

Mr Jaensch—There is a proportional contribution, which is based on the most recent census data of population and residents.

CHAIR—Thank you very much for your appearance and for taking the time to travel here today. We certainly appreciate it.

Committee adjourned at 4.48 pm