



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

FINANCE AND PUBLIC ADMINISTRATION REFERENCES
COMMITTEE

Reference: Regional Partnerships Program

THURSDAY, 14 JULY 2005

PORT HEDLAND

BY AUTHORITY OF THE SENATE

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SENATE

FINANCE AND PUBLIC ADMINISTRATION REFERENCES COMMITTEE

Thursday, 14 July 2005

Members: Senator Forshaw (*Chair*), Senator Watson (*Deputy Chair*), Senators Fifield, Moore, Murray and Stephens

Substitute members: Senator O'Brien for Senator Moore, Senator Barnett for Senator Watson and Senator Johnston for Senator Fifield

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

Senators in attendance: (Insert, in alphabetical order, the names of senators provided by committee secretary)

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.

WITNESSES

COOPER, Mr Allen, Chief Executive Officer, East Pilbara Shire Council.....	38
CRAIGIE, Ms Lynne, Shire President, East Pilbara Shire Council	38
EDWARDS, Mr Richard, Director, North West Dive Safaris	1
FORD, Mr Anthony John, Chairman, Pilbara Area Consultative Committee.....	95
HAINZ, Ms Fran, Manager, Wangka Maya Pilbara Aboriginal Language Centre	83
SIMPKINS, Mr Cameron John, Executive Officer, Pilbara Area Consultative Committee	95
SMITH, Mr Donald, Director, AquaCarotene Ltd.....	23
THOMAS, Mr Bruce, Chairperson, Wangka Maya Pilbara Aboriginal Language Centre	83
VAN HERK, Mr Charles, Director, The Cove Caravan Park.....	57
VAN HERK, Mrs Irene, Director/Secretary, The Cove Caravan Park	57

Committee met at 9.38 am**EDWARDS, Mr Richard, Director, North West Dive Safaris**

CHAIR (Senator Forshaw)—I declare open this public hearing of the Senate Finance and Public Administration References Committee. Today's hearing is part of our ongoing inquiry into the administration of the Regional Partnerships program and the Sustainable Regions Program. We have previously held 12 public hearings and a number of submissions and other material have been published on our committee web page. We are holding hearings this week and next week in Western Australia, commencing with hearings here in Port Hedland. The committee appreciates the fact that a number of witnesses have either travelled some distance to be in attendance at our hearings or have made themselves available to speak to the committee by way of teleconference.

Evidence was taken via teleconference—

CHAIR—I welcome our first witness, Mr Edwards. I point out that all evidence given to the committee is protected by parliamentary privilege. That means, firstly, that any evidence given by a witness is fully protected and, if any action was to be taken that might be injurious to that witness by some other person or party, the parliament has powers to treat such action as a contempt of the parliament and take action to remedy that. We also need to point out to witnesses that all evidence must be truthful and any deliberately false or misleading evidence to the committee may constitute a contempt of the Senate. We prefer our hearings to be held in public, but if there are any matters at any stage that witnesses desire to discuss with the committee in private, that request should be made and the committee will consider it. The committee decided at an earlier hearing that all evidence should be given under oath or by way of affirmation. I understand that you are taking the oath?

Mr Edwards—Yes.

CHAIR—You are available to give evidence particularly, I understand, in regard to your company and the Regional Partnerships program grant. I invite you to make some opening comments and we will then proceed to questions.

Mr Edwards—Opening comments in relation to Regional Partnerships?

CHAIR—It is really up to you but essentially it would be helpful if you could tell us briefly about the Regional Partnerships program application that you made, the grant you received and the nature of the business or enterprise that you operate that that grant was in relation to. I am not expecting you to make lengthy comments, but you can make some opening comments if you wish; otherwise we can go straight to questions.

Mr Edwards—I point out that I actually have not received any money from the program yet. My business mentor has advised me to not do that yet because of some of the milestones and outcomes that I initially put down on the grant application. Eight or nine months after the application was approved, the tide of business changed and fuel prices went up incredibly. The number of tourists that were coming through this area plummeted to a 16-year low. I did not draw the money from the grant or put in that acquisition form for the funding and that was the

reason behind that. I am still in the process of deciding whether or not to take that money from the government.

The type of business that I deal with is tourism—basically taking people from this area and then moving them up further north and in through Onslow. For those of you who are not aware, Onslow is a small community between Exmouth and Karratha with possibly some of the best recreational scuba diving that I have seen in Australia. I try to encourage people to go there. The packages that I offer are three-day adventures. They incorporate diving with local operators, spending money in local hotels and on accommodation in that area, obviously purchasing fuel and then moving on further to Karratha. I drop them off in Karratha, to link up hopefully with one of the other operators there. I pass the tourists on to them, to continue the chain further up so that the tourists can continue their adventure through Western Australia. That is the nature of the business.

CHAIR—What you have said is that you have not actually accessed any of the funds that have been approved to be utilised by you under the Regional Partnerships program—is that correct?

Mr Edwards—Yes, that is correct.

CHAIR—I should tell you that the committee has been provided with material from the area consultative committee and other sources in the department in relation to the program. Some of the questions that I am going to ask you relate to what transpired between you or your company and the department. Are North West Dive Safaris and The Dive Bus the same company?

Mr Edwards—The company's name is North West Dive Safaris but I could not fit that on the side of the bus so I had to shorten it and I used the name The Dive Bus instead. The Dive Bus is a name that I use.

CHAIR—When did you start using that shortened name?

Mr Edwards—About six months ago.

CHAIR—When did your company commence business?

Mr Edwards—It would be about a year and a half ago. I cannot recall the date off the top of my head.

CHAIR—About a year ago?

Mr Edwards—About a year ago.

CHAIR—According to an email that was provided to the committee dated 16 December 2003, you lodged an expression of interest some time prior to that which went to the Pilbara Area Consultative Committee. That was an expression of interest to seek a grant under the Regional Partnerships program. Do you recall that?

Mr Edwards—Yes.

CHAIR—In what form was that lodged? Was it an application or did you just make contact with the area consultative committee? Do you recall the process?

Mr Edwards—I am a member of the Army Reserve. One of my previous commanding officers was leaving the Army and taking up a position in Karratha working for the ACC there. He was aware of what I was looking at getting into and mentioned that I should have a look at the Regional Partnerships and see if I qualified for funding under that arrangement.

CHAIR—This was prior to you actually formally getting your business under way, was it?

Mr Edwards—The business is kind of two-sided. One part is teaching and instruction and the other part is the tours. I was already basically conducting the teaching side of it and was looking to branch out into the tours, so yes.

CHAIR—From what we understand—again, based on documents from the ACC and the department—there were some problems with your initial expression of interest. You were requested to provide either more information or to change the nature of your expression of interest. Do you recall that?

Mr Edwards—Yes, I do.

CHAIR—Could you explain to us what were the problems with the initial expression of interest?

Mr Edwards—The type of business I was operating and conducting did not fall under the Regional Partnerships niche that it was supposed to. That was what I was led to believe.

CHAIR—In particular, do you recall what was the nature of your proposal that did not fit the guidelines?

Mr Edwards—No, I do not recall.

CHAIR—I have a copy of an email here, which has been sent from yourself, dated 26 December 2003, to the area consultative committee. It says:

I have change my plan to fit in what i think is required to get the cash as it may be said.

I have been speaking to a the toursit Beuara (lennete) i think thats how its spelt. She is looking into who can take me to an island for an overnight trip. She is very help full.

I have change my plan to stay on an island off onslow (for the diving) and to stay in onslow for a night so I can rest before driving to karrijini the next day.

I will require food, fuel, and accomadation for the time i am there.

The money will be spent like this:

1. Boat charter to an island for camp out and diving.

2. Accommodation in Onslow for a night.

3. food, (a) to buy for the night camping.

(b) to buy while at the accommodation.

Can you explain to us what that is all about and what you were seeking at that time?

Mr Edwards—My initial concept plan was that I was leaving from Perth and doing a 10-day adventure up to Exmouth, across to Onslow, down through Karijini and then back to Perth. They were wondering how much money I would be spending in Onslow and what types of services I would be using there.

CHAIR—As I read that, it seems that you were applying for funding to enable you to undertake what could be seen as an assessment trip, which might then lead on to setting up this business of dive tours. Is that the way it was?

Mr Edwards—It was not as an assessment trip; it was as a continuing venture, to continue to offer that service.

CHAIR—But you sought \$13,772 in your expression of interest. Do you recall that?

Mr Edwards—Yes.

CHAIR—What was that money going to be used for?

Mr Edwards—That equipment that I detailed in the acquisitions—some diving equipment. At that time there was not a dive operator operating in Onslow and I needed that equipment to conduct those tours.

CHAIR—This email that I am referring to does not talk about equipment; it talks about requiring funds for fuel, food and accommodation.

Mr Edwards—I can see how that comes across. They were asking how I would be spending it, what influence I would have on Onslow and how the town would benefit from the funding that was being given to me.

CHAIR—So that is what the \$13,000 was for?

Mr Edwards—It was for the funding of the equipment.

CHAIR—I am getting rather confused. The email said that the money would be spent in the way I read out to you.

Mr Edwards—Yes.

CHAIR—But you are saying that it was for equipment. What equipment? At this stage this is an expression of interest.

Mr Edwards—I do not quite follow you.

CHAIR—I am not following you; that is my problem. I want to know what that request for \$13,772 was for initially.

Mr Edwards—That was for capital and equipment to conduct tours to that area.

CHAIR—Did you see part of that money being spent on that initial trip that was referred to in your email of 26 December?

Mr Edwards—No. That money was not to spend in Onslow; that money was for the initial acquisition of the equipment. The money that my customers and I would be spending in Onslow would be on fuel, accommodation and so on.

CHAIR—You originally sought \$13,772. Did you subsequently reduce the amount of money that you were seeking?

Mr Edwards—No, I do not believe so.

CHAIR—You see, as I understand it, an application was made in March 2004 where the amount sought was \$11,749.50. Do you recall that?

Mr Edwards—Yes.

CHAIR—Can you explain the difference between what was in the original expression of interest and what was in the application?

Mr Edwards—No, I cannot. I believe I was awarded \$12,000 in the end.

CHAIR—But that would have been after the application.

Mr Edwards—Yes.

CHAIR—So you cannot explain the difference.

Mr Edwards—No, I cannot.

CHAIR—But it was less, wasn't it?

Mr Edwards—Yes, it was less.

CHAIR—So you actually sought less in the application than you did in the expression of interest.

Mr Edwards—Yes. It probably would have been because of quotes for equipment that changed during that period.

CHAIR—On whose advice did you reduce the amount of money that you ultimately sought?

Mr Edwards—It would have been mine.

CHAIR—You did not get any advice from anybody else? Were you told that maybe you should seek a lesser amount?

Mr Edwards—No, I do not believe so.

CHAIR—Who were you in contact with throughout this period—the area consultative committee or the department?

Mr Edwards—Both: the Pilbara Area Consultative Committee and the Perth office.

CHAIR—Could you name the people that you liaised with?

Mr Edwards—I liaised with Cameron Simpkins in the Pilbara. I cannot recall the name of the person in Perth.

CHAIR—Thank you. What about the Department of Transport and Regional Services? Do you recall who you had contact with in that department?

Mr Edwards—Emma Yates.

CHAIR—Thank you. Was she from the Perth office?

Mr Edwards—Yes. I believe she has only just taken—

CHAIR—This was prior to your lodging the final application?

Mr Edwards—Yes.

CHAIR—Do you recall what advice they gave you about your application, particularly in respect of either the type of project that you were looking at and/or the amount of money you were seeking?

Mr Edwards—No.

CHAIR—Did they advise you that maybe you needed to redraft your proposal in any way?

Mr Edwards—They advised me after I was unsuccessful on the first attempt that I needed to make changes to the application to suit Regional Partnerships.

CHAIR—How did you become aware that your first application had failed? Do you remember when that was?

Mr Edwards—I do not remember. I believe the Pilbara ACC advised me.

CHAIR—The Pilbara ACC.

Mr Edwards—Actually, no, it was the person in Perth. They rang me first.

CHAIR—I should point out to you that we have a copy of a letter sent to the manager of North West Dive Safaris. It is addressed to you, Mr Edwards. It is dated 10 March 2004 and it is from Graham Purdy—

Mr Edwards—That is his name.

CHAIR—of the Perth office. Do you know Mr Purdy?

Mr Edwards—Yes.

CHAIR—He said:

Thank you for you application seeking Regional Partnerships funding for the North West Dive Safari project which was received by the Department on 2 March 2004.

Unfortunately your application is not eligible for funding under Regional Partnerships ...

Do you recall receiving that letter?

Mr Edwards—Yes, I do.

CHAIR—In that letter, they pointed out that a more appropriate funding program might be the regional tourism program administered by AusIndustry, and they gave you some details of that. Do you recall that?

Mr Edwards—Yes, I do.

CHAIR—So the application was rejected. It was deemed unsuitable—unsuccessful. You were advised of that in March 2004. Was that the first time that you heard that the application was unsuccessful?

Mr Edwards—Yes.

CHAIR—So what did you do after that? It had been rejected. What was your next step?

Mr Edwards—I contacted the Pilbara ACC, or Mr Simpkins contacted me. I had a look at that AusIndustry funding and the business I had established did not fall under the criteria for

that. So I contacted the ACC and had a chat about the knock-back. They said that they would look at it and see if they could appeal it, and that is what they did.

CHAIR—They said they would appeal it. What do you mean? Can you be a bit more specific about that?

Mr Edwards—I believe the ACC said that they had passed on the recommendation that the business had qualified for that funding and that the Perth office had knocked it back for some reason. I am not sure of the exact wording but the ACC in the Pilbara said something along the lines of ‘it does; we’ll resend it and see what they say.’

CHAIR—So you understood that they would resend it to the department?

Mr Edwards—Yes.

CHAIR—Did you contact or speak to anybody in the department, as distinct from the area consultative committee, after that?

Mr Edwards—Only Mr Purdy.

CHAIR—What did he say to you?

Mr Edwards—I cannot recall.

CHAIR—Did he give you any indication as to how you might proceed, beyond what was in the letter he sent to you regarding applying under a different program?

Mr Edwards—I cannot recall.

CHAIR—Did you have any contact with the office of Barry Haase?

Mr Edwards—Yes.

CHAIR—Tell us about that. Who did you speak to? Did you speak to Mr Haase?

Mr Edwards—I believe he rang me and said, ‘Congratulations,’ but that was about all. Other than that, I spoke to a lady who was representing him.

CHAIR—I am talking about after the first application was rejected by the department.

Mr Edwards—No, I did not.

CHAIR—So you did not contact the office of the member, Mr Haase, at all?

Mr Edwards—I believe not.

CHAIR—You would recall that you either did or did not. We need to be very clear about this.

Mr Edwards—I believe I spoke to them but I cannot recall whether it was after the initial knock-back or later than that.

CHAIR—You would have been pretty disappointed when it was knocked back. Presumably you wanted to get this grant or some assistance in some form or other. Do you recall whether you spoke to Mr Haase or somebody in his office after that initial rejection?

Mr Edwards—I remember speaking to them but I cannot remember when.

CHAIR—But you can remember that it was after the rejection of the first application?

Mr Edwards—Yes, it would have been after that date.

CHAIR—What was the purpose of that call?

Mr Edwards—I cannot recall. The only time I can remember speaking to them was when Mr Haase rang to say ‘congratulations’ after I had been successful. I cannot remember speaking to him in great detail before that.

CHAIR—I am trying to ascertain whether, after the initial rejection in March 2004, you approached Mr Haase or his office, but you say that you cannot recall.

Mr Edwards—I cannot recall. I know I approached them and spoke to them, but I cannot remember when.

CHAIR—But you can recall that you approached them. Are you saying that that was to see whether you could have the application reassessed or approved? Was that the position?

Mr Edwards—No, I would not have gone through them for that. I would have spoken to the Pilbara ACC.

CHAIR—Are you aware of whether the ACC approached Mr Haase or his staff?

Mr Edwards—No, I am not aware.

CHAIR—Did you ever contact the minister’s office or the office of the parliamentary secretary, De-Anne Kelly? I would imagine that you would recall if you did.

Mr Edwards—I do not recall.

CHAIR—Does that mean that you did not contact them?

Mr Edwards—I did not contact them.

CHAIR—Either the minister or Mrs Kelly? Was that the position?

Mr Edwards—Yes.

CHAIR—That you did not contact either the minister's office or Mrs Kelly's office?

Mr Edwards—Yes.

CHAIR—Tell us about what happened after the first application was rejected. How did it come about that you made a further application—did you make a further application?

Mr Edwards—I only resubmitted the application that I had previously put in.

CHAIR—You resubmitted the original one. Do you remember when that was?

Mr Edwards—No, I do not.

CHAIR—It was obviously after March 2004. How did you resubmit it?

Mr Edwards—It was via email, I believe.

CHAIR—Who to?

Mr Edwards—It would have gone back to the Pilbara ACC.

CHAIR—But then subsequently it was approved?

Mr Edwards—Yes.

CHAIR—And it was approved for an amount of \$12,924.45?

Mr Edwards—Yes.

CHAIR—How did you find out that it was approved?

Mr Edwards—Via a letter.

CHAIR—Who was that letter from?

Mr Edwards—Graham Purdy.

CHAIR—Do you recall when that was?

Mr Edwards—No, I do not.

CHAIR—You said earlier that you had received a telephone call. Who was the telephone call from—I think you said Mr Haase rang you?

Mr Edwards—Yes.

CHAIR—He rang you to congratulate you?

Mr Edwards—Yes.

CHAIR—Do you know how he knew about it?

Mr Edwards—No.

CHAIR—Did you get any other phone calls from anybody to tell you that you were successful?

Mr Edwards—Pilbara ACC.

CHAIR—Who was that?

Mr Edwards—That was Mr Simpkins.

CHAIR—At any time was an explanation given to you as to why the first application was rejected but the second one was approved?

Mr Edwards—No.

CHAIR—Not at all?

Mr Edwards—No, not at all.

CHAIR—My final question is: you said that you have not yet accessed any of the funds because there are milestones for you to meet—is that the position?

Mr Edwards—That is the position.

CHAIR—You may have commented on this in your opening remarks and I am sorry if I am asking you to repeat that, but you commented about the price of fuel. What are your prospects for the business now, or what is your feeling about whether or not you will be able to access the funds and get your proposal up and running? Do you feel confident that you will still be able to do that?

Mr Edwards—At this stage, no. It is \$1.82 for diesel in regional Western Australia at the service station where I have to purchase fuel on the way to Onslow. That forces an extreme increase in the price of the tours and obviously it is passed on to the customers. A lot of tourists do not like paying that increased amount, especially if they are travelling, international people.

One of the biggest reasons I have not taken the money is because I believed that after the changes that have gone through this area I would not be able to meet those milestones and the outcomes; therefore I would not be able to fulfil the contract that they had laid down and I would not be able to do what I said I was able to do.

CHAIR—So you have received none of the funds at all at this stage?

Mr Edwards—None of the funds, zero.

CHAIR—Thank you very much, Mr Edwards. They are all the questions that I have and I will now invite Senator Barnett to ask questions.

Senator BARNETT—Thank you for your contribution today. I want to go back over some of those things. The expression of interest was in December '03 and the application was in March '04. When was your second application, the one that was subsequently successful? When was that made? Can you remember?

Mr Edwards—No, I cannot.

Senator BARNETT—Was it a few months after March '04 or six months or 12 months?

Mr Edwards—It would have been a few months afterwards. I believe I first started to advertise just after March.

Senator BARNETT—And you were advertising in the hope of getting some bookings, which would encourage you to put in a second application. Was that it?

Mr Edwards—Yes.

Senator BARNETT—So it was dependent on getting support from your customers?

Mr Edwards—Yes.

Senator BARNETT—That is normal business practice. In terms of the difference in the expression of interest in the first application, there was \$1,000-odd difference. Do you think that could have been the GST?

Mr Edwards—I do, actually; it looks about the same.

Senator BARNETT—So on reflection that might have been the GST.

Mr Edwards—Yes.

Senator BARNETT—In regard to the milestones, are they set out in the agreement or in the application that you made for Regional Partnerships funding? If so, can you tell us a little bit about the terms and conditions of the application?

Mr Edwards—Yes. The two milestones that I put down were the purchase of the necessary equipment to undertake the tours. I expected to complete that around 31 March and then commence the dive tours to Onslow by 31 May 2005. That was the subsequently changed timing that we put in because I was not operating—it was too hot and it was the cyclone season up north during that time of the year. The outcomes were obviously to commence the dive tours, complete the first tour, and then by the end of the season complete those seven tours.

Senator BARNETT—What were the terms and conditions set out in the application? Obviously you were seeking \$12,000 to \$13,000 for your equipment. What terms and conditions did you set down in that application in terms of the milestones? There was the purchase of equipment by March '05 and seven tours starting in June '05 and being completed by the end of '05.

Mr Edwards—No, I put down that that was to happen during the first season, which is about an eight-month window starting from around March or April and ending in around October or November.

Senator BARNETT—As a Tasmanian senator, it is hard to know what your definition of a season is up here, so—

Mr Edwards—It is back to front.

Senator BARNETT—When you put in your application, what amount of money were you to be putting in? You were requesting \$12,000 or \$13,000. How much were you going to put in? Who were the other partners and what were they putting in?

Mr Edwards—There were no other partners, it was just me. I can say that to date I have put in \$65,000.

Senator BARNETT—Was this just cash or was it time and in-kind money?

Mr Edwards—There were no in-kind contributions. The rest of it was other funding and partnered contributions, which were from me.

Senator BARNETT—Can you tell us what that amount of money is, please?

Mr Edwards—To date it is \$65,000.

Senator BARNETT—You have spent \$65,000 of your own money on this proposal which has not got off the ground yet?

Mr Edwards—Yes.

Senator BARNETT—I guess that is pretty hard going for a small business.

Mr Edwards—Yes. Before I initially got knocked back for the funding, I had made a contingency plan, or other arrangements. Those arrangements were to hire equipment and a trailer, which was part of the application that I subsequently did to get myself off and running.

Senator BARNETT—Under your application, were you planning, once you got it up and going, to employ more people, or just yourself?

Mr Edwards—I most definitely would love to employ more people.

Senator BARNETT—What did your application say?

Mr Edwards—I believe I said that it was just me initially and then further on I said that I would employ people to conduct the tours for me.

Senator BARNETT—So a couple of extras—part time, full time, casual? Can you recall?

Mr Edwards—It would have to be casual or a contract. I would contract them to conduct the tours for me.

Senator BARNETT—And these people would work with you when you take your clients on the dive?

Mr Edwards—Yes.

Senator BARNETT—Is it just for that season?

Mr Edwards—Yes.

Senator BARNETT—And then, hopefully, they would come back and help the next season?

Mr Edwards—Hopefully, yes. But the way diving tourism developed was such that during the summer months, which are December, January, February and the start of March, Western Australia has been lucky enough to receive a large number of dive racks throughout the south-west of WA—in Bunbury, Albany and Busselton. I do not know whether I thought of it back then, but I have come around to offering a tour that runs through the south-west of WA during the summer months, and that is the way things have developed.

Senator BARNETT—That is fine. Attachment 2 of the Pilbara ACC's submission refers to the North West Dive Safari and the funding approval of \$12,924, with the total project funds being \$40,772, so the difference between those two figures is basically money that you would put in. But you have obviously put in a lot more than that—is that correct?

Mr Edwards—Yes, the Regional Partnerships cash contribution that I have in front of me has a different figure of \$37,924. At the time that was an in-kind contribution of \$25,000 from me. The rest of it was from Regional Partnerships, and that was \$12,924.

Senator BARNETT—But we are talking about a total project outcome of around \$40,000 for an investment of \$13,000.

Mr Edwards—Was that outcome from the year or after completing the tours? That is forecasted outcome?

Senator BARNETT—Yes.

Mr Edwards—Okay, yes.

Senator BARNETT—I assume your project was based on the idea that you would get it up and running, do it for a year and then keep doing it into the foreseeable future?

Mr Edwards—Yes.

Senator BARNETT—You said earlier in your submission that there was no other dive safari operator in the area. Is that still the case?

Mr Edwards—Let us work on the word ‘safari’. There is a man now living in Onslow who returned from Egypt and started a dive business. That was not around when I first looked at going to Onslow. There is an island called Thevenard Island, which is in a small group of islands called the Mackerel Islands, just north of Onslow. There was a dive operator on that island. I used to work for them and that is how I found out about the area, but for some reason they were unable to keep a dive instructor there longer than three or four weeks before they quit and moved on. A company called Scubaroo Dive is there now.

Senator BARNETT—Is that one of the reasons why you do not want to apply in the future or you do not want to pursue this issue, or is it more the cost of diesel—or both?

Mr Edwards—It is a little bit of both. The cost of running the tours is getting more and more expensive. Do you have a copy of a quarterly report form that I sent in recently?

Senator BARNETT—No.

Mr Edwards—I am liaising with the operator who is now in Onslow. I am running people from Exmouth up to Onslow and then further on to Karratha. He is using me as a diving instructor and skipper to bring people to him and then take them further on. He has all the equipment in Onslow that I need to run the tours. That is what I am doing at the moment.

Senator BARNETT—In terms of your application, apart from the Pilbara ACC, did you have support from any other councils, organisations, businesses, politicians or anybody else?

Mr Edwards—No.

Senator BARNETT—So you did not have any support at all in terms of your application?

Mr Edwards—I had support from the local operators in Onslow and the Onslow tourist council.

Senator BARNETT—Was that set out in your application or was it just known that they supported your proposal?

Mr Edwards—I believe there should be some letters there.

Senator BARNETT—We will get to that later, but you obviously did have support from the local community. I am trying to find out if it was supported by the local community.

Mr Edwards—Yes, it was.

Senator BARNETT—Can you say that there was any political interference in the application process or do you believe that it all went through due process?

Mr Edwards—I believe that it went through due process.

Senator BARNETT—Thank you. I have no further questions.

Senator MURRAY—Mr Edwards, as a Western Australian politician, I am well aware of the importance of dive companies to tourism right up this coast. It is a very important service that needs to be maintained. You have indicated that the cost of the service to tourists, because of the fuel increases, has caused real problems. I would expect fuel to remain at this level; it is going to be a fact of life. Do you think that tourists will just adjust to it or will it really affect the ability of people like you to provide a service?

Mr Edwards—I will still provide the service because the service that I provide is something that I enjoy doing. I have found that the people I have taken on tours really enjoy the organised atmosphere in which I offer the service in that everything is combined. So instead of using four or five different operators, they get everything that they need in one small package. I believe that they will still continue to use services like mine and those of other operators to continue their holidays through Western Australia. Let us hope so.

Senator MURRAY—Mr Edwards, are you familiar with an agricultural assistance program called exceptional circumstances?

Mr Edwards—No, I am not.

Senator MURRAY—It means that when there is a bad drought, farmers can apply for assistance to get them over the times of drought. But there is nothing like that available for small business in other areas. Do you feel that governments should be looking at means to assist businesses when there is a tourist downturn because of fuel price, a health scare, a terrorism scare or something of that sort? If you are facing a 16-year low, that is pretty hard to battle through.

Mr Edwards—As a small operator, it would not concern me. I can always go back to doing what I used to do and work for other people, teaching diving and driving their dive boats for them.

Senator MURRAY—But they would be in trouble too, wouldn't they?

Mr Edwards—It depends where they are. Last year, when they experienced the 16-year low, Perth was still booming. It was just regional Western Australia that was not. At Exmouth and Coral Bay and further down the coast they were not getting the numbers they had had in previous years and they subsequently dropped the prices of the wild sharking and diving charters that they offered here in town. Maybe it would be beneficial for big operators with lots of staff.

Senator MURRAY—With regard to the assistance you sought to get your business established and to get on your feet: governments and their bureaucracies naturally set hurdles and thresholds to make sure that applicants meet the proper criteria and standards and that they

can deliver the good or the service. Do you feel that the hurdles and hoops you have had to jump through are too high, too difficult or too lengthy; or do you feel they were proper?

Mr Edwards—It is the Australian government; of course there are going to do the right thing. Being a member of the Army Reserve, I am used to a chain of command. So I always make sure I pass on everything I do to the same person, and they do their job and then advise me what I need to do to continue. Then they say yes or no. If they accept what I send them, they pass it on. I guess I am used to getting mucked around.

Senator MURRAY—Yes. Having spent a lot of time in the forces myself, I know what you mean. The problem I see, listening to you, is that you have a relatively short season and you need to get up and going pretty quickly. You have put in a lot of money for an ordinary individual, and yet you began this process in December 2003—so we are moving towards two years. It seems to me a very long process for a very small amount of money.

Mr Edwards—Yes, I know. I totally agree.

Senator MURRAY—Where is the impediment? Where does it get blocked up? Is it at the ACC level or is it at the departmental level? Do you have a feeling as to where things take too much time?

Mr Edwards—The main contributing factor is that when it was first announced—I cannot remember where—that the regional partnership was going to have a major overhaul or be looked at by committees—and today we are here talking about it, so that did eventuate—my business mentor advised me not to pursue anything further until outcomes of that were made public and we knew what was going on. If I got myself into a situation where I drew that money and I had to pay it back I would obviously have to close the business, and I did not want to put myself in that situation. So, with the process coming up to the two years, a lot of those delays were because of me. The process for the approval of the funds was fairly quick; I think it was about six months. Most of the rest of the delay has been my decision. I am a bit wary of the government.

Senator MURRAY—Speaking for myself, after listening to you, it sounds pretty honourable. If you did not think you could reach the outcomes or the milestone, you were not prepared to accept the grant. I would give you a big tick for your ethics, if that is the case. But we have to go back to the main proposition—that is, the purpose of this program is to encourage and get going either community orientated projects or commercially orientated projects, which are essential to rural and remote areas. I come back to what I said earlier about knowing that dive facilities and programs are an essential part of the tourism need right along this coast. If you had been less cautious and if the program had been differently designed, I wonder whether it might have been able to carry you through a tough period and get you really established. You would need to do a lot of marketing, wouldn't you?

Mr Edwards—Yes.

Senator MURRAY—Mr Edwards, if you have any further thoughts on these sorts of matters the committee will accept subsequent submissions. I am interested in how to make this not just an accountable program but a more effective program.

Mr Edwards—Yes.

Senator MURRAY—Thank you for your evidence, Mr Edwards, and the very best of luck to you.

Mr Edwards—Thank you.

Senator STEPHENS—Mr Edwards, thank you for your patience and for the information you have provided this morning. I want to follow up on some of the questions Senator Murray was just asking about the program itself. You mentioned to us at the beginning, and several times during your evidence, about a business mentor. Can you tell us a bit about your business mentor?

Mr Edwards—No.

Senator STEPHENS—I am sorry, that was not meant to be an intrusive question. Are you working with a business mentor or as part of business development, or is this just an arrangement you have with someone?

Mr Edwards—They say that if you put yourself in a room and you are the person who knows the least you will always walk out knowing more. The person I talk to a lot has been in business and knows a lot about it, so I take their advice.

Senator STEPHENS—So you are saying to us that this is someone who provides you with advice; it is not a formal business mentoring arrangement?

Mr Edwards—Yes, that is correct.

Senator STEPHENS—Thank you. That is all I wanted to know in that regard. I would like to go back to the process of the application you provided through the ACC to the department and the relationship that you have had with the department over that time. You applied in December 2003 and your application was rejected. The application was resubmitted in March 2004 and was approved by the parliamentary secretary in August 2004, and then you got the contract in September 2004. Is that right?

Mr Edwards—Yes.

Senator STEPHENS—You got the contract from the department in September. When the contract was drafted, did you have any input into the milestones?

Mr Edwards—Yes, I wrote those myself.

Senator STEPHENS—You determined the milestones?

Mr Edwards—Yes.

Senator STEPHENS—Did you sign and accept the contract at the time?

Mr Edwards—Yes, I did.

Senator STEPHENS—What did the contract say to you about staged payments?

Mr Edwards—Payments to me?

Senator STEPHENS—Yes.

Mr Edwards—That there would be one.

Senator STEPHENS—One payment—a total payment of \$12,000 plus?

Mr Edwards—Yes.

Senator STEPHENS—And was that determined by the department?

Mr Edwards—Yes, I think so.

Senator STEPHENS—For that to have happened is an interesting phenomenon.

Mr Edwards—Maybe it was me, then.

Senator STEPHENS—When people started to talk about the Regional Partnerships program and you were talking to your business mentor about the contract you had accepted and that the milestones you had set yourself had become a bit ambitious—

Mr Edwards—Yes.

Senator STEPHENS—That is how I understand it. Was it was your business mentor's advice not to accept the grant?

Mr Edwards—Yes.

Senator STEPHENS—Did you advise the department of that?

Mr Edwards—It was still before the proposed payment date of 31 March 2005 which had only just passed. I advised them that I would not be able to complete those milestones because it was already September 2004. They said: 'We'll wait. We'll send you a new contract. We'll change the dates on that new contract for the proposed payment dates and proposed outcomes.' The proposed payment date would have been 31 March 2005 and then I would have had to have completed those tours in a six-month or seven-month season. I believe if I had put the outcomes over a two-year period I probably would have been a bit keener to jump and put in the acquisition for the funding.

Senator STEPHENS—Did you have any negotiations with the department about changing the milestones to the next season?

Mr Edwards—I did not think of it at the time.

Senator STEPHENS—Have you received revised contracts?

Mr Edwards—A revised contract?

Senator STEPHENS—Yes.

Mr Edwards—I have received a revised contract with the expected payment dates.

Senator STEPHENS—What is the revised expected payment date?

Mr Edwards—That was 31 March 2005.

Senator STEPHENS—I see. Have you signed that contract?

Mr Edwards—Yes, I believe I did.

Senator STEPHENS—You sent that one back so, as far as the department is concerned, this is still a live project?

Mr Edwards—Yes.

Senator STEPHENS—Even though you are still concerned about the milestones as you have revised them?

Mr Edwards—Yes. I made that aware to them in the reporting process.

Senator STEPHENS—What was their response?

Mr Edwards—They are still getting back to me.

Senator STEPHENS—When was the last contact you had with the department?

Mr Edwards—It was about five or six weeks ago.

Senator STEPHENS—Who was that with?

Mr Edwards—That was with Emma Yates.

Senator STEPHENS—By telephone?

Mr Edwards—Yes.

Senator STEPHENS—Do you find the process of liaising and negotiating with the department an easy one?

Mr Edwards—Yes. It depends who you talk to.

Senator STEPHENS—How does it work for you? Do you usually deal with the same person?

Mr Edwards—Yes, I try to.

Senator STEPHENS—You are not allocated a case manager or project manager, as far as you know?

Mr Edwards—The only people that I have ever dealt with in Perth have been Graham Purdy and then Emma Yates. I believe she took over his job.

Senator STEPHENS—I see.

Mr Edwards—It is probably the same position and that person is probably the coordinator. I guess, when you look at it, they probably are project managers.

Senator STEPHENS—Having decided that the revised milestones are also a bit too ambitious, has your mentor advised you to advise the department that you will not be taking up the funding?

Mr Edwards—Yes, I have advised them of that.

Senator STEPHENS—I am sorry?

Mr Edwards—I have advised them of that.

Senator STEPHENS—You have advised the department that you will not be taking up the funding?

Mr Edwards—I have asked for their advice in relation to the milestone dates and I have told them that I have been unable to fulfil the contract. That is what they are still getting back to me on.

Senator STEPHENS—That was the contact you had five or six weeks ago?

Mr Edwards—Yes. That was when I first contacted them. I have recently spoken to them.

Senator STEPHENS—Sorry, what was that last bit you said?

Mr Edwards—I rang them two weeks ago to find out what was happening.

Senator STEPHENS—What did they say?

Mr Edwards—That they would get back to me.

Senator STEPHENS—So your last contact with the department was two weeks ago.

Mr Edwards—Yes.

Senator STEPHENS—Thank you very much for your information and evidence this morning. It has been very useful to us.

CHAIR—I have one final question, Mr Edwards. During your answers to, I think, Senator Murray, you said that at one stage somebody spoke to you or advised you that because there was this inquiry going on into the Regional Partnerships program or some sort of re-examination of it—I am trying to remember exactly what you said—

Mr Edwards—I do recall.

CHAIR—You said that that influenced you to hold off a bit. Could you explain what you meant? Who spoke to you? Was it somebody from the department or the ACC?

Mr Edwards—No. It was somebody outside.

CHAIR—Was it the person who was giving you advice in a business sense?

Mr Edwards—Yes. I think the words they used were, ‘It all seems a little bit dodgy.’

CHAIR—I think that is probably a good point to leave it, Mr Edwards. Maybe that person might like to write to the committee. Thank you very much, Mr Edwards, for giving us your time this morning and appearing before the committee. We thank you for your evidence and wish you all the best in your future endeavours. Was there something else you wanted to add?

Mr Edwards—I rang the lady that was organising this on the Canberra office number that you sent me in a letter which I received yesterday. I would have liked to have been a bit more prepared to answer your questions by finding out what information you required so that I could have had it ready to be able to answer your questions more clearly and with more accuracy.

CHAIR—I appreciate your comment. The person you would have spoken to in that regard was a member of the secretariat of the parliament, but the questions that come from senators cannot always be anticipated. Not even I know what some of the other senators might be going to ask. But we do appreciate the fact that you have answered the questions frankly. I certainly take note of the point that you make, but it has been a worthwhile experience for us. Thank you very much and good luck.

Mr Edwards—Thank you.

[10.53 am]

SMITH, Mr Donald, Director, AquaCarotene Ltd

Evidence was taken via teleconference—

CHAIR—Welcome. All evidence that you give to the committee is protected by parliamentary privilege. In summary, that means that if any action were taken against you of an injurious nature by any organisation or person as a result of any evidence given to a Senate committee, the Senate has power to treat that as a contempt and to take action to protect you in that regard. We require that all evidence be given in public unless there is some matter that a witness wishes specifically to deal with in private. You can make such a request at the time and we will consider it. All evidence must be truthful, and any false or misleading evidence may constitute a contempt of the Senate. The committee decided at an earlier hearing that all evidence should be given under oath or by way of affirmation. Do you wish to take the oath or affirmation?

Mr Smith—I will take the oath.

CHAIR—As I believe you would be aware, this committee is inquiring into the administration of the Regional Partnerships program and another program called the Sustainable Regions Program. We are interested in hearing from witnesses from organisations and companies et cetera that have received grants under those programs. We have also heard from some whose applications have been rejected. We have been travelling around the country and this is our 13th public hearing on this inquiry. I invite you to make some opening comments if you wish and briefly tell us about the nature of AquaCarotene Ltd and your involvement with the Regional Partnerships program. Then we will proceed to some questions. If you would like to make an opening statement, this is your chance.

Mr Smith—First of all, if you need to know something about our particular project, the commercial mission is to grow, extract and achieve concentrates of natural beta carotene and associated types of materials from a little molecular culture that grows in a bright environment. For your information, we grow *Dunaliella salina*. There are some important issues to be aware of in growing this material. The first thing to understand is that it needs a sunny environment, a warm temperature and a large quantity of brine seawater. The culture ideally grows in that environment. We are fortunate enough that we have in Nickol Bay in Karratha a special-purpose lease that has enabled us to grow and run through the processes of developing this material.

Karratha provides those two things—the right temperature and fresh, uncontaminated seawater. That is critical, as this product is grown naturally. During the latter part of last year, we were put through the processes of applying for organic certification. The complexities and the time requirements to achieve that resulted, at some point during last year, in us being given that certification. That certification was directed to what they call USDA-NOP, which is the United States Department of Agriculture's National Organic Program. It is my understanding that we are the only people who can claim that status globally. Whilst that could change at different points, I am unaware that anybody else has that status. We believe that what is significant in respect of

that is the relationship we have in the environment that we grow and the technology that has been developed, which is applicable only to what we do. Whilst there might be three or four or five others out there, in a global sense, that can grow, none of them can claim the way that we do it and/or have natural organic certification in the way that we have developed.

Also, it should not be overlooked that we—and these are uniquenesses and obviously there is some confidentiality to these things, although, in time, people become aware of them for different reasons—are abutting Dampier Salt. One of the synergies that exist is that, in the Dampier Salt operation, there is what for this discussion I will call a residual material in their production. If you look on our special-purpose lease, you will find a channel that goes down about one-third of the side of our main ponds. It is called a bitterns channel, which is where this material basically runs out into the ocean. That has some value to us and we use that material in the development of our technology and the growth of our material. It provides us with something that others do not have. So the synergy of the two groups working in that form and/or the environmental value of that location becomes very critical.

That is perhaps the reason why the project is located where it is. It is a very, very expensive development. There has been substantial money invested in technology trialling and going through all of those programs that are required to develop from molecular material—‘molecular’ meaning that it cannot be seen by the naked eye. There is a tadpole-like little guy that is a living cell and is not able to be viewed. Within that little cell there is a cell sac, which has the material that we seek. The idea is to grow this little guy in a concentrated form and, through the harvesting mechanism—and, again, it is gravity fed so it is naturally recovered—we then, through a process of refining, recover this cell unruptured. That is unique because if the cell is ruptured then what we are seeking is lost or it provides a different value or a different quantity. In a concentrated form, the surplus material is then basically reingested, so there are no effects upon the environment or anything of that nature. It is completely environmentally friendly; there are no negative impacts upon the environment in any way at all.

It is quite spectacular and, other than the time and the capital requirements to put something like this together, we are now able to say that we can grow, extract and recover. The ability to do that means that we take that material from Karratha in a slurry form. There are two ways to describe ‘a slurry form’. I will choose the more polite way. It is like thick, muddy gravel. It is put into a bladder and transported to Perth under refrigeration. It then goes through a further process where it is refined down to a form in this case to what we now call a dry marine algae. Initially it was milled down to rough, coarse granules—like coffee granules—but we have, of late, milled it further, down to a powder-like coffee form. That goes off, in this case, to our market or the person wanting to utilise that material. It is quite spectacular to think that it has come from that environment down to that form.

CHAIR—Thank you, Mr Smith, for that explanation. Senator Stephens is now going to lead off with questions.

Senator STEPHENS—Mr Smith, it sounds like a very complicated process that you are involved with. Can you talk to us about the specifics of the grant that you have received from the government under the Regional Partnerships program? How did you first become aware of the program?

Mr Smith—I was in Karratha on a particular Saturday for a state government event with a series of commercial people. It was a state government initiative to look at a series of projects and to assist private enterprise in the development of their respective programs. I presume we were invited—I cannot remember now, quite frankly—to submit quite a complex business plan and then, in addition to presenting that document to those particular people, we had to speak with them for approximately one hour on that Saturday afternoon.

Senator STEPHENS—Are you saying that the people you met were from the Department of Transport and Regional Services?

Mr Smith—No. You asked me how I came to know about the program, and I am saying that I was in Karratha on that particular Saturday. At the conclusion of that program, there was approximately one hour to one hour and a half where I think all the people who were involved in that state government event came together for tea and coffee and whatever. It was at that point in that network timetable that I met Mr Cameron Simpkins. He presented me with his card. I asked what it was about and, in the company of others, he briefly explained the program to me. We left it on the basis that we would talk when I returned to Perth. It was from that initial meeting and those further discussions that we got the knowledge of what that organisation did. At that point, I presume that we made an application and went through the process.

Senator STEPHENS—Your contact, then, was with the area consultative committee—Mr Simpkins is from the area consultative committee. You just said that you assumed that you had made an application. Does that mean that you actually did not complete the paperwork yourself?

Mr Smith—I am explaining how we met the gentleman. How it came about from that I really do not know in the scheme of all the discussions that took place. But logically we would have made an application to determine whether we qualified or not. What form that took I cannot remember. Again, all these things seemed to take lots of time and lots of paperwork. In that circumstance, I am just explaining that is how the initial connection came about at that point.

Senator STEPHENS—That is fine. The normal process for the Regional Partnerships program is that a project proponent would actually lodge an expression of interest in the first instance and then, if that expression of interest was deemed to meet the guidelines, a full application would be completed. I am trying to be clear in my mind: was that the process for your project or did you go to a full application first up? Can you recall that?

Mr Smith—No, I cannot. But I would suggest to you that we did put the initial submission in to inquire whether we were able to qualify. I am quite sure that following that there was another quite substantial document prepared. So whilst I cannot remember clearly the stages, because we have not been involved in these sorts of things previously, that would be a fair indication of what I believe took place.

Senator STEPHENS—I understand the company ended up receiving a grant of \$170,181?

Mr Smith—Whatever it was, which included GST. Probably unknown to us at the time, it was also assessable as income for income tax purposes. So, again, whilst referencing the amount, I am saying that it included GST and it also meant that there was a taxation liability attached to it. If there is a tax rate of X dollars, that should be taken into account as well.

Senator STEPHENS—Certainly, but from this program's point of view it was \$170,181 inclusive of GST. I understand that that was approved in January 2005. Is that right?

Mr Smith—That was this year, yes.

Senator STEPHENS—You expected to receive your first instalment in February. Did you receive that?

Mr Smith—We have received the first instalment. I do not know the date or the time of that exactly, but I believe we have received the first instalment.

Senator STEPHENS—That was due in February. That was \$85,220. The second instalment of \$68,160 was scheduled to be paid on 1 April. Have you received that instalment?

Mr Smith—Yes, we have.

Senator STEPHENS—The third one, which was due to be paid on 1 May, was \$16,801.

Mr Smith—We have received that as well.

Senator STEPHENS—So you have received all the grant?

Mr Smith—Correct.

Senator STEPHENS—What was this grant for? Was it basically to recommission the Karratha facility because it had become unserviceable?

Mr Smith—The purpose of the facility was to recommission the Karratha operation in terms of growth of the product, plant and equipment—to reinstate it.

Senator STEPHENS—Was the recommissioning of the plant to do with the repair or replacement of equipment or with expanding the capacity of the plant?

Mr Smith—It was not to do with expanding the capacity; it was purely reinstatement of what we call stage 1 operation. That was fully outlined in the documentation that was provided. I do not have the specifics of that in front of me, but there were quite clear and full explanations of what was required.

Senator STEPHENS—That is what we could call the milestones that were in your contract.

Mr Smith—Yes, if that is what you call them.

Senator STEPHENS—So you have acquitted the money now and reported on your milestones?

Mr Smith—Yes, we provided all of the formalities of the paperwork at the times that they were required. We have provided all of the notices. We have an independent management group

that provides our accounting and compliance reporting. Rather than doing that ourselves, it is done externally because we do not have the administration capacity or the facilities to do that. So those requirements have been met and complied with.

Senator STEPHENS—How many people are employed by your company?

Mr Smith—There are probably six to seven people in our organisation in total at this time. That will alter slightly as we go into production mode, which is basically at this point. So it will increase, probably by another one, two or possibly three people. But at this moment we are just crossing the line. Had we not had the rain last weekend in Karratha, we would have commenced our first major commercial harvest.

Senator STEPHENS—How had the company planned to fund this upgrade if the public funding had not been available? Were you going to raise more money on the market?

Mr Smith—To be honest, I do not have the answer to that. We did not address that enough at that point to say what we would have done. There would be an answer, but I do not have that clear answer at the moment. There are perhaps a number of options. We had had discussions with some people from overseas about a possible joint venture or a contribution so they could access product on an exclusive basis for a period of time in return for some funds, the allotment of some additional shares by placement or otherwise. There are a number of avenues, but all of them take time and until you know what they are you do not know how they will conclude. The important thing was to get into production and get material into the marketplace or at least be out there to have material available for the marketplace.

Senator STEPHENS—Recommissioning the Karratha plant was obviously part of your business plan, wasn't it?

Mr Smith—You used the word 'obviously', so obviously it was.

Senator STEPHENS—I am interested in whether, if the grant application had not been successful, that would have had an impact on recommissioning the plant.

Mr Smith—Everything has an impact on the operation if something that we have to do is not done. So clearly, if those funds had not been available, we would not be in a position today to have completed the timetable that we have at this point, because once we knew we had funds available we could make a timetable and a plan.

Senator STEPHENS—Sure.

Mr Smith—If we know that we do not have the funds available, we have to then look at what other options are available to us. That means the timetable slips back further and further. That is not desirable, particularly when we know where we are now in terms of what has taken place since the early part of this year.

Senator STEPHENS—When the company was listed in January 1999, was the Karratha facility designed as an R&D facility or was it geared up for production then?

Mr Smith—The Karratha facility basically has two purposes. Firstly, certainly it has to start off as a research and development option. Secondly, it has the capability of also providing a production capacity that will establish a commercial result. From there it needs to be expanded and developed and extended into a larger field. That is also part of the plan, but it has to start from that initial facility.

Senator STEPHENS—Among the documents that we have been provided with we have AquaCarotene's half-yearly report to December 2004. In that, you have reported accumulated losses for the company of \$26.6 million over that period and, for the six months to 31 December 2004, a loss of \$508,578 from the production of natural beta carotene. Can you provide us with some detail as to the nature of that loss? I assume it has something to do with getting the plant up to speed. Is that so?

Mr Smith—Correct.

Senator STEPHENS—From what I am reading here, it seems the money that the company made over the six months was through your contract to sell gravel. Is that right?

Mr Smith—We have some mining leases that we applied for several years ago within the township of Karratha. Again, we did not use external consultants; we did it internally. We are not experienced in the process and, having gone through that process, it appeared that it was possible that we could obtain these two mining leases. By the way, they are about 150 hectares in total. In addition, having got to that point, we then had to deal with native title, which became another complex issue in itself. Again, there were lots of processes, but we chose to negotiate ourselves with the three, I think, Aboriginal communities involved. It required archaeology and anthropology and a range of things to try to obtain support for what we wanted to do.

The mining leases were required predominantly to provide security of tenure to the expansion program of the core project itself and we need, in the establishment of our levee banks and the construction of the ponds, soil-conditioning materials. These soil-conditioning materials, simply put in a general sense, are not easily accessible within close proximity and the things that then become expensive are transport and the costs of these materials for projects. When you do not have lots of funds available, you simply have to find ways to reduce those costs. Having looked throughout the region at what was possible through these mining leases, we determined that this material was suitable for our own requirements and for our own pond expansion as soil-conditioning material. From that point on we also had the opportunity for disposal of some of that material for other purposes, and that has generated some income to us to provide multiple benefits to the company.

Senator STEPHENS—Going back to the Regional Partnerships application—and the version that I am looking at is the one provided by the area consultative committee—there is a section in that called 'Marketing strategy initial penetration'. Do you have that in front of you?

Mr Smith—No, I do not.

Senator STEPHENS—It says:

The quantity of product to be marketed will determine the number and size of potential customers to be sought. The quality of the product determines price ...

Does that mean that the marketing strategy for the product is based on supply rather than demand?

Mr Smith—I do not know that I understand your question, to be honest.

Senator STEPHENS—Is your only constraint the quantity that you can produce, rather than the demand for the product? I am just trying to understand this industry and your marketing plan a little.

Mr Smith—First of all, you need material available. Second, we believe we have probably one of the highest grade or quality of this material that is available. What is important is that, in the sale, distribution or marketing of the arrangement, you need to ensure that you do not link into a group or organisation that wants 500,000 kilos on an annual basis when you can supply maybe 50,000 kilos. In all of those elements, you have to open up and get through the door. You need to have material which, as in this case, is acceptable to the market requirements of that particular customer, if we can call them that; meets that specification or that standard as well as ensuring continuity; and ensures that, if they increase their demand for that material, we are in a position to give a commitment on a reliable supply basis. It is new to us; we have not been in that situation before. But you can only go out there once. You have the ability to do that and not before, because it is very difficult to expose markets to what you are doing until you are able to do it and can show that you can. I do not know if that answers your question, but I am trying.

Senator STEPHENS—We recognise the catch-22—that is, the product is so unique that you need to capture a market to be able to supply that market, don't you?

Mr Smith—Sure.

Senator STEPHENS—In your application, it lists potential customers but no actual customers.

Mr Smith—Absolutely.

Senator STEPHENS—Then in some material that you lodged with the stock exchange you refer to an audit from InterClinical for 2,100 kilograms to be delivered between April and June this year. Did that contract occur?

Mr Smith—Yes.

Senator STEPHENS—Has that order been met?

Mr Smith—No, it has not been met.

Senator MURRAY—Because they only come into production next week.

Senator STEPHENS—Aha. Where is it up to?

Mr Smith—It is not a matter of saying ‘ha-ha’. You need to be very realistic, practical and respectful of the fact that (1) if you do not recommission your facility and (2) go through the trialling and testing to get the material that you want—and that is the purpose of recommissioning—then how can you supply somebody? The answer to the question is that, firstly, the recommissioning needs to happen. Secondly, you need to give them samples of the material and go through the staging, the trialling, the testing and the milling, because they might have a different requirement than perhaps was originally thought so there is a slight change in the end material. That takes additional time, effort, frustration, redesign and other things. The answer, therefore, is that, when you achieve that and your production material comes off, that is the commencement of the supply program to these people.

Senator STEPHENS—My question was only meant to determine that that order still exists for you.

Mr Smith—Absolutely.

Senator STEPHENS—That is great.

Mr Smith—It is great. I was at an expo two weekends ago with the InterClinical people where they not only represented this material to this particular event, weekend or whatever they call it—

Senator STEPHENS—The complementary medicine expo?

Mr Smith—Yes. They lodged their own label, which I understand involves a major part of our material, and that was their launch to this program. They are quite keen to have a delivery from us at this point. I am in constant contact with them at the moment to let them know where we are at and what is happening. In addition to that, we are completing all the formalisation of documents that are required from their end—such as certificate of analysis, material safety data sheets, specifications and all of these things—that, again, we have not had to go through before. But having entered that particular side of the market we have completed all those issues in readiness for the delivery of material. They are very keen, we are happy with what we have and we do not believe that anyone has anything similar to what we have out there in the current marketplace.

Senator STEPHENS—I notice that Professor Marc Cohen, the Professor of Complementary Medicine at RMIT, was promoting the benefits of your product at the medicine expo in Sydney last month, and that Algotene—based on your product—was released at that expo. Is that the product you were talking about that was launched?

Mr Smith—Yes.

Senator STEPHENS—In the AquaCarotene’s June newsletter, you announced that Professor Cohen had been appointed as a special consultant to the company. When did you appoint Professor Cohen?

Mr Smith—Approximately 10 days after the expo. I had had several discussions with him early in the year and, until such time as one had a chance to meet with him and exchange

different points of view and information, we approached him on that basis—whether there would be an opportunity for him to assist us in different parts of the value adding parts of these opportunities—and the understanding was established.

Senator STEPHENS—Given that you had rain last weekend, how far out do you think your production schedule is now?

Mr Smith—Approximately two weeks. In our program and in our budgets we have based our schedule on seven harvests per annum. I think that was expressed in the original documentation. Therefore, if for example we had one month to grow, you have seven months of production time and there are five months when, technically, you would not be in production. Those months are usually the wet season because the rain is a deluge and has an impact upon the growth cycle, and it is therefore not expected that you would get production. Although, in the past, we have been able to show that we can get some form of result. It is just how the climate conditions are: whether it rains or it does not rain.

We have had two wet periods in Karratha in the last four to six weeks: one last weekend and three, four, five weeks behind that there was another 50 to 60 millilitres of water during the early stage of the cycle. That retards or holds it back. We thought we would have got it through the harvest system but the rain came in. But it will delay it probably no more than two weeks. All being equal and with a little bit of warmth we expect that we will be able to commence the harvest and that material will be drawn and sent down to Perth for refining et cetera.

Senator STEPHENS—Thank you very much, Mr Smith. Good luck with it all.

Mr Smith—It is interesting, very difficult and very complicated. We have set down what we wanted to achieve. We believe we have been able to do that. You referred to Professor Marc Cohen just a few minutes ago. If I can get it right, he made a simple statement during the week: he believes that the material we have is the highest nutritionally dense food in the world. That is a fairly courageous statement but he is saying that that is what it is and that is what it represents, and that is one of the reasons he would like to try to assist us. As clearly indicated in any discussion that I have had with him, it is not normal for him to try to assist any organisation in the way he is willing to assist us—particularly us, because we are very small. We do not have lots of resources; we have energy, enthusiasm and the technology. So it is not a normal thing for him to do but he believes that what we have is quite an achievement and wants to assist.

In a simple way we are grateful for that because we have come to an arrangement with a group in Sydney working out of, I think, Sydney university. Once our harvest comes about we are sending a quantity of material via InterClinical Laboratories to these people to commence some trials. Those trials are going to relate to photo ageing, benefits in sunscreen protection, ageing processes and—I do not have the correct technical language here—skin elasticity. Nutritional value is provided internally to combat the weathering impacts and the conditions that we suffer in different climates. It has been suggested that we may well be able to have this as a TGA approved medication and it could well be given support from the Medicare system. It means more sun protection and these other benefits. This is all part of the process. We will see what happens.

CHAIR—Mr Smith, we have some questions from other senators.

Senator BARNETT—Mr Smith, thank you for your contribution this morning. I want to go through a few questions in regard to due process—questions about ensuring that the Regional Partnerships criteria have been met and that the process has been properly accounted for. Is your company AquaCarotene Ltd a company limited by guarantee or publicly listed?

Mr Smith—Publicly listed.

Senator BARNETT—So there is no question about its sustainability? It is not in liquidation and there is no issue there?

Mr Smith—I do not believe so. I will clarify that further. Half-yearly reports and the like were noted in the prior discussion. I think what should be noted is that we actually made a profit to 31 December 2004. Whilst we do not have the figures or we are not able to make comment about them at this stage, I suggest that we will probably make a profit to 30 June 2005. So the answer to your question about sustainability is that very few people would operate a facility of such a low-cost nature in the way that we do. People like me do not receive remuneration. I do not receive anything to take home at the end of each week. Very few people would provide an office, administration and a secretariat like I do on that basis if they did not have a view, a belief or a commitment and were not ready to devote their time and energy. There are people who are committed to making this work, and they would not be there if they did not have that view and belief.

Senator BARNETT—You are obviously very committed to the project. That has been seen this morning and through your comments just then. Do you have an arrangement with the company where you will have access to shares? You say you are not being paid at the moment.

Mr Smith—I have no arrangement with the company.

Senator BARNETT—That is unusual.

Mr Smith—I have not asked for or sought any payment, fee or remuneration at all. Whilst that may seem unusual, my commitment is to people who have committed as shareholders to what they believe we can put together as a unique material, unique to Western Australia. My commitment has been based on that. If someone does not want me here at any point, they can come along and say, ‘We don’t want you anymore,’ and I will walk off into the sunset knowing that everything has been done to the best of my skill and ability.

Senator BARNETT—Do you have an investment in the company? Are you a shareholder?

Mr Smith—I am not a shareholder, no.

Senator BARNETT—I am a bit puzzled, because I was in business for many years prior to entering the Senate. Where does the return on your investment of time and effort come from?

Mr Smith—My initial investment has been diluted to sustain my personal responsibilities. To that extent, my total financial exposure, which has been extremely large, has basically been determined as a negative. From my point of view, my commitment here, as unusual as it may seem, is as I expressed it: I am committed to the company.

Senator BARNETT—You have invested early on and now it is a negative investment, as you say. You want to try to see it through to make sure that the project gets off the ground and becomes a success.

Mr Smith—Without any guarantee or any return to me; correct.

Senator BARNETT—That is a noble objective. Was it in 1999 that your commitment started?

Mr Smith—It started a long time ago. Very few people would maintain the energy, the commitment and the approach on the basis that I have. I certainly would like to find someone who would be willing to do that, but I doubt there is anyone.

Senator BARNETT—Thanks for that. Let us move on. I concur with your comments about Professor Mark Cohen: he is highly regarded in the complementary health care industry. Your quote was that he said that it was the highest nutritionally dense food in the world. That is certainly a big statement coming from someone of that calibre. So, in terms of the product, you would obviously be encouraged listening to those views. I want to ask about the processes for your Regional Partnerships application and what was in the terms and conditions of the application. Firstly, I understand that you were in receipt of \$170,000-odd, as has been outlined so far, but the total project cost is \$450,000-odd. Where does the other money come from? Are there any other partners involved? Secondly, what level of support have you received from the local community? Have you received any support and, if so, can you outline that support?

Mr Smith—I will try to remember all of those issues, but I am sure you will have to remind me of any that I do not cover. The original commitment that we asked for, from my understanding—and I do not have any of those papers in front of me, so I am basically going from memory in every aspect of this discussion—was based on an amount of money that was much greater than we actually asked for. So what is of interest to me is that, if we demonstrate and go through the protocols of explaining what we require, and obtain reports and budgets and go through all that preparation, and we explain how difficult it is—which is the reason why we are asking for assistance—and then whatever we ask for we are given a sum less than that, you then have to think, ‘Well, what’s the purpose of explaining everything and, if everyone knows and understands why we need it, why would you give a lesser sum?’ I cannot answer that question because I did not make that ultimate decision, but when you take your GST off and in some cases lose the tax provisions, the net position is substantially different from what was required to complete the recommissioning.

Senator BARNETT—You have received \$170,000-odd. The total project is \$450,000. Where does the other money come from—where has it come from, where is it coming from?

Mr Smith—It comes from our resources and it has come from our internal funds.

Senator BARNETT—So there are no other partners—it is just you.

Mr Smith—Correct. But I would like you to understand the point: if we applied for a certain amount—and I do not know whether it was \$230,000 or \$240,000 or \$250,000; whatever it was does not matter because it is the principle that counts—and at the end of the day we were given a

lesser sum then it provides a greater level of responsibility for funding obligations to the project, so it does have an impact on what you have to do to get it to the point of that recommissioning.

Senator BARNETT—That is fine. What did your application say about the benefits for the community and the benefits of the project in terms of jobs and outcomes?

Mr Smith—Firstly, all the staff will come from Karratha.

Senator BARNETT—How many?

Mr Smith—It depends on the stage of the process, but throughout the construction we used local electricians—

Senator BARNETT—Mr Smith, did you identify in the application the number of jobs that would flow from the project? If so, can you tell us?

Mr Smith—I do not have that information in front of me. If you have it then it is obviously saying that it does involve employment of local people, so the answer to your question is yes.

Senator BARNETT—So was it 10 or 20, or can you not remember exactly?

Mr Smith—I do not know exactly, because I do not have it in front of me right now. You have it in front of you, therefore you know what it is. It was clear and was intended to be just that. You asked a question as to how it impacted upon the local community. That is what you asked, and I am saying in response that, in addition to that, there were external services required within the community. Those services involved local people as well.

Senator BARNETT—With your application, has that borne fruit? Have you met the terms and conditions that were in the application? Have you delivered on those terms and conditions?

Mr Smith—We believe we have. We are quite happy that we have and we have no reason to question that.

Senator BARNETT—You received the funding in February, April and May this year and you have the total amount. The question some people are asking is: do you believe there are further outcomes or milestones that need to be delivered upon or do you believe you have already accounted for the funds?

Mr Smith—We believe we have more than accounted for the funds.

Senator BARNETT—Are there any other terms and conditions or milestones that we have not discussed this morning that you would like to alert the committee to?

Mr Smith—The only thing that is yet to occur is the commencement of the harvest, which is climatic. That has already been explained. That puts us out by a couple of weeks but, having regard to that, we still have the facility in operation and we have done everything that we set out to do—and probably additional things in undertaking the program as we have tried to do.

Senator BARNETT—Thank you. As we sit here today, you have a reasonable expectation that you will deliver on the production schedule you have outlined earlier today?

Mr Smith—Absolutely. We are coming into the best time of the year. We have an application with the government at the moment to try to expand our ponds and how and on what basis we can do that. We would not be doing that if we did not have that belief.

Senator BARNETT—That is an application to a different government department, is it?

Mr Smith—It is to the Department for Planning and Infrastructure. Then you have to go to the Department of Environment and to the shire. You have to prepare your drawings and plans to expand the ponds to what we call ‘stage 2’. That is in preparation for the expected take-up of the material. Something that I could mention is that we have been negotiating with a group in the United States of America, CPB International Inc. They are suppliers of whole foods and raw material supplies to groups in the USA. They have brought two inquiries to the table. One is from Synergy Enterprises Inc. The second group has Amway against its name in brackets. They use a lot of this type of material. From those discussions, about two weeks ago we received an upgrade of information from CPB saying that they believe that as soon as they use their current non-organic dry marine algae *dunaliella salina* material, it is likely that we will get an order.

About 10 days ago we received a schedule of probably 10 to 12 pages including all the technical data information, how it is grown, transported et cetera. That was completed and sent back on, I think, Tuesday this week. One would hope that what went back with that was some indication as to quantity of material, seasonal requirements et cetera so that we can determine whether it can fit into the current production capacities or under the expanded program.

Senator BARNETT—Thanks for that. You are obviously hopeful and we wish you well with that. I have two further questions; time is a little tight. In terms of your application and the project, have you received community support? If so, from whom—local organisations, local councils or anybody else? Can you outline to us the support that you have received?

Mr Smith—I am not quite sure. We have always had support from the council. They have been supportive. We obviously have issues from time to time but we have never had a problem. We have had issues with three Aboriginal communities which we have had to work through. The result of that was that we had a sign-off with the archaeology or anthropology reports. I am not sure exactly how many there were but there were probably 20 signatures required under the negotiation.

We have had discussions with the department of mines in Karratha. Again, they have assisted us as to the department of environment. I guess they are the community people that we have had to deal with. Also, we have had a local contractor up there who has been outstanding in assisting us to transport some of the material at different times as well. We do not have any negatives. We do not have a lot of direct day-to-day links with a lot of these people but, where we have needed assistance, it has always been there. They have encouraged us to do what we have been doing. That is all I can add.

Senator BARNETT—That is fine. In terms of the Regional Partnerships application process and the funding provided to you, do you believe that at all times it was above board in accordance with due process? Was there at any time any political interference?

Mr Smith—What do you mean by political interference?

Senator BARNETT—Whatever you want it to mean. Was there any political interference from your local or federal member of parliament in terms of getting the grant? I am asking you whether there was or there was not.

Mr Smith—We never spoke to anyone from any political environment. I am not aware that it had anything to do with anybody. We had never heard of regional planning or regional transport organisations before so, as to any connection or who they were, I have no idea.

Senator BARNETT—Your response is very helpful, thank you. It was a two-part question. Can you just confirm it was in accordance with due process? Were you happy with the process to gain Regional Partnerships funding?

Mr Smith—Let us just say this: to get past the first base to get to second base, you have to be very patient and you have to have someone out there who can prepare all the information. It is very complex and it is very expensive for someone to have to go through the process. Most of these things end up in negative results. We were even questioning whether we would make the application to begin with because we had just become disillusioned with the sorts of opportunities that are out there through different programs. We were not expecting to be successful but we were willing to go through the process, having undertaken the program in readiness for the recommissioning. One of the reasons we were up in Karratha at that particular time was to meet the state government group of people who were the so-called bankers and representatives in the community who would look at how they could assist us if there was a way.

Senator BARNETT—Thank you.

CHAIR—Which company did the acquittal of the grant?

Mr Smith—The Broadway Management group—an accounting group in Perth. On a fixed sum per month, they provide accounting and administrative services for the company. Our invoices go to them. They control those issues so we do not handle any part of that. It is done by the independent group.

CHAIR—You answered the question. Is there a director of AquaCarotene Ltd who is also involved, say, as a director of Broadway Management (WA) Pty Ltd?

Mr Smith—Broadway Management has a director—I presume he is a director, though I am not really sure—by the name of Doug Wood. He is an accountant, but he is also a director of AQL. As the accounting director, we have a full time staff member—

CHAIR—My question was whether there was a person on the board of Broadway Management (WA) Pty Ltd who is also directly involved with AquaCarotene?

Mr Smith—Correct.

CHAIR—There is one, isn't there?

Mr Smith—Absolutely.

CHAIR—Is that the chairman of AquaCarotene?

Mr Smith—Yes.

CHAIR—Thank you. Finally, would you be prepared to provide the committee with a copy of the contract that you entered into with respect to this grant?

Mr Smith—The contract?

CHAIR—Yes, the grant agreement—the contract for the grant that you had to enter into between the company and, ultimately, the department.

Mr Smith—I presume that we would have one and I would have no objection whatsoever to that. I am interested and surprised that you do not have access to one of those documents from your end, and I would be asking why you do not have that.

CHAIR—You can ask that question, but I have asked whether you would provide it. You have said yes, and we would like a copy of it. Would you please provide it?

Mr Smith—I do not have a problem with that. It is just that you seem to have everything else.

CHAIR—No. Do not make any assumptions about what this committee has or does not have. We have the information that we have referred to today which we drew to your attention. We have been provided with material from the area consultative committee, but we have not necessarily been provided with all the material because we do not necessarily know what all the material is. That is why I am asking you to provide that. You have undertaken to do so and we would appreciate if you could arrange for that to be forwarded to the committee secretariat in Canberra. Thank you, Mr Smith, for giving us your time this morning. We do appreciate you answering all our questions and giving us an explanation of your company's operations and plans. We wish you well in the future.

Mr Smith—Thank you.

[12.10 pm]

COOPER, Mr Allen, Chief Executive Officer, East Pilbara Shire Council

CRAIGIE, Ms Lynne, Shire President, East Pilbara Shire Council

Evidence was taken via teleconference—

CHAIR—Good afternoon, Mr Cooper. We appreciate you giving us your time today to answer questions and tell us about the Regional Partnerships project that your shire has been involved in. I have just a couple of preliminary matters. Your evidence is covered by parliamentary privilege, which in short form means that if any injurious action were to be taken against you or anyone associated with your evidence as a result of what you put to the committee it could be deemed to be a contempt. The parliament has the power to protect witnesses giving evidence to Senate committees. Also, all evidence must be truthful. Any false or misleading evidence could well be deemed to be a contempt of the Senate. We require all witnesses to give their evidence under oath or affirmation. Which do you prefer?

Mr Cooper—I will go by the affirmation.

CHAIR—Thank you. The other thing I should tell you is that this is a public hearing and we prefer that all evidence be given in public, but if an issue arises that you believe you need to discuss with the committee in private, please advise us at that time and we will deal with any such request to have a confidential hearing at that point.

Mr Cooper—I also have the shire president here, Councillor Lyn Craigie. Do you want her to take an oath or affirmation? She probably will not say very much, if anything, because she is a very new president.

CHAIR—I am sorry, I was not aware of that. Ms Craigie, thank you very much for your attendance. Do you wish to take an oath or affirmation?

Ms Craigie—If you think it is necessary.

CHAIR—If you need to answer a question or you wish to make a comment, it would be better to do this now.

Ms Craigie—That is fine; I am happy to do that.

CHAIR—Would you prefer an oath or affirmation?

Ms Craigie—Affirmation.

CHAIR—Now that we have done that, welcome to the hearing. I will start off with questions—and other senators will no doubt also have questions—regarding the funding for the

project of the Newman Town Centre revitalisation. I invite you to make some opening remarks about the project and your experience and involvement with the Regional Partnerships program.

Mr Cooper—I will make a quick statement. For the information of the committee, I am also the secretary of the Pilbara Area Consultative Committee. We have been successful in two applications for funding. One was for the Marble Bar heritage trail and the other, as you have stated, was for the Newman Town Centre revitalisation. We have found that the local executive officer and the arrangements with the PACC assist us well throughout the Pilbara. There is a lot of knowledge. Sometimes the department holds back on applications, which are approved locally, but from our point of view we have not had an issue with the local committee.

CHAIR—Ms Craigie, do you wish to make a comment?

Ms Craigie—No, thanks.

CHAIR—To clarify, Mr Cooper, you are the chief executive officer of the Shire.

Mr Cooper—That is correct.

CHAIR—Do you call it a council?

Mr Cooper—The shire of East Pilbara is the whole area; the council is the elected members.

CHAIR—I am from the Sutherland shire and we call it the Sutherland Shire Council, but I understand. The shire is the local government body of East Pilbara.

Mr Cooper—That is right.

CHAIR—You said that you were also secretary of—

Mr Cooper—The Pilbara Area Consultative Committee.

CHAIR—How long have you been in that position?

Mr Cooper—Just over 18 months.

CHAIR—How long have you been the chief executive officer of the shire?

Mr Cooper—Since September 1998.

CHAIR—I take it that the ACC has been going for some time.

Mr Cooper—That is correct. I do not know the start date.

CHAIR—I understand that the funding for the Newman Town Centre revitalisation was sought on 30 January 2003. Am I correct?

Mr Cooper—The initial expression of interest would have been submitted to the committee at around that time.

CHAIR—Could you take us through the process as you recall it with that additional expression of interest. When was it lodged and what happened to it? I should mention that we have been provided with information by the area consultative committee. As I understand it, the initial application was rejected, but we would like to know what the process was from the initial EOI through to the rejection of the application, which I am advised was in July last year.

Mr Cooper—What I remember is that the initial expression of interest was put forward. It is a portion of a large project. The total project is in the vicinity of \$10 million. However, after discussions with the executive officer we put in an application for \$50,000 to do a portion of the work. That portion originally entailed some roadworks and earthworks, and we were advised that that would not be acceptable. That is when the original application was knocked back, because the federal government was not in the role of funding those particular types of works. However, we did revamp the application to include alterations to some fencing, some shade and some gazebos to what we termed the western end of our swimming pool area, to make it more attractive for local Indigenous people to sit at a taxi rank. That expression interest was, I believe, approved, and then we moved on to another application process.

CHAIR—Staying with the first application for the moment, you put in an expression of interest. Did you identify the amount that you were seeking at that time?

Mr Cooper—The expression of interest would not have included an amount. I just do not have the EOI in front of me at the moment.

CHAIR—But you had discussions with the area consultative committee?

Mr Cooper—That is correct.

CHAIR—Who did you have those discussions with?

Mr Cooper—The executive officer.

CHAIR—And who was that?

Mr Cooper—Cameron Simpkins.

CHAIR—You said you are the secretary of the area consultative committee. Can you explain your role on the ACC?

Mr Cooper—The secretary, as with any group, would be responsible for the administrative role through the incorporation of the body.

CHAIR—Yes.

Mr Cooper—However, with the executive officer it is probably more of a title in name, because it is required under the incorporation, as the executive officer takes on most of the

functions of the secretary—taking minutes and doing the administration. However, I do form part of the executive management group—that is, the treasurer, me and two other members—to take on that role. It is really a position in name rather than function.

CHAIR—Is it a paid position?

Mr Cooper—No.

CHAIR—You were in a position where you were representing the applicant and the ACC that was overseeing—

Mr Cooper—Certainly I would declare an interest.

CHAIR—I was going to come to that, but I will try to clarify for the record that you were effectively in that dual role.

Mr Cooper—That is right.

CHAIR—We have a copy of a letter which was sent to you, dated 6 July 2004, from John Love, the regional manager of the Department of Transport and Regional Services. That is the letter that says that the application was not successful.

Mr Cooper—Did it have reasons in it?

CHAIR—Yes. It says, ‘Because the project does not have contributions from a broad cross-section of the community and part funding requested is considered the core responsibility of the shire.’

Mr Cooper—That is where we are talking about the roadworks.

CHAIR—That is right. How long after putting in the expression of interest did you lodge this application that was rejected?

Mr Cooper—I may not be able to give you that without fully researching it.

CHAIR—Do you recall that you received correspondence from the department in February last year requesting further information before the application could be assessed?

Mr Cooper—Yes, I do.

CHAIR—In a letter that I have, they state. Thank you for your application seeking Regional Partnerships funding for the Newman Town Centre Revitalisation stage 1 project, which was received by the department on 30 January 2004.’ This letter is signed by Mr Graham Purdy from the Perth regional office and it is dated 2 February. They are saying that they received your application on 30 January. Your expression of interest would obviously have been earlier than that.

Mr Cooper—It was prior to that time.

CHAIR—Do you recall when? Was it just before or a few months before?

Mr Cooper—It was probably a couple of months before.

CHAIR—How did you become aware of the program and that there may be an opportunity to seek funding?

Mr Cooper—Through involvement with the committee.

CHAIR—Through the ACC. That obviously follows, given the role of the ACCs, in, as it were, vetting and considering applications. What was the recommendation of the ACC on the project or on the funding application?

Mr Cooper—If I remember correctly, the ACC gave it a green light—that is, it did support it. That is why it moved into the next phase of completing an application.

CHAIR—Do you recall if the issue was ever raised—and I am talking about the period leading up to the rejection of the application in July—that the funds that were being sought were for classic or traditional local government types of responsibilities and functions?

Mr Cooper—I vaguely do remember that being mentioned or being mentioned in a letter.

CHAIR—It is certainly a requirement or one of the conditions, if you like, of this program and of many other programs—for instance, federal government programs. Funding is not normally provided through a program of this nature to what could be seen to be core responsibilities for other levels of government.

Mr Cooper—Yes. I agree with that, and that is why later on in that year we reworked the application considerably and changed its focus. As I said, it was a staged project. The total project is in the vicinity of \$10 million.

CHAIR—Where did the impetus come from to rework the project or the application? It has been rejected at this stage. Who advised you that maybe if you reworked the application it might have a greater chance of success?

Mr Cooper—That was the department and their responses to the original application.

CHAIR—But precisely how did that occur? The letter of July said, ‘Thank you for your interest.’ After giving the reasons, it then said: ‘If you would like to get further information, you could contact Mr Purdy. If you are unhappy with the decision, you may seek a review of this decision.’ Did you seek a review?

Mr Cooper—No. We did not seek a review. I am looking at a letter that we received on 20 September, which, after thanking us for our Regional Partnerships application, says:

The following information is required before your application can continue to be assessed ...

The information it talks about includes responses to a number of questions, in-kind contribution and:

- Clarification as to what work will be carried out in respect to opening the Newman Aquatic Centre reserve to the public, what signage will be installed, and where shade shelters and seating will be installed.

Prior to that, we must have received some guidance as to what the funding could be used for, rather than, as we said before, the traditional local government responsibilities.

CHAIR—What is the date of that letter?

Mr Cooper—This one is dated 16 September 2004.

CHAIR—Who was that from?

Mr Cooper—That was from Graham Purdy.

CHAIR—I do not have a copy of that letter. It may be amongst the volumes of material we have received, but we can never be sure that we have received everything that should have been supplied.

Mr Cooper—The reworked application, which I have just found, is dated 19 August 2004.

CHAIR—So somewhere between July—

Mr Cooper—And August we were advised that we should think of reworking it.

CHAIR—Was there any contact with the minister or the parliamentary secretary? The minister was Mr John Anderson and the parliamentary secretary was De-Anne Kelly.

Mr Cooper—Not that I am aware of, no.

CHAIR—Do you know if there was any contact, firstly, from the shire or, secondly, from the ACC?

Mr Cooper—I cannot talk on the ACC. If the executive officer did make contact, I am not aware of that. The file here indicates that we have responded to the questions that have been put to us by the executive officer of DOTARS.

CHAIR—What you are saying is that the initiative, if you like, for a further application—

Mr Cooper—Or a change in the application.

CHAIR—came from outside; it did not come from within the shire.

Mr Cooper—Probably after discussions with DOTARS they would have suggested—

CHAIR—Can you be a bit more specific? Do you know?

Mr Cooper—No, I do not know.

CHAIR—Is there a reason? The application was rejected, and the letter makes pretty clear that it was rejected and the reasons why. Then it says you are able to seek a review, but the shire was not doing that. Something must have happened to lead the shire to believe that it was able to resubmit an application in a revised form with a greater chance of success. Who advised the shire—you are the executive officer—that that could be done?

Mr Cooper—I am trying to remember if that did occur or who advised us.

CHAIR—You said the department. Can you recall?

Mr Cooper—I am looking at the letter of September and the application that was resubmitted in August, but we do not have any record prior to that of notes or discussions that occurred with anyone.

CHAIR—I would like you to provide the committee with a copy of the letter dated 16 September that you have referred to, if you would not mind.

Mr Cooper—Yes.

CHAIR—You can do that by sending it to the secretariat. Was there any contact from the shire, you or anyone associated with the applicant—I will refer to the shire as the applicant—with the office of federal member Barry Haase or Mr Haase himself following the rejection of the application?

Mr Cooper—The original rejection somewhere in July or August?

CHAIR—Yes.

Mr Cooper—Not that I am aware of.

CHAIR—Would other staff of the shire have been handling this application?

Mr Cooper—The person who typed the application has left our organisation. The person whose name appears on the application as another contact is one of my directors.

CHAIR—Who is that?

Mr Cooper—William Crerar.

CHAIR—What is he the director of?

Mr Cooper—Community services.

CHAIR—So he is a staff member of the shire?

Mr Cooper—Of the organisation, yes; that is right.

CHAIR—Wouldn't or shouldn't you be aware if this happened?

Mr Cooper—Normally I would be aware if any staff member had contacted a politician, especially a federal politician.

CHAIR—In particular in regard to this application?

Mr Cooper—Yes.

CHAIR—So an application goes in on 19 August. Can you provide us with a copy of that?

Mr Cooper—I can.

CHAIR—Then you receive a letter on 16 December. Just remind me again what it says—it was seeking further information, wasn't it?

Mr Cooper—The letter says:

The following information is required before your application can continue to be assessed:

- Responses to questions 11 and 12—

I would have to look to see what they are—

- Confirmation that supporting documentation forwarded with the previous application is still current.
- Clarification of your budget. This is to include fully detailed and costed components of this project.
- In-kind contribution from BHP Billiton Ltd is to be costed and included as both a Cost Item and a Funding Source in the budget. Kindly supply these details and a request to us to amend the budget in your application.
- Clarification of the contingency amount of \$9,100 and the situation if this cost was not required, what proportion of Regional Partnerships funding would not be required?
- Confirmation that no new town lots will be made available with Regional Partnerships funding.
- Clarification as to what work will be carried out with respect to opening the Newman Aquatic Centre reserve to the public, what signage will be installed, and where shade shelters and seating will be installed.

You are requested to forward this required information by 7 October 2004.

CHAIR—Thank you for that. Did you also receive a letter dated 6 September from the Department of Transport and Regional Services in Perth?

Mr Cooper—Yes.

CHAIR—And that is the letter that is addressed to you and states:

The application that you submitted, Newman Town Centre Revitalisation 2005, seeking funding under the Regional Partnerships program is currently under assessment. As you are aware, the Prime Minister announced that a federal election will be held on 9 October. As a result of the announcement, a caretaker period was implemented from 5 pm, 31 August 2004.

The letter then goes on to say that no decisions can be made, but that the department—

Mr Cooper—I do have a copy of that letter.

CHAIR—When did you respond to both letters, firstly, the letter from 6 December and then the letter from 16 September? I have just found a copy of that 16 September letter, so I apologise for saying earlier that I did not have it. When did you respond to those communications?

Mr Cooper—The return date on the correspondence in our file was 15 November, so a month after the required date.

CHAIR—What did you cover in that letter of 15 November? I do not have a copy of that.

Mr Cooper—It is quite lengthy.

CHAIR—Can you summarise it and send us a copy?

Mr Cooper—Yes, I can send you a copy. In point 1 they ask: what do you intend to spend the program contributions on? One was the relocation of existing services, two was the creation of a taxi bay and three was landscaping. Question 12 is: please describe your income contributions. We go into detail of how that is calculated. Point 2 talks about the documentation, that it is still current. Point 3 says that a copy of the budget for the project was included and expanded to include further information that they had requested. Point 4 talks about the in-kind contribution from BHP Billiton. Point 5 talks about the contingency amount of \$9,100. Point 6 confirms that no new town lots would be created or made available through the partnerships funding. Point 7 talks about the proposed town centre—the plan involves the creation of a grassed area within the town centre—and how that is to be created.

CHAIR—In developing that response, were you in contact with the department?

Mr Cooper—The response is directed to the questions that were raised in their letter.

CHAIR—But in terms of providing that information, did you have consultations with the department about the sort of information that they required?

Mr Cooper—Yes, we would have.

CHAIR—Do you remember who it was?

Mr Cooper—The person who discussed it with them would have been Melanie Police.

CHAIR—And did they assist you?

Mr Cooper—Melanie was my executive support officer at the time, and the previous community services administrator.

CHAIR—She was with the shire council?

Mr Cooper—Yes.

CHAIR—I was wondering who she would have been in contact with in the department. Do you know?

Mr Cooper—It is addressed to Graham Purdy so I can only assume that she had spoken to him directly.

CHAIR—When were you advised that your subsequent application for the funding of this project was approved?

Mr Cooper—We have a letter here that talks about election commitments for Newman Town Centre Revitalisation 2005.

CHAIR—What is the date of that letter?

Mr Cooper—22 December 2004—so prior to the election.

CHAIR—No, after the election.

Mr Cooper—After the election.

CHAIR—Did you say 22 December?

Mr Cooper—December.

CHAIR—That is after the election.

Mr Cooper—After the election. I am getting dates mixed up.

CHAIR—And who is that letter from?

Mr Cooper—Leslie M Riggs, First Assistant Secretary, Regional Programs and Territories.

CHAIR—Would you provide us with a copy of that letter, please?

Mr Cooper—Yes.

CHAIR—Thank you.

Mr Cooper—It states:

In the lead up to the recent federal election the government gave a number of election commitments to fund regional projects, including the Newman Town Centre Revitalisation 2005 project. To enable your project to commence as quickly as possible, an officer from this department will contact you shortly. This officer will discuss the Commonwealth's requirement that all recipients of Commonwealth funding enter into a formal funding agreement.

CHAIR—Did you receive any correspondence between the letter of 16 September, when they requested the additional information that you were required—

Mr Cooper—The information we sent on 17 November?

CHAIR—You received a letter on 7 September telling you that the election was on and another letter on 16 September requesting further information. Did you receive any advice or any correspondence between then and the time you received the letter of 22 December?

Mr Cooper—No, there was no correspondence.

CHAIR—So you never received a letter to say it was approved.

Mr Cooper—That is correct.

CHAIR—When did the shire find out that the funding would be made available as an election commitment?

Mr Cooper—I believe we were advised by phone by Barry Haase.

CHAIR—And when was that? Was it during the election campaign?

Mr Cooper—No, it was not during the election campaign; it was shortly after, I believe. Once the government was back in government we were advised that because of an election commitment they made we were now successful.

CHAIR—But if it was an election commitment, weren't you made aware of it?

Mr Cooper—Only verbally, through Barry Haase's office.

CHAIR—That is what I meant: you were advised by the member that the government would commit to this funding if it won the election.

Mr Cooper—That is correct.

CHAIR—That is what I was wondering. Do you recall when you were advised of that? You might want to check the date, if you can, and let us know. But it would have certainly been in the period between September and the election, wouldn't it?

Mr Cooper—Yes.

CHAIR—It had to be.

Mr Cooper—It would have been, but I cannot remember the date off the top of my head.

CHAIR—What contact occurred between you or the shire—I will say 'the applicant'—and the office of Mr Haase during the election campaign regarding this project, other than the advice you received from his office that it would be funded?

Mr Cooper—That is the only advice we received.

CHAIR—Did you approach his office?

Mr Cooper—No.

CHAIR—Thank you. I have no further questions, but other senators may have some.

Senator BARNETT—Just to clarify for the record, you said that you were secretary of the Pilbara ACC.

Mr Cooper—That is correct.

Senator BARNETT—Did you declare your interest in this project when this matter came to the ACC for consideration?

Mr Cooper—Yes.

Senator BARNETT—In terms of the project, the funding is about \$60,000. That is what is to be received. Is that right?

Mr Cooper—It is just under that amount. It is \$55,000, including GST.

Senator BARNETT—What is the total project amount? Do you have that in front of you? Do you know how much it is? We have been advised that it is \$171,490.

Mr Cooper—The total for that project application was \$100,880.

Senator BARNETT—Who was to provide funds on top of the \$55,000 from the government? Where did the rest come from?

Mr Cooper—The shire. Regional Partnerships provided \$50,000 after GST, the Shire of East Pilbara provided \$50,100 and BHP Billiton provided in-kind support of \$780.

Senator BARNETT—Is it fair to say that you had broad community support for the project?

Mr Cooper—Yes, we did.

Senator BARNETT—How was that demonstrated?

Mr Cooper—There were a number of support letters from various organisations.

Senator BARNETT—Can you remember what sorts of organisations they were? Was the chamber of commerce one of them?

Mr Cooper—The Newman visitors centre, the Newman Main Street Project Inc., the Newman Employment Task Force Inc., BGC Contracting, the Newman Chamber of Commerce and Industry and the Newman neighbourhood centre are the ones that quickly pop out of the file.

Senator BARNETT—That is excellent. That is very helpful. Can you outline the benefits of the project to the community?

Mr Cooper—What we are trying to achieve through the revitalisation is to make the town centre less disjointed. At the moment, there are three separate areas. One is called the post office arcade, another is the old original shopping centre and another is the boulevard shopping centre. We are trying to make them a focus and provide linkages between the shopping centres. That will make it more conducive to people attending the town centre. The taxi rank, as we said in the application, needed to be moved from the front of the boulevard shopping centre because we have a problem with Indigenous people congregating at the front of the shopping centre. Also, it is right out in the open and there are very hot conditions. We planned to move the taxi rank to the western end of the aquatic centre, where there are trees and shade. That makes it attractive for people to go there and wait for a taxi.

Senator BARNETT—Have you met the terms and conditions set out in the second, successful application?

Mr Cooper—Have we met them now or did we meet the application's terms and conditions at that time?

Senator BARNETT—Have you met them now? Where are we up to?

Mr Cooper—No, we have only just received the funding probably in the last six weeks.

Senator BARNETT—How much have you received?

Mr Cooper—We have received \$49,500.

Senator BARNETT—Is that in accordance with the contract?

Mr Cooper—With the contractual arrangements, yes.

Senator BARNETT—So you have a contract on foot. What is the date of the contract?

Mr Cooper—I do not have that handy, but I can get that to you.

Senator BARNETT—What month is it dated, can you remember?

Mr Cooper—It would be May.

Senator BARNETT—So you have received your first amount and then there will be a second instalment?

Mr Cooper—Yes, that is right.

Senator BARNETT—Is that first amount in accordance with the contract?

Mr Cooper—Yes, it is.

Senator BARNETT—Have you met your side of what you need to do in accordance with the contract?

Mr Cooper—We are probably a bit behind time. As you are aware, in the Pilbara due to the boom we cannot get tradesmen to undertake the work of moving the fence.

Senator BARNETT—Are you weeks or months behind or what?

Mr Cooper—Only weeks.

Senator BARNETT—And you have a reasonable expectation of meeting the terms and conditions of the contract?

Mr Cooper—We certainly do.

Senator BARNETT—When is it expected to be concluded?

Mr Cooper—Within three months.

Senator BARNETT—And then you get your final payment, do you?

Mr Cooper—That is right.

Senator BARNETT—In terms of the process, are you satisfied that it was without any undue interference from any politician or anybody else in terms of that second application being successful?

Mr Cooper—It is a bit hard to determine. I would say that, if the election commitment was not made, the process may have had a delay but I believe we still would have got the funding.

Senator BARNETT—What were the main differences between the first and second applications? I think we touched on it. Can you summarise it?

Mr Cooper—In the first application we mentioned we were going to do some roadworks and associated infrastructure changes. We reworked the application to show that we were not going to do roadworks with the money—we were actually just moving a fence, putting in gazebos and altering existing fence lines rather than actually changing the shape of the car park itself.

Senator BARNETT—Are there any recommendations you would give to the committee in terms of improving the process for application and the consideration of the application by the Regional Partnerships part of the department?

Mr Cooper—It is a bit hard without having been to other areas to see how their committees process their applications. Having been involved in the local consultative committee, certainly I know it is a vigorous process. Once the EOIs are received by the committee, it certainly runs

through the hoops and makes sure we do meet the guidelines. Not every project is progressed. They take some months at times to get back to people to ask them to provide further information or details to the committee before they even go to the application stage.

Senator BARNETT—You are the secretary of the Pilbara ACC. With what you know of the process and your involvement there, do you think it is rigorous, comprehensive and thorough?

Mr Cooper—Yes, I do.

Senator BARNETT—Just for clarification, given that I am a Tasmanian senator, are you in East Pilbara?

Mr Cooper—Yes, the East Pilbara shire—that is right.

Senator BARNETT—I have the ACC flier and the map. What is the other shire—is it West Pilbara?

Mr Cooper—The shire of Ashburton, the town of Port Hedland and the shire of Roebourne make up the Pilbara.

Senator BARNETT—Where does your boundary go to?

Mr Cooper—Newman is in the bottom south-west corner. We have a 60-kilometre coastal strip between Port Hedland and Broome and we go straight along the Tropic of Capricorn to the border, up the border and below Hall's Creek and Broome. We cover an area of just over 372,000 square kilometres, which is larger than Victoria.

Senator BARNETT—And Tasmania; is that right?

Mr Cooper—And Tasmania. It is the largest shire in the world.

Senator BARNETT—I notice that it says 'the largest shire in the world', so congratulations on that.

Mr Cooper—It is just a bit hard to get around it at times.

Senator BARNETT—And where are you right now?

Mr Cooper—In Newman.

CHAIR—Tasmania has 12 senators, by the way.

Senator BARNETT—That is right; they get good value for money down there in Tassie. 'Bang for your buck,' they call it. You mentioned there were two projects in the east Pilbara: the Newman town heritage revitalisation and the Marble Bar—

Mr Cooper—heritage trail. There are other applications in the east Pilbara, but we have submitted successful applications for only those two projects.

Senator BARNETT—Just quickly, on the Marble Bar heritage trail walk: where is that up to? Has that been a satisfactory contract and has it had a satisfactory outcome?

Mr Cooper—It has been satisfactory. Marble Bar, as you are aware, is known as the hottest place in Australia. The town has been gazetted for over a hundred years now. It needs something to attract and maintain people in the town and, with the sealing of the road from Port Hedland through to Marble Bar, the idea of the trail is to keep people in town that little bit longer so that people can get the money out of them. Having the trail and the history of Marble Bar will certainly ensure that that happens.

Senator BARNETT—So have those funds been acquitted and the project completed?

Mr Cooper—We have been receiving funding for that project from a number of sources. It is not totally finalised through Regional Partnerships funding. We still have some time to expend those funds.

Senator BARNETT—But things are under way and going in accordance with the contract?

Mr Cooper—Yes.

Senator BARNETT—Thanks for that and good luck with it. It was great to talk to you.

Mr Cooper—Thank you.

Senator MURRAY—Most of my questions have been covered, but this one has not been asked: do you reckon you have the best job in the country?

Mr Cooper—I have got to say that; the shire president is here! It is probably one of the most interesting and most diverse positions you could come across.

Senator MURRAY—I bet it is. Where were you before 1998?

Mr Cooper—I was the director here from 1994 to 1998. Prior to that, I was in the shire of Shark Bay. Prior to that I was in the shire of Lake Grace and prior to that I was in the shire of Perenjori.

Senator MURRAY—Have you got your family out there with you?

Mr Cooper—It is just my wife and me; we do not have any children. Coming to Newman was a big step. I still talk about the day we got here and had late-night shopping on a Thursday. It was a big town. People who come from the other direction might see Newman as a small town, but coming from a smaller town to Newman was a bit of an eye-opener. The town has got lots to offer and the region has lots to offer to people.

Senator MURRAY—You have an unusual range of experience, which comes from your work background and the environment in which you live. Probably there would be few people who are as much in touch with regional and remote issues as you are. Can you offer the committee advice as to how you think, from the perspective of your involvement with the ACC and as the chief executive officer, Regional Partnerships or programs like this could be improved in terms of speed, systems, processes, criteria and that sort of thing?

Mr Cooper—Yes. First of all, I will probably need to put you down as a referee if you are going to make statements like that. Because we are in an isolated area, quick and expedient delivery of funding to us is the best possible way. Processing through the PACC tends to get held up considerably, I feel, either with the bureaucrats—that is, in the Perth office—or once it gets to Canberra you cannot seem to track it down. The process can take a long time.

You need an expedient way of getting the money out to the regions, because if small operators or even day care centres have to set aside money for a particular project they cannot hold it over financial years because it may affect other funding. They need to get a response as soon as possible to make sure that that money that they have to match still exists within their own budgets. So it is more the timely manner of getting funds and making sure that the red tape is cut down to an absolute minimum.

Senator MURRAY—Are you familiar with the concept of relationship officers, such as the banks use?

Mr Cooper—I think I know what you are talking about—you have a local representative whom you can talk to.

Senator MURRAY—It has occurred to me through this process that one of the things needed is for applicants and the ACC to have an officer designated as the relationship officer for a particular project or a couple of them, because it does seem to me that people get lost as to who to speak to when and about what, and things change over time. Would that be of help to you?

Mr Cooper—It would. Certainly people do go back to Cameron Simpkins and ask him questions, but once the application is in the system it is hard for him to give an adequate response about where it is. So someone within the department who can track and trace the applications would be of benefit.

Senator MURRAY—My second point, which is a point that you made, is that it also seems to me that it should be a requirement that, when an application is put in at a certain time of the year, the process must be completed within that financial year for the very reasons that you outlined—because there is a great deal of difficulty for people in crossing over from one financial year to another or from one season to another, depending on the project involved.

Mr Cooper—That is right. Regarding the weather conditions alone, if we have a good wet and if you have put in an application or it has been approved in December, you may not meet the time frames, because it is impossible to get tradesmen here in the wet or you just cannot get to an area.

Senator MURRAY—We have discussed having a relationship officer responsible, and we have discussed making sure things are done within a financial year. What about the forms and the way in which the applications are put together? Are those user-friendly or are they bureaucratic or difficult in themselves?

Mr Cooper—I do not believe so. The idea of putting in an expression of interest first certainly takes a lot of time out of the whole process to start off with. You know that either you are going to go forward or you need to go back and rethink, because once you are into the process the application can take some time, and you do not really want to go to a full-blown application that will possibly take you months to put together when all of a sudden a committee or something else can say, ‘No, you are not going to go any further.’

Senator MURRAY—So that is a good feature of the program.

Mr Cooper—Yes.

Senator MURRAY—What about the tail end—matters of due diligence and signing off of the final agreement and contract? Is that bureaucratic or difficult?

Mr Cooper—No. That is fairly standard in the format that it comes out in. You are aware of the dates that you have to meet your obligations by and you are aware of the amounts that you are going to receive if you meet those obligations. I do not feel that they are onerous.

Senator MURRAY—So the two key improvements that you would recommend from your experience are having a designated officer responsible and having a faster process?

Mr Cooper—Yes. The process time needs to be sped up.

Senator MURRAY—Thank you, Mr Cooper, and the best of luck to the two of you in that massive part of the country you run.

CHAIR—Mr Cooper, I asked you to provide the committee secretariat with copies of letters that you were referring to. There was one dated 19 August 2004.

Mr Cooper—That was the actual application.

CHAIR—I am talking about the revised application.

Mr Cooper—The revised application—our response of 15 November.

CHAIR—What date was that letter?

Mr Cooper—It was 15 November.

CHAIR—I have that letter. Did you also write a letter on 30 August? According to the department, they wrote to you on 7 September and said, ‘Thank you for your letter of 30 August 2004.’

Mr Cooper—I would have to find that one.

CHAIR—If you can, please find the letter of 30 August. We are talking about the 19 August letter. There is a letter dated 30 August and there is another letter—this is your response—dated 15 November 2004. The one on 15 November was where you provided additional information, wasn't it?

Mr Cooper—Yes. Do you still want the one of 22 December?

CHAIR—Yes, that is the letter from Ms Riggs to you, advising you that the funding would be made available.

Mr Cooper—That is correct.

CHAIR—At any time during this period were you advised that your application had been deemed to have been withdrawn?

Mr Cooper—No.

CHAIR—Thanks very much, Mr Cooper. You did not get any questions, Ms Craigie, but thank you for being in attendance. We appreciate your taking the time today to speak to the committee, and we wish you well.

Mr Cooper—We wish you well in your review. Enjoy this part of the country.

CHAIR—We certainly will.

Proceedings suspended from 1.06 pm to 1.44 pm

VAN HERK, Mr Charles, Director, The Cove Caravan Park**VAN HERK, Mrs Irene, Director/Secretary, The Cove Caravan Park**

CHAIR—I welcome Mr Charles and Mrs Irene Van Herk to our hearing this afternoon. We like to advise witnesses that we prefer all of the evidence to be given in public, but if there is any matter that you feel you can only deal with in a private session please make that request and we will consider it at that time. The proceedings are protected by parliamentary privilege, which means that all evidence given by you to the committee is protected. If any action were to be taken against you that disadvantaged you on account of that evidence, the parliament has the power to take action against any such contempt of the Senate. We are also requiring all witnesses to give their evidence under oath or affirmation. It is a contempt of the Senate for a witness to give deliberately false or misleading evidence. I thank you for your appearance before the committee this afternoon. I understand you have a statement which you have kindly provided a copy of to the committee. Did you wish to read that to the committee?

Mrs Van Herk—Not necessarily, as you have a copy.

CHAIR—Is it the wish of the committee that this document be incorporated as the opening statement in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

‘THE COVE CARAVAN PARK’

LOT 259 MACLEOD ST

POINT SAMSON

Our project is a proposed First Class Caravan Park that we are in the process of developing in Point Samson. Stages I and 2 are under construction at the moment and will include 47 bays, (including tent area) Office/Administration, Shop facility, public amenities block, laundry, Campers kitchen, BBQ area, children’s playground, storage facilities and a Managers residence. Once stages 1 & 2 are up and running, we propose to use profits to develop Stages 3,4 & 5, as the demand requires.

The block was purchased with a Partner, 5 years ago (2000) in the hope we could develop the park as a joint venture. However, due to the current lease restrictions, development conditions and the high costs involved in setting up the Park (in particular the Water Treatment plant - approx \$330,000) we had a lot of difficulties in obtaining the required amount of finance through the normal channels. This, along with a change in our partner’s financial position, put a lot of obstacles in the way and we were unable to proceed as planned. We tried on-selling the lease, but found that all of the interested purchasers came across the same problems trying to attain finance that we had experienced. The only way we could proceed from that point was to sell all our personal assets accumulated over our lifetime and put everything into this development.

It wasn’t until we were in contact with the Pilbara ACC (Cameron Simkins) who informed us that there was funding available through various channels and he felt that our project would be well worth putting forth an ‘Expression of

Interest' that may enable us to be eligible for funding. The ACC also agreed that a Caravan Park was desperately needed in Samson and that it could be a wonderful asset to a community that is trying to become the 'tourist destination' for the Western Pilbara region. The ACC and in particular Cameron's advice, help and encouragement went a long way in our persisting with the grant process and hence enabling us to proceed with this project.

We felt our project was a much-needed development for Point Samson and the surrounding Pilbara area, as there is very limited accommodation available during the "Tourist season" (April—September). The small park across the road tells us they turn away approximately 40 caravans a week due to the limited availability of caravan bays. The development of the park will not only encourage more tourists to the immediate area, but will also provide an opportunity for future Tourism enhancement. It opens opportunities for other businesses to develop and consolidate (such as Fishing/Snorkelling outlets, Boat Hire, Beach-wear outlets, Coffee Shops, Fish & Chips, Culture centres, etc). It will increase revenue to existing businesses in Samson and surrounds and not only provide employment both during the construction and operating stages of the Caravan Park, but the increase in visitors to the area would create new jobs for the community. Also once developed and landscaped, the park gardens and new surrounding businesses will add to and enhance the natural beauty of the area. The construction of the Water Treatment Plant within the Park will also go a long way to easing the load on the demand for town water.

The funding we received from Regional Partnerships has helped us enormously to get the construction of the park under way and has enabled us to Bitumize the roadways in and around the park and assisted with the steel framing and concrete construction of the building and caravan bays.

The Park is still in the construction stage at present and we are a few months behind schedule, but that has been due mainly to lengthy delays in delivery of materials and the heavy workload in the Pilbara area, which has caused the unavailability of skilled tradesmen at this time. However, it is still moving forward each day, albeit a little slower than originally anticipated and even though we are not going to be ready for this Tourist Season, we can now focus on having a First Class Tourist Destination ready for 2006.

CHAIR—Are there any other comments you wish to make, or should we go straight to questions?

Mr Van Herk—No, not really.

Mrs Van Herk—Straight to questions.

CHAIR—I just want to clarify some issues regarding the nature of the application for a Regional Partnerships grant. As I understand it the grant was \$275,000 and it was awarded to a family trust. Is that correct?

Mrs Van Herk—That is correct.

CHAIR—I should point out that from my understanding there are only a couple of situations in all of the Regional Partnerships grants across the country where a family trust was successful in gaining a grant. I do not make any observation about that or draw any conclusion from that, but it is an interesting point. Who is the trustee and can you explain the structure of this family trust to us, please?

Mrs Van Herk—The accountant set up the family trust as a valid business structure basically to limit asset protection and also for tax efficiency. The family trust is trading as Van Herk

Nominees, which trades as the Cove Caravan Park. I do not fully understand the way they structure businesses and the reasons that they do it but, to my knowledge, it was set up for those two reasons. In actual fact, we put all our personal funding into the caravan park so the limited asset protection really does not come into it.

Senator MURRAY—But in the answer to your arrangement, if I could intercede, there has to be a corporate trustee. In other words, somebody has to control the body which controls the family trust.

Mrs Van Herk—Van Herk Nominees Pty Ltd is the body that controls the family trust.

Senator MURRAY—Who controls Van Herk Nominees?

Mrs Van Herk—We do as directors.

Senator MURRAY—All right. That is clear then.

CHAIR—You are the only two directors?

Mrs Van Herk—That is correct.

CHAIR—When was the trust first established?

Mrs Van Herk—In May 2004. It had been originally established two years prior to that when we were applying for the caravan park but we thought we had lost the rights and we could not proceed with it at that stage, so we actually disbanded the company. We had to set it up again.

CHAIR—We will probably clarify that as we go through. That was in 2004. What was the month again?

Mrs Van Herk—May.

CHAIR—Did you provide a copy of the trust deed to the area consultative committee when the application was lodged?

Mrs Van Herk—I cannot remember that actually. I would need to look back through the records and clarify that. I am not 100 per cent sure what was provided at that time. I would say so but I am not—

CHAIR—Maybe we should approach it this way: where did you hear about the possibility that Regional Partnerships funding was available and that it may be an avenue for you to obtain funding for your project?

Mrs Van Herk—We were contacted by a gentleman in the tourism department who advised us that there was certain funding available. He gave us Mr Simpkins's telephone number to contact, just to inquire at that stage.

CHAIR—That is Mr Cameron Simpkins from the ACC.

Mrs Van Herk—That is correct.

CHAIR—Was the department of tourism a state department?

Mrs Van Herk—Yes.

CHAIR—Do you recall when that was?

Mrs Van Herk—That possibly would have been around about February or March of 2004.

CHAIR—Not long before you had this family trust established.

Mrs Van Herk—That is correct.

CHAIR—Tell me again: what was the purpose for the establishment of the family trust?

Mrs Van Herk—This is from the accountant. He said that it was set up as a valid business structure to provide limited asset protection for ourselves and for tax efficiency.

CHAIR—You might check for us whether or not, when you made the application to the ACC—we will come to that shortly—you provided copies of the trust deed to the area consultative committee. I should say that they have witnesses here. They will be giving evidence later and they may be able to tell us. Do you recall whether or not you provided it to the Department of Transport and Regional Services, or is the answer the same?

Mrs Van Herk—I cannot recall.

CHAIR—When was your expression of interest lodged? I should say that we have been provided with documentation from the ACC.

Mrs Van Herk—I think it was lodged by about 14 July.

CHAIR—Last year?

Mrs Van Herk—It was 2004, yes.

CHAIR—I am trying to find out whether or not we have that. I think we do. Do you recall how much you applied for at that time?

Mrs Van Herk—It was \$250,000 plus GST, so it was \$275,000.

CHAIR—I want to come back to that. What other finance did you seek? Did you seek finance from commercial sources?

Mrs Van Herk—Not from commercial—sorry?

CHAIR—In addition to making an application for the Regional Partnerships grant, did you seek funding from any other sources?

Mrs Van Herk—We sought funding through the Regional Headworks Program and through the Australian tourism program.

CHAIR—How much was that for in each of those cases?

Mrs Van Herk—The amount that we received or the amount that we applied for?

CHAIR—The amount you applied for.

Mrs Van Herk—With the Regional Headworks Program, we applied for \$106,000. With Australian tourism, we applied for \$100,000.

CHAIR—With Regional Headworks, who was that application made to?

Mrs Van Herk—It was with DOLGaRD.

CHAIR—The department of local government?

Mrs Van Herk—Yes.

CHAIR—What was the other one again?

Mrs Van Herk—The Australian tourism program.

CHAIR—Yes, and how much was that for?

Mrs Van Herk—It was \$100,000.

CHAIR—But beyond those government funded programs, did you need to seek commercial finance?

Mrs Van Herk—We attempted to seek finance through various banks and various financial channels, but they could only lend us a certain amount, which was nowhere near enough to develop the caravan park. The maximum that we could borrow was around \$500,000. It was because the property itself is only leased plus the high cost of the development, the sewerage plant and the fact that it did not have any of that there, so most of the financial areas that we approached seemed to be reluctant to lend us the amount of money that we needed.

CHAIR—How much in total did you need to get this project up and running?

Mrs Van Herk—Approximately \$1.2 million.

CHAIR—You presumably were proposing to invest or are investing your own funds into the project?

Mrs Van Herk—We have.

CHAIR—How much?

Mrs Van Herk—We have put \$1 million of our own funds into this project.

CHAIR—I think I asked you when you became aware of the Regional Partnerships program.

Mrs Van Herk—Yes.

CHAIR—Can you remind me again?

Mrs Van Herk—I believe it was somewhere around February or March 2004. It was earlier on in the first part of the year.

CHAIR—You were given details to contact Mr Simpkins.

Mrs Van Herk—That is correct.

CHAIR—Do you remember when you lodged your expression of interest document? It would have been the first proposal you put forward.

Mrs Van Herk—I know it was probably around May 2004.

CHAIR—We will see if we can ascertain that date from the material we have been provided with, but you believe it was May 2004. The application was lodged in—

Mrs Van Herk—July.

CHAIR—July, was it? We have the date as 13 June 2004.

Mrs Van Herk—On which it was lodged?

CHAIR—Yes.

Mrs Van Herk—That could be right. I thought it was July for some reason.

CHAIR—We can clarify that. From your recollection it was June or July. According to the material provided to the committee, when you lodged the expression of interest document you were seeking Regional Partnerships funding. What were you specifically seeking the Regional Partnerships funding for?

Mrs Van Herk—In the original document we presented to the ACC we were looking at it for headworks—I was unaware that there was a headworks funding program still available—roads and the sewerage plant.

CHAIR—That seems to coincide with what we have been advised by the ACC. Was it particularly to assist landfill requirements—

Mrs Van Herk—That is correct.

CHAIR—the development of headworks, a sewerage treatment plant, power, water, phone and the sealing of roads within the park.

Mrs Van Herk—That is correct.

CHAIR—There was some issue to do with asbestos, wasn't there?

Mrs Van Herk—Not the caravan park plot, but the land next door had originally been used—perhaps Charlie could answer that clearer than I can.

Mr Van Herk—Basically, the land had been used for the stockpiling of asbestos fibres and so forth over the years and they believed there could be contamination of the soil around the area. The ground needed landfill to cover any contaminated areas. Any contaminated areas that were found had to be lodged as they could cause a lot of problems.

CHAIR—I want to go back to the amount of funding that you were seeking. In answer to the question, 'How much funding are you seeking from Regional Partnerships—GST exclusive?' the documentation I have refers to the amount of \$500,000.

Mrs Van Herk—That was in the original ACC—

CHAIR—Yes. It says the funds would be used to fulfil Roeburn Shire's landfill requirements—\$200,000 approximately; \$250,000 would be for a sewerage treatment facility; and \$50,000 for headworks, power, water, phone and road sealing. That gives a total of \$500,000.

Mrs Van Herk—After I lodged that, Cameron advised us that there was headworks funding available, so we applied to the correct department for the headworks funding. I think that when the actual application to Regional Partnerships went in, we had adjusted that figure down to \$250,000.

CHAIR—I will just clarify that this was in your original expression of interest. What were you advised by Mr Simpkins—that the program could not fund that type of activity or that you should go elsewhere?

Mrs Van Herk—No. He just asked if we were aware that there was regional headworks funding available now, because there had been once upon a time but then it had been withdrawn and then brought back again. But I was not aware of that at the time.

CHAIR—Can you clarify this for me: was there more than one property on which this caravan park was to be developed?

Mr Van Herk—It was one property.

CHAIR—It was a single property. Who was the owner of the property?

Mr Van Herk—Rempearl were the owners of the other caravan park and facilities on the other side of the road. They did not have the funds to develop it, so they had to on-sell the property.

CHAIR—Did they own it at the time that expression of interest went in?

Mrs Van Herk—No, we owned it by that stage.

CHAIR—When you say that you owned it, was it the family trust that owned it?

Mrs Van Herk—Originally it was purchased between us and a partner, and we were going to develop it as a joint venture. This was before we applied for funding through the ACC or Regional Partnerships. That was in 2000. We came up against a lot of brick walls when we were trying to access finance. Also, our partner's financial position had changed and he had to withdraw from the whole project. At that stage, because of the trouble that we had had and because the lease had stipulations attached to it as far as development was concerned—the government that we had purchased the lease from had stipulated it had to be developed as a 35-bay caravan park within two years—we could not go ahead with it and we thought that the department were going to take the land from us.

Senator STEPHENS—Can I clarify that? You purchased a lease on this land?

Mrs Van Herk—We purchased a lease on this land. We do not own this land freehold.

Senator STEPHENS—You do not own the land itself?

Mrs Van Herk—No.

CHAIR—You also provided a business plan for the proposed caravan park to the area consultative committee. We have been provided with a letter dated 13 April 2004, which says:

In response to your email dated 23rd March 2004 regarding our application for the Regional Partnership grant, I have addressed your questions as follows:

I have enclosed a copy of the Business Plan for the proposed “Cove Caravan Park” as requested.

When you say in the letter that you have ‘enclosed a copy’, are you referring to your expression of interest or to an application?

Mrs Van Herk—An expression of interest.

CHAIR—The business plan that you provided describes the business structure as a partnership consisting of yourselves—Charles Van Herk and Irene Van Herk. Who prepared the business plan?

Mrs Van Herk—I did.

CHAIR—The document says that you have both had many years of business ownership experience.

Mrs Van Herk—That is correct.

CHAIR—Was any of that experience in running or owning a caravan park or a business in tourism or hospitality?

Mrs Van Herk—Not specifically, no. The two businesses that I have had in the past were both coffee shops. That just involved dealing with the public and running a small lunch bar, coffee shop type of business.

CHAIR—At page 11, under the heading of ‘Operational plan’, the document refers to a contract of sale for the site. It states:

The contract of sale for the site specifies that freehold transfer is finalised only when a minimum of 35 caravan bays have been developed.

Just to clarify for me: the contract of sale for the site was the lease for the land?

Mrs Van Herk—That is correct.

CHAIR—At that time, were you seeking to purchase it outright; was that your intention? What was your position?

Mrs Van Herk—The way it is structured is that you purchase this licence and once you have developed it into a 35-bay caravan park they transfer that lease into a freehold title. The catch-22 is that you must develop it as they stipulate before it becomes a freehold title.

CHAIR—Who insisted on that condition?

Mrs Van Herk—It was the Department of Lands Administration at the time.

CHAIR—Also, the business plan says on page 17 that the development of stage 1 of the park would be financed by the partners’ own funds and at further stages would be funded from profits. An appendix to that document lists the estimated stage 1 building costs at \$896,000. It appears from the list that the headwork costs of \$315,995 are incorporated into the stage 1 project costs. Is that correct?

Mrs Van Herk—That is correct, yes.

CHAIR—In your expression of interest, you said you were going to invest \$950,000 in the project. That would have been sufficient, wouldn’t it, to have covered the total costs of stage 1 which you estimated at \$896,000? It is a matter of mathematics, but that would have been the position.

Mrs Van Herk—I am not sure whether the cost of the initial purchase of the land is included in that price; is it?

CHAIR—This business plan that you provided is quite an extensive document, but that is the way I have read the details in it. If you wish to check that subsequently and let us know, please do so. I just wanted to clarify that.

Mrs Van Herk—Could you repeat the question, please?

CHAIR—Your initial expression of interest said you were able to invest \$950,000 into the project. I am just putting it to you that that money would have covered the costs of stage 1 as it appears in the business plan, without—

Mrs Van Herk—At that stage, it would have, yes.

CHAIR—a Regional Partnerships grant being included or needed. The question I am leading to is: what was the basis of your putting forward that you needed the Regional Partnerships funding to get the project up and running?

Mr Van Herk—We could not get enough money.

Mrs Van Herk—When we were first working out our budget for it, it was within a certain area, but the costs et cetera went up quite a lot, even in the 12 months between when we first did our budgeting and when we applied for finance. We could not get any further finance from the bank and the only way forward we could see was to apply for funding. Also at that stage, because we could not get any finance from the bank, we decided we would sell all our personal assets and put the cash that we had into this project. We needed the Regional Partnerships funding to top it up.

CHAIR—It was your intention for it to all go into stage 1?

Mrs Van Herk—It is actually stage 1 and stage 2 that we are developing at this stage.

CHAIR—Yes, but at that stage what was your application focused on—just stage 1?

Mrs Van Herk—When the application went to the ACC for the preliminary expression of interest, it was just for stage 1.

CHAIR—There is one other issue—I do have other questions but I am conscious that other senators also have questions, so I will try to come back to them. Appendix 3 of the business plan shows the business structure. It lists the ‘Cove Caravan Park’. Underneath that it has ‘Charles Josephus Van Herk and Irene Van Herk’; and underneath that it has ‘Partners: Van Herk & Taylor’ with an arrow pointing down to ‘Van Herk Family Trust: primary beneficiary for children of Charles Van Herk and Irene Van Herk’. Senator Murray might be able to enlighten me more on these issues, but it seems to me there are three components, if you like, of this business structure. I am particularly interested in who or what is ‘Van Herk & Taylor’.

Mrs Van Herk—Van Herk & Taylor was our original partnership. Charlie has been self-employed for 35 or 40 years.

CHAIR—Charlie being?

Mrs Van Herk—My husband, Charles Van Herk. That was the original structure that we had—a partnership. The accountant, because after that point we had to organise ourselves as a company, set it up as a trust. He restructured the whole thing and set up as we have it now, which is the Van Herk Family Trust trading as Van Herk Nominees Pty Ltd. There is no Van Herk & Taylor anymore.

CHAIR—One of the important aspects that has to be considered in any Regional Partnerships funding grant is the issue of competitive neutrality. My lay explanation is that essentially that means that it must not, as it were, seriously impact upon another business or operation in the region to its detriment. So, a company or business will not get funding when there are others in the township or community that would be seriously affected. It can mean a range of other things, but I will just put that to you for the purposes of this question. In your letter to the ACC on 13 April you stated:

We have approached the owners of the existing Caravan Park and they have assured us they have no objection, but are in full support of a proposed second park to be established in the area. (I have enclosed a copy of the letter received from the owner).

There is another letter that seems to be written over the name but not the signature of a Mr Lindsay Brady of the Samson Property Trust. That letter is addressed to you, Charles, and it says:

As per our telephone conversation on 30th March 2004, we have seen plans for the proposed caravan park at Lot 259 Point Samson. We have no objection to the plans.

When did you show Mr Brady the caravan park development plans?

Mr Van Herk—All the plans were lodged at the council for open viewing, basically.

CHAIR—They were on display at the council?

Mr Van Herk—Yes—for any protests or objections to it for any reason whatsoever.

CHAIR—So you had a development application in?

Mr Van Herk—Yes.

CHAIR—Did you actually show them to Mr Brady and discuss the proposals?

Mr Van Herk—Not personally.

CHAIR—So when he says, ‘We have seen the plans,’ it means he must have seen them on public display and had no objection to the plans?

Mr Van Herk—That is right.

CHAIR—Was he aware that you were applying for a Regional Partnerships grant?

Mr Van Herk—Yes. In a conversation I had with him I explained what the letter was for, and that was what the letter was for.

CHAIR—Did you discuss with him how much you were seeking or applying for?

Mr Van Herk—No—not the amount.

CHAIR—You did not tell him that you were applying for \$500,000 in total?

Mr Van Herk—No.

CHAIR—Were you aware that one of the principles of a Regional Partnerships funding grant was that it had to be competitively neutral? Were you aware of the principles that underpin the granting of the funds?

Mrs Van Herk—Yes.

CHAIR—Did you discuss any of that with Mr Brady?

Mr Van Herk—No.

CHAIR—You told him you were applying for a grant.

Mr Van Herk—Only on the phone, yes. Basically, he had no objection to it and no objection to the caravan park, and we discussed other things in the area after that point in time. There was no need to pursue it any further.

CHAIR—Okay. I will have more questions later.

Senator BARNETT—There is \$250,000 in Regional Partnerships funding and the total project is \$1.150 million. Can you tell us where the rest of the money is coming from?

Mrs Van Herk—It is coming from our personal funds and \$33,000 came from the department of local government for headworks. The rest is our own funding.

Senator BARNETT—You said there was no opposition from the other operator. Have you received support from the local community? If so, can you identify where you have received that support from?

Mrs Van Herk—The support that we have had from the local community has come from the various bed and breakfasts around the place. They feel the caravan park would be a great thing to bring tourists into the area. The small caravan park across the road talk to us regularly and tell us they turn away approximately 40 caravans, and sometimes even 50, a week. They recognise that

there is a huge need for a second caravan park in the area. They are unable to develop their area any further. They cannot expand where they are. They have no objection whatsoever.

Senator MURRAY—How many bays do they have?

Mrs Van Herk—Twelve bays.

Senator BARNETT—How many will you have?

Mrs Van Herk—In the first stages, 1 and 2, we are hoping to develop 47 bays.

Senator BARNETT—Does the local council support your project?

Mrs Van Herk—The local council feel that a caravan park in the area would be a great idea and would be great for Samson.

Senator BARNETT—Can you identify the number of part-time and full-time jobs that would become available and any other benefits to the local area?

Mrs Van Herk—At the caravan park itself, we will be employing people throughout the construction. It is also going to create a certain amount of jobs once the park is actually up and running in administration, cleaning, gardening and general maintenance around the place. We feel that it is going to attract tourists to the area who will have somewhere to stay when they come and that will give rise to a lot of other tourist businesses to open up and expand and spin off from that. The fact that you have extra tourists in the area looking for different things is going to create more jobs and bring extra revenue to the businesses that are in town. There is an awful lot that can be done. This is just the start of where this place can actually go.

Senator BARNETT—You mentioned the jobs during the construction phase. Have you any idea roughly how many new jobs would be created during construction?

Mrs Van Herk—We will be using tradesmen for the construction and general labouring throughout. It will vary with the area that we actually working on at the time.

Senator BARNETT—Across the board, what types of tradesmen will be involved?

Mrs Van Herk—Electricians, plumbers, boilermakers and general labourers.

Senator BARNETT—Can you tell us whether you have now met the terms and conditions of your successful application?

Mrs Van Herk—We are in the process of meeting them. We are behind the time schedule but apart from that we have met what has been required.

Senator BARNETT—I think you said, in your submission to us earlier today, that you were a few months behind.

Mrs Van Herk—That is correct.

Senator BARNETT—Is it fair to say you have a realistic expectation that you will meet your commitments as set out in the application?

Mrs Van Herk—Most definitely.

Senator BARNETT—So you are very confident of that?

Mrs Van Herk—Yes.

Senator BARNETT—I turn to the funding. How much of that \$250,000 has been paid?

Mrs Van Herk—We have received \$230,000 to date.

Senator BARNETT—Can you tell us when that was received?

Mrs Van Herk—We received I think \$137,000 in February and then a further \$115,500 possibly in May.

Senator BARNETT—When do you expect the remainder?

Mrs Van Herk—We have got at the moment an acquittal ready to be submitted. I will probably hang on to it until the end of July, when I have to put in my second report. I will submit the acquittal with that then and then the funding will probably be in early August.

Senator BARNETT—And all of that is in accordance with the contract? Do you now have a contract with the department?

Mrs Van Herk—Yes, we do. That is correct.

Senator BARNETT—Do you feel you are meeting all the terms and conditions of the contract?

Mrs Van Herk—Yes.

Senator BARNETT—Is the department meeting all their terms and conditions in the contract?

Mrs Van Herk—Yes, other than being behind the time schedule that we submitted, but we have notified them of the delays and the reasons why.

Senator BARNETT—You say in your submission that you might be missing out on this tourist season to some degree but you will have a first-class tourist destination ready for 2006. Have you missed this season or is it still possible to catch it?

Mrs Van Herk—The main tourist season has already started here and there is no way in the world that we can possibly be ready for it. It is virtually over by September and October. We are not going to be ready for this season.

Senator BARNETT—So you will be ready by when?

Mrs Van Herk—Definitely by early next year. We are focusing on the next tourist season. Through the summer months there are very few people in Samson. It goes very quiet.

Mr Van Herk—It will open as soon as we are ready. I would say that will probably be in November.

Senator BARNETT—Obviously, the sooner the better from your point of view.

Mr Van Herk—Yes, that is right.

Senator BARNETT—You have mentioned in your submission that you have appreciated the consultation with and the involvement of the Pilbara ACC, particularly Cameron's advice.

Mrs Van Herk—That is correct.

Senator BARNETT—How has that been demonstrated?

Mrs Van Herk—When I came across any problems or there was information that I needed, Cameron was always there available to help even with queries as to filling out the application, the procedures and the way to go about it. Cameron was always helpful and always there to offer any advice that I perhaps needed.

Senator BARNETT—Do you have any recommendations or suggestions for us on how the Regional Partnerships application and funding process could be improved, or do you think it has been pretty rigorous, comprehensive, thorough and fair?

Mrs Van Herk—I can only speak from our own point of view. I thought it was excellent in the way that it was handled from beginning to end and I have no problems whatsoever. I certainly do not really have any suggestions about how to improve it because I did not find any fault with it in the first place.

Senator BARNETT—There have previously been allegations of political interference and pork barrelling and things like that. In your case can you rule out that there was any political interference or pork barrelling involved?

Mrs Van Herk—Definitely; none whatsoever.

Senator BARNETT—Thank you very much; I really appreciate your contribution.

Senator MURRAY—Mrs Van Herk, where were your coffee shops?

Mrs Van Herk—I had one in Geraldton and one in the Spearwood area in Perth.

Senator MURRAY—Were you in an area where there were other businesses providing coffee?

Mrs Van Herk—In the Geraldton area, yes. In the second coffee shop I had in Spearwood, no.

Senator MURRAY—There is a marketing theory; I think it is called the banyan tree concept—wherever the banyan tree grows it provides the shade under which others grow. Apart from the comments you have already made about other tourist related businesses being facilitated by your park, do you see the opportunity for your neighbour to grow as well?

Mrs Van Herk—I think that we could work with each other quite well. It really is just a case of communicating and looking after each other as far as the tourist side of it is concerned.

Senator MURRAY—Have they got more space—is 12 bays as far as they can go?

Mrs Van Herk—They have no more space, no.

Senator MURRAY—You have mentioned stages 3, 4 and 5.

Mrs Van Herk—That is correct.

Senator MURRAY—Is that where more bays can be provided?

Mrs Van Herk—More bays and perhaps some permanent chalets and that type of thing.

Senator MURRAY—The infrastructure you have put it now—the roads, the sewerage, the water, ablution blocks and so on—is that sufficient for stages 3, 4 and 5?

Mrs Van Herk—Yes.

Senator MURRAY—So you have got your full infrastructure in?

Mrs Van Herk—Yes.

Senator MURRAY—So stages 3, 4 and 5 will just be adding the bays?

Mrs Van Herk—That is correct.

Senator MURRAY—There will be no further infrastructure?

Mr Van Herk—There are still some more roads that have got to go in.

Mrs Van Herk—No, there probably will be more roads to go in that section.

Senator MURRAY—But your water and sewerage systems are sufficient?

Mr Van Herk—They are sufficient, yes.

Mrs Van Herk—Water, sewerage and electricity—all of that is provided.

Senator MURRAY—A 47-bay facility is small—you know that, don't you?

Mrs Van Herk—Yes.

Senator MURRAY—When you reach the end of stage 5, how many bays will you be providing?

Mr Van Herk—There is a total of 118 all up when it is finished.

Senator MURRAY—Why do you think that there is that level of business? Have you had a car and caravan count done for you or are you taking a punt?

Mrs Van Herk—We actually did have some figures originally from the tourism department on the visitors in the area and we calculated a percentage increase over the years. We took the last five years' figures. The reason we are only developing stage 1 and 2 at this stage is to see whether the need is actually required to develop stages 3, 4 and 5. We are hoping that, with the amount of tourists that can come to the area, the town is going to grow well enough to be able to expand the rest of the park.

Senator MURRAY—The cleaning and maintenance area, Mr Van Herk, looks healthy, but with that number of bays you would have to employ a number of people, wouldn't you?

Mr Van Herk—Yes.

Mrs Van Herk—That is correct.

Senator MURRAY—The initial cost is high—it is about \$30,000 a bay for your up-front expenditure now?

Mrs Van Herk—That is correct.

Senator MURRAY—You can build hotel rooms for that. It is quite a business risk.

Mrs Van Herk—That is correct.

Mr Van Herk—We have applied to a lot of other businesses and companies—caravan companies and so forth—to see whether they were interested in coming into partnership. They thought it was too risky and did not want to be involved in it. But I believe it is still a good, viable proposition.

Senator MURRAY—But with the grants—you have mentioned \$33,000 and this grant from Regional Partnerships is—

Mrs Van Herk—It is \$275,000 including GST.

Senator MURRAY—So it is about \$300,000. So with the grants it has reduced your risk by about 20 per cent?

Mrs Van Herk—That is correct.

Senator MURRAY—You mentioned that 40 a week are so far being turned away from just that small facility. What is the average stay of a caravan up in these parts—do you know?

Mrs Van Herk—It is usually one or two nights.

Senator MURRAY—It is a high turnover business?

Mrs Van Herk—Yes.

Senator MURRAY—In the statements you provided—and thank you for those—you have indicated the facilities you are putting in. Does your neighbour have these facilities: office administration?

Mrs Van Herk—No, they operate from the small shop they have across the road. They take their bookings through there—so I suppose they have that, in one sense.

Senator MURRAY—Shop facility?

Mrs Van Herk—They have a small shop with a liquor store attached, and that is across the road.

Senator MURRAY—And a liquor store?

Mrs Van Herk—Yes.

Senator MURRAY—Do you propose to put a liquor store on?

Mrs Van Herk—No.

Senator MURRAY—So they will continue to get that business?

Mrs Van Herk—Yes.

Senator MURRAY—In fact, it will increase, won't it?

Mrs Van Herk—Yes.

Senator MURRAY—Because of the availability of your facility. Public amenities?

Mrs Van Herk—That is the ablutions.

Senator MURRAY—Do they have those?

Mrs Van Herk—Yes. All caravan parks have to provide ablutions for campers.

Senator MURRAY—Laundry?

Mrs Van Herk—Yes.

Senator MURRAY—A campers' kitchen?

Mrs Van Herk—No, they do not have a campers' kitchen.

Senator MURRAY—A barbecue area?

Mr Van Herk—Not really. They roll one out every now and then.

Senator MURRAY—A children's playground?

Mrs Van Herk—There is a park next door, but they do not specifically have one for their caravan park.

Senator MURRAY—What do you mean by a park?

Mrs Van Herk—There is a community park next door.

Senator MURRAY—Run by the town council?

Mrs Van Herk—Yes.

Senator MURRAY—And that would be available for your guests too, wouldn't it?

Mrs Van Herk—That is correct.

Senator MURRAY—Storage facilities. Manager's residence?

Mrs Van Herk—They do not have a manager's residence over there.

Mr Van Herk—They do.

Mrs Van Herk—Specifically for the managers of the caravan park?

Mr Van Herk—They do. It is only a caravan but there is a manager's residence there.

Senator MURRAY—I must say, based on your evidence, that there are not many commercially based beneficiaries of this Regional Partnerships grants scheme, which has seen people put in as much as \$1 million of their own money. You must have been at fair risk if the grants had not come through. How are you surviving until 2006? It is a long way to go without cash flow.

Mrs Van Herk—I am working in a casual job at the moment. Charlie is working in the caravan park, so he is not receiving an income of any kind. Basically, it is that and our savings. We sold all our assets in Perth. We sold our house; we sold everything to put into this.

Senator MURRAY—Do you rent here?

Mrs Van Herk—At the moment we live in a caravan on the site while we are building.

Mr Van Herk—As caretakers.

Senator MURRAY—Having taken a few risks in my time, I respect risk takers. Good luck with it.

Mrs Van Herk—Thank you.

Mr Van Herk—Thank you.

Senator STEPHENS—Getting back to the Regional Partnerships program—the reason we are here—we have two applications from you. Is that right? We have been provided with two applications forms—one dated 10 May and the other dated 17 June.

Mr Van Herk—The same year?

Senator STEPHENS—They are the same year—2004.

Mrs Van Herk—No, that should not be correct; we have applied only once.

Senator STEPHENS—There are two application forms here, and there are some slight differences in them. I want to go through some of the information in the forms, particularly the issue of the partnerships. You talked a lot about the grants you had applied for, and you got the money for the headworks.

Mrs Van Herk—We got \$33,000 for headworks, but we did not receive the tourism one. We were knocked back on that one.

CHAIR—So you applied for \$106,000 and you received \$33,000.

Mrs Van Herk—And we did not get the tourism one.

CHAIR—That was \$100,000 and that was—

Mrs Van Herk—That was knocked back.

Senator STEPHENS—You also listed AusIndustry as another project partner.

Mrs Van Herk—That was the tourism one we applied for.

Senator STEPHENS—Another interesting partner whom you listed was Neil Auguston from the WA Tourism Commission, and you have listed there a contribution valued at \$500 and the status at the time was ‘in negotiation’.

Mrs Van Herk—I put that figure down there for advice and communication. We did not pay him or anything, but we felt that that was what his worth was for the amount of information and interaction that we had had with him. I was not sure—

Senator STEPHENS—He is not a partner?

Mrs Van Herk—No.

Senator STEPHENS—Mr Van Herk, you are there as a partner, providing \$100,000 of hard labour?

Mr Van Herk—Definitely.

Mrs Van Herk—It was probably a lot more than that.

Senator STEPHENS—I was going to ask who valued that contribution. Did you do it yourself or was it a guesstimate?

Mrs Van Herk—It was more or less a guesstimate.

Senator STEPHENS—Your \$15,000 contribution is a guesstimate as well?

Mrs Van Herk—Yes.

Senator STEPHENS—Who is Robert Van Herk?

Mrs Van Herk—He is our son.

Senator STEPHENS—Is he the electrician?

Mrs Van Herk—That is correct, and he provided only his labour free of charge.

Senator STEPHENS—So he is a beneficiary of the Van Herk family trust or whatever, in the sense that he is one of the children?

Mrs Van Herk—He is one of the children, so I suppose so.

CHAIR—You said that was free of charge but there is mention—

Senator STEPHENS—No, that is labour.

CHAIR—That is \$12,000—

Mrs Van Herk—Labour only.

Senator STEPHENS—That was all in the first application. Then the second application, dated 16 June, is just a little bit different. It has a covering letter of 16 June, which you have signed. What drew our attention to it was the fact that the certificate that you have provided with it showed that the company was registered on 14 May. The first application went in on 10 May, then the next application came in in June, with the company being registered on 14 May. You were explaining to us before about how the accountant had restructured your business.

Mrs Van Herk—That is correct. I do not remember putting the first application in on 10 May.

Senator STEPHENS—It is slightly different. It may well have been the case that, when the department or the accountant asked you for your registration details or something, you sent the whole lot back, but that is all right.

Senator MURRAY—Did the accountant put it in?

Mrs Van Herk—The accountant did have lengthy discussions with somebody from Canberra, because he rang me to tell me that he had spoken to someone.

Senator MURRAY—Was he the person lodging the application?

Mrs Van Herk—No.

CHAIR—It appears from the documentation that we have been provided, as a result of requests by the committee for details from the ACC, the area consultative committee—and they have provided us with large bundles of material—that the second application, or the covering letter, was dated 16 June, but it seems to pick up the first application of 10 May. There are some variations, one of which is that the covering letter is signed by you, company secretary of Van Herk Nominees Pty Ltd. We are trying to get the sequence of events straight as to how the process was followed through. Does that ring a bell with you? Do you recall that?

Mrs Van Herk—Maybe when I applied the first time on 10 May, if you say I did—I honestly cannot remember, but I know that I had quite a few documents—I did not have the building licence and perhaps I did not have the trustee structure in place properly, so maybe I went back—

Senator MURRAY—And reapplied?

Mrs Van Herk—I cannot remember reapplying, but maybe I just resubmitted the information that I had with all the correct details.

CHAIR—That may well be the case. We cannot necessarily ascertain that from what we have been provided. Do you have copies of the application or applications?

Mrs Van Herk—I do at home.

CHAIR—Could you check and, if you locate them, send us copies, particularly of the application of 10 May and then also of the subsequent correspondence around 16 June? Can you check that for us?

Mrs Van Herk—Yes, I will.

Senator STEPHENS—One of the differences that caught my eye was that Neil Auguston's name was not on the second application.

Mrs Van Herk—That may have been after discussing with him that I could not put that in the application.

Senator STEPHENS—That is what I am saying. It is in the first one but not in the second one. Senator Barnett raised the issue of political interference. That is one of the purposes of this inquiry: the fact that in the Regional Partnerships program political interference has been demonstrated in other places. Did you talk to your local member, Mr Haase, about this program?

Mrs Van Herk—No.

Senator STEPHENS—The interest we have is that a lot of the ACCs get their local member to endorse projects, but not everybody does, so we are interested in how the program works nationally and what is good and what is bad about it. You did not have any liaison with Mr Haase?

Mrs Van Herk—No.

Senator STEPHENS—How did you find out that you had received the funding?

Mrs Van Herk—While I was working late night trading, I received a phone call—it was on the answering machine when I got home—from a member of parliament, somewhere in Kalgoorlie from memory. I cannot recall his name.

CHAIR—When was that?

Senator STEPHENS—Did you think it was a practical joke?

Mrs Van Herk—I rang the next morning to confirm. It was about 10 pm when I received the message, and it would have been sometime in November 2004.

Senator STEPHENS—You do not remember the person's name, but his office was in Kalgoorlie?

Mrs Van Herk—Yes.

CHAIR—Did you receive any letter, any official advice, from the Department of Transport and Regional Services between June and November to say that your grant had been approved and how much?

Mrs Van Herk—I received it after that phone call.

CHAIR—After November?

Mrs Van Herk—Yes. I had received notification to say that there was a federal election and that our application would be put on hold for six weeks. We virtually had to wait it out until the election was over.

CHAIR—That letter would have been about early September. I say that because we have had evidence that that letter was sent generally to businesses that had applied.

Senator STEPHENS—So you received that letter in September, and then you heard nothing?

Mrs Van Herk—I did not hear anything until that phone call. On that particular day I was going to ring Cameron to see whether he had heard anything about our application and whether he had any idea about where we were going. But I did not have time throughout the day, and that night I received the message from the gentleman. I did write his name down from the answering machine but I honestly cannot recall it.

Senator STEPHENS—When you were dealing with the department in Perth, were you dealing with a particular person?

Mrs Van Herk—Mr Graham Purdy.

Senator STEPHENS—Did they give you a project manager?

Mrs Van Herk—Our project manager was Emma Yates, I think.

Senator STEPHENS—You said you spoke to Mr Purdy as well?

Mrs Van Herk—I had spoken to Mr Purdy at some stage before the grant was approved. I had some correspondence with him about various things he needed to know for my application—related to financial inquiries and that type of thing.

Senator STEPHENS—How were the milestones for your project developed? Did you develop those? Did you develop them on your own or in consultation with the department? I am seeing that you are now a bit anxious that things are behind, and I am interested in understanding if there is pressure on you.

Mrs Van Herk—We developed them ourselves. At the time we were using milestones based on how things worked down in Perth. Normally, if you need someone you can get them fairly

quickly. If you order something, you can get it within a week. They were the guidelines that we used to ascertain the milestones.

Senator STEPHENS—Have you advised the department that you are behind schedule?

Mrs Van Herk—Yes.

Senator STEPHENS—Are they working to redevelop some new milestones for you or with you?

Mrs Van Herk—There has not actually been a problem because we have not been that far behind and we are still going at a reasonable pace. It is just taking slightly longer to get tradesmen and materials.

Senator STEPHENS—How much money have you received so far from the department?

Mrs Van Herk—Two hundred and thirty thousand dollars.

Senator STEPHENS—Have you had the whole amount or not quite the whole amount?

Mrs Van Herk—There is one final payment of \$20,000 still to come.

Senator STEPHENS—When is that scheduled to be paid?

Mrs Van Herk—Probably at the end of July or early August.

CHAIR—Just going back to when you were advised, there was a message on your answering machine from a gentleman. You said he was from the office of a federal member in Kalgoorlie. Is that correct?

Senator STEPHENS—She said it was an MP.

CHAIR—It was an MP—is that what you recall?

Mrs Van Herk—Yes.

CHAIR—Did the message tell you that your grant had been approved?

Mrs Van Herk—Yes, it did.

CHAIR—Were you requested to ring the office back?

Mrs Van Herk—Yes.

CHAIR—Who were you to speak to?

Mrs Van Herk—I cannot recall his name.

CHAIR—Was his name Mr Benson?

Mrs Van Herk—That name does not ring a bell.

CHAIR—It was not Mr Haase?

Mrs Van Herk—That sounds probably more familiar, but I cannot—

CHAIR—It probably is familiar, because he is the member. But you cannot recall?

Mrs Van Herk—Is his name spelt ‘H-a-a-s’?

CHAIR—Yes, that is him.

Mrs Van Herk—Yes, that is the gentleman I spoke to.

Senator BARNETT—Can I clarify a point on the spelling of the member’s name. It is spelt ‘H-a-a-s-e’. Barry Haase is the very good and hardworking member for Kalgoorlie.

CHAIR—Can I ask you about this issue of asbestos. What is happening there? Do you have to have that removed?

Mrs Van Herk—We have actually had a series of tests done right throughout the block in various areas and they have found no evidence of it.

CHAIR—Thank you very much for coming along this afternoon, presenting your evidence and answering questions. We do appreciate it very much. We certainly wish you good luck. Hopefully it will be a very successful business for you. Thank you.

[2.56 pm]

HAINTZ, Ms Fran, Manager, Wangka Maya Pilbara Aboriginal Language Centre

THOMAS, Mr Bruce, Chairperson, Wangka Maya Pilbara Aboriginal Language Centre

CHAIR—Welcome. Very briefly, this is an inquiry into the Regional Partnerships program and the Sustainable Regions Program. We have been conducting hearings all around Australia. We prefer evidence to be given in public. This is a public hearing but if there are any matters that you need to discuss privately with the committee, you can make that request at any time and we will deal with it then. All the evidence that you give is protected by parliamentary privilege, which means that parliament has the power to take action against any person who may take action of an injurious nature against a witness. Evidence must be the truth. Any deliberately false or misleading evidence may be a contempt of the Senate. We are requiring all witnesses to the inquiry to give their evidence under oath or affirmation. I understand that the language centre has been the recipient of a Regional Partnerships funding grant. Is that right?

Ms Haintz—That is right.

CHAIR—I understand that you were keen to appear before the committee today. We certainly appreciate your coming along to tell us about the application, the process and anything else you want to say about it. You have provided us with some documentation on the Wangka Maya Pilbara Aboriginal Language Centre, which we will receive as tabled documents from the centre. I will give you the opportunity to say whatever you would like to say to us, then we will have some questions.

Ms Haintz—Bruce is going to speak in Nyangumarta, the language of the area.

Mr Thomas—I cannot read English, so this is written in my language: Ngaju yini Bruce Thomas. Ngaju jiyaman Waninyiyirni punja. Wankamujarrinyirni jirnirnijamnji kurrngal muwarrmanga. Wangka Maya muwarr rrangungu Wankamujarrinyirni kurrngalja. Translated that means: My name is Bruce Thomas. I am the chairman. I have been working for a long time with quite a few languages. Wangka Maya has worked with many languages as well.

Ms Haintz—We thought we would use language because when you are far away in Canberra it is hard to really understand how life is over here. Wangka Maya have been around for about 18 years now, working hard. That was just one of the 30 languages that we work with. We are a very diverse organisation and, I think, extremely valued. Obviously we have been supported by government funding bodies over a number of years because of that value. We can only say so many times that we believe that what we do is important, but we would not be here today if Aboriginal people did not believe that what we do is important. Having people like Bruce Thomas as our chair is so special. I am glad that Regional Partnerships has recognised that.

The map in our documents gives you a concept of the diversity of the peoples in this region. All the different language groups on the map are different peoples, and that is only in the Pilbara. We must always remember that. The newsletter gives you an indication of some of our projects

so that you understand what the language centre is all about. We have also provided a general flyer. We are well supported by diverse funding bodies. At the moment I am managing 30 different grants. You can see that we tend to do a fair amount of applying for funds, because we are a needed resource. Wangka Maya is a strong place. It helps people to remain strong. Language goes hand in hand with culture and the land. Without language and culture, people are not strong and they do not remain strong. That is why we enjoy so much support from Aboriginal people. What we do is truly valued by the people of the region.

That was an introduction to say that we believe that we are one of the leading Aboriginal organisations, probably in Australia—I am cheeky enough to say that—but certainly in the state and amongst language centres. We were recognised by ATSI in Canberra, when they did a study on Wangka Maya which was completed last year, as a successful Aboriginal corporation. I am sure we can get you a copy of that document. There are good organisations out there and it is great that government is supporting them. We would like to continue to see that happen because what we offer is really valuable and allows people to be Aboriginal and live their life in their culture. Bruce told you his English is not real flash. Guess what—he does not really care because he is a culture and law man, and that is what is important in his life. There are a lot of people out there like that, and they want to live like that for a long time. Wangka Maya tries to justify that lifestyle for them. Slowly I think mainstream Australia is seeing the value of some of those ways of life. I could go all day, but I will not.

CHAIR—Thank you. If there is anything else you want to send to us, please do. Volume 8, issue 2 of the newsletter of October 2004, which you have provided to us, says that good news was received in September, with news that the Regional Solutions application to the federal government was successful, adding approximately \$450,000 to the project budget. My colleague is drawing my attention to another newsletter, volume 9, issue 1. I understand this funding is to go towards the cost of a building for a language, history and culture centre. Could you quickly outline, because this will go on to the *Hansard*, what the project is and how you came to apply for funding under Regional Partnerships—was that the program?

Ms Haintz—Yes. The project is the next stage of Wangka Maya's development as an organisation. We have leased office spaces all over town. Although we are a Pilbara regional organisation, we need to base ourselves somewhere, and that has always been Hedland. The organisation has rented small offices, which are growing into bigger offices. We are currently in South Hedland in Lotteries House, which we are quickly taking over. We are leasing half the space. It made sense to review our accommodation. We had a strategic plan put in place three years ago, which had short-term and long-term plans in it. The short-term plan was to lease more office space. In the long term it made sense that we would need our own space if we were truly going to reach the goals of the organisation, increase employment opportunities for people and so on. We have really grown as an organisation. The need for our services continues. The recognition of this, as I said before, has increased, so funding is coming to us. But we are running out of space to do what we really want to do. Part of the strategic plan was to identify appropriate dollars that would perhaps fund us in our quest for a building. We accessed dollars previously, I think from Regional Solutions.

CHAIR—This inquiry is focused on two specific programs. One is the Regional Partnerships program and the other one is the Sustainable Regions Program. I think what you are talking about is the Regional Partnerships program.

Senator STEPHENS—That program grew out of Regional Solutions.

CHAIR—That is right; it grew out of an earlier program called Regional Solutions.

Ms Haintz—We were aware of that program, which we thought had changed names. We had accessed funding before for a program for language worker training, which we did throughout the communities in the Pilbara. That was a great success. The ACC knew us already, which is always a good start when you are trying to get money, so we applied and went through the process, knowing it would initially be through the ACC. We went through the expression of interest process after talking with Cameron and Graham, because we knew them anyway.

CHAIR—Graham Purdy?

Ms Haintz—Yes. So we did have a bit of knowledge about the process.

CHAIR—Are we talking about Regional Partnerships here?

Ms Haintz—Yes.

CHAIR—How much in total did you apply for?

Ms Haintz—I am pretty sure we asked for what we received—\$450,000.

CHAIR—Do you recall when you applied for the money and how long it took? How efficient was the process in getting through to the grant stage?

Ms Haintz—I think that the expression of interest went in May 2004 and that we knew by the end of September or October that we were successful. I think that was a reasonably swift process considering I got one back yesterday which took 12 months and was for funding for the last financial year. I will not tell you who that was.

CHAIR—Senator Barnett has some questions.

Senator BARNETT—Thank you for coming today and presenting what seems to be a success story for your local area. In the submission we have received from the Pilbara Area Consultative Committee, I note that in the concluding comments regarding the funding of your Wangka Maya Indigenous language centre it says:

This outcome has only been possible because of the tenacity of community champions, like Fran Haintz, and a unique funding programme like Regional Partnerships.

That is a great little commendation at the end of that submission.

Ms Haintz—Thank you very much.

Senator BARNETT—Well done. To clarify—because this is their submission and I would like to hear it in your words—there are 35-odd languages in the Pilbara region.

Ms Haintz—That is right. Not all of those are alive today. We have information on all of those languages, and that information may be used in the future to regenerate them. We prioritise other languages that are struggling for speakers, but there are a number of strong languages as well that are spoken very widely each day in all communities, and in towns like South Hedland you will hear language being spoken. So we work in a diverse way. We are trying to keep strong languages going and promote usage generally and in schools, which is not always an easy task. Then there are the ones that are struggling. For instance, we had a language that we finished research on last year, known as Putjarra, where there were four speakers left, which is just internationally unbelievable. The language was made more famous by the lady who the *Rabbit-Proof Fence* story was about. She was also a Putjarra speaker. The diversity of our work is quite amazing.

Senator BARNETT—You have the dual purpose of preserving for heritage purposes the history of the endangered languages or the ones that have disappeared and keeping some record of them and also trying to preserve, strengthen and encourage those that are currently in use. Is that correct?

Ms Haintz—That is right—making language stronger for people.

Mr Thomas—Yes.

Senator BARNETT—They say that your centre has outgrown its current office accommodation and that you now need to establish a purpose built language centre. Is that pretty much what the funding will be used for?

Ms Haintz—That is pretty much it. We are bursting at the seams in our office space, but the other thing to recognise is that by us having our own space we will actually value add amazingly, I believe. I mentioned that dirty word ‘tourism’ before, but there are opportunities for us to broaden out to mainstream as well to educate people—we run a comprehensive cultural awareness program now. We will be a more public place for people to come in and find more information. It is a bit hard when you are in rented premises; you cannot really put up signage and things like that. But we would like to think that we could provide that information about Aboriginal people and cultures to visitors coming through our region so that they can learn not to put their foot in it and that sort of thing.

Senator BARNETT—To clarify the break-up of the total project cost of \$1.5 million, you have \$495,000 through Regional Partnerships. Can you identify where the other funding has come from.

Ms Haintz—Late last year we got word that we would receive \$400,000 from what is known as the Pilbara fund, through the Pilbara Development Commission. We have now contributed ourselves and are up to \$400,000. Wangka Maya has managed to generate \$400,000. We are also lucky enough to have had—

Senator BARNETT—When this submission went in that was only \$300,000, so it has increased to \$400,000. Is that cash and in kind?

Ms Haintz—It is a combination, yes. We had a lot of support in the early days from ATSIC, and that support is continuing through DCITA. Their contribution has now gone up to just under \$300,000. We are just in the throes of negotiating with BHP Billiton and I believe that they will fill the gaps.

Senator BARNETT—And what about the town of Port Hedland?

Ms Haintz—The town of Port Hedland is very supportive of the project. It is not in a position to put dollars towards it, but it will be supportive of rate reduction, which will be a considerable amount of money in the long term.

Senator BARNETT—Can you tell us where we are up to with the construction and when it is likely to conclude?

Ms Haintz—That would be great to know. I suppose you have heard about the regional issues with contractors and builders and accessing those sorts of things.

Senator BARNETT—Or lack of them.

Ms Haintz—Yes. We have been told by a fairly prominent builder in town that they could not possibly look at the project until June next year. However, we are forging ahead and going to tender, I think this week. If somebody else wants to build it, we will let them because we just cannot wait. Building costs went up 25 per cent last year, so we cannot muck around. The other issue that has held us up a bit because it has been a bit slow is the bureaucratic process of getting a piece of paper to the native title service so that we can actually have the discussion about the land use. It was a nine-month process for native title to even step into the scene, so to us it is a very long and silly process holding up a lot of things. As of 9 September, we move ahead on that process as well.

Senator BARNETT—Just going back to Regional Partnerships, have you received any of the \$495,000 funding and, if so, how much?

Ms Haintz—Without the GST we have received \$225,000.

Senator BARNETT—When do you expect the remainder to be acquitted?

Ms Haintz—We have had to renegotiate the milestones, obviously, due to our delays. I am not going to be requesting the dollars until I have spent the first lot, which will realistically be six months down the track.

Senator BARNETT—There have been delays, but it is your reasonable expectation that you will still meet the terms and conditions of the contract that you have with the department. Is that correct?

Ms Haintz—Absolutely, other than the time frame.

Senator BARNETT—Is it your assessment that the department is meeting its obligations under the contract?

Ms Haintz—Yes.

Senator BARNETT—So the only issue is the delay, and that is primarily due to demand and supply in the market.

Ms Haintz—Pilbara issues.

Senator BARNETT—Do you think the Regional Partnerships process and assessment criteria were rigorous, thorough and fair?

Ms Haintz—From our point of view the process was good. We were expected to come up with some decent documents, which only helped us—that being a business plan and knowing how much we were going to spend and so on—so I think that is good. There is no point going down the track without knowing what you are up to. That is a good thing; it made us get the business plan in place and so on. That is just sensible, I suppose. It is good business.

Senator BARNETT—Did you receive support from the Pilbara ACC during the process? Were they involved and helpful?

Ms Haintz—Yes. We mainly just had discussions over the telephone. I must say that I think their online application process was a disaster—poor Cameron got a few abusive phone calls from me, I am pretty sure—but other than that it was quite supportive. They always helped us along if we needed a hand.

Senator BARNETT—What do we need to do to fix the application online? What is your recommendation there?

Ms Haintz—It was not user friendly. You could not ‘save as’. I think you could cut and paste. I am fairly handy on a computer but I was swearing at it.

Senator BARNETT—That is well noted.

Ms Haintz—I do not know if it is still the same. I wrote on it a year ago.

Senator BARNETT—Did you receive any support from your local federal member of parliament, Barry Haase?

Ms Haintz—I talked to Barry. I have spoken to him a couple of times over the years about what Wangka Maya is about and what it is trying to do. We got a letter of support for the project.

Senator BARNETT—During this inquiry there have been allegations of political interference and things like that during the process. Do you think there was any in your case?

Ms Haintz—I do not think so; not that I could see.

Senator BARNETT—That is helpful.

Senator MURRAY—The Indigenous community started this project up in 1987. Is that right?

Ms Haintz—That is right. They did.

Senator MURRAY—Were you involved at that time?

Ms Haintz—No. I started in 2000.

Senator MURRAY—So Mr Thomas and a number of others were involved?

Ms Haintz—Yes. Those people are still involved today.

Senator MURRAY—It strikes me that it is very much a community organisation. It has people, local government and local business involved and has some government contributions. That leads to a little bit of uncertainty in terms of future funding. I know what my opinion is, but I want yours. Do you think it is best that these sorts of things are in fact community based and not government owned and managed and so on?

Ms Haintz—I will see if Bruce wants to answer. Do you think the language centre belongs with government or with the community?

Mr Thomas—With the community.

Senator MURRAY—That is my feeling as well—despite the uncertainty of funding.

Ms Haintz—With regard to the uncertainty of funding, over the years Wangka Maya as a committee and an organisation would have quite happily told funding bodies to go away, because they had a goal for how they wanted things to be and they are still very strong on that today. That is why we are still here and as strong as we are: because Wangka Maya is based on something that is real and that people believe in. That is still the case today. It is stronger today and has more support. But without people wanting something, it does not really happen. Bruce believes that and he, as chair, represents the committee. They all believe that.

Senator MURRAY—Looking at your programs, I see that you are very much locked into both community and government areas of interest. For instance, you have the stolen generation forums; a feasibility study into a genealogical program, which is linked to country and people and origin; and the Link Up program to reunite members of the stolen generation. Those are a few I have picked out. I seem to recall that when the stolen generation report came out the federal government committed \$69 million to various programs around the country. An area of great interest was genealogical tracing: the tracing of identity and origin—where these people came from and how they could reconnect with their families. Has Wangka Maya been able to lock any of that money into its programs?

Ms Haintz—Out of \$69 million, I believe \$9 million went to endangered languages programs. Wangka Maya accessed that over that initial three-year period. Then we accessed dollars for the Link Up program. We tried many a time to get the genealogy money but we were never successful. There was always some sort of blur about whether that belonged with native title and so on. As an organisation that is non-political, we keep away when native title comes up because

that is too much politics for Wangka Maya. We are there to do a job, and that is about language and culture.

Senator MURRAY—As you know, language, culture, identity and where you are from are all tied in together. So for the stolen generation, reconnecting people to their past is critical. I am a little surprised at your answer. Do you get a lot of calls from members of the stolen generation from down south, for instance, trying to trace family or trying to find out how to find their way back to where they originally came from?

Ms Haintz—Yes. We still run the Link Up program, which helps people reunite with family. We get a lot of calls from other states rather than from down south. A lot of the research has been done up here for families who were taken away and who went south. A lot of families have done that work themselves and come back to the country.

Senator MURRAY—Tell me how that is done. Do you have genealogical and language maps—place and family name links? Is there a computer or are there a series of people with filing cabinets? How does it actually work?

Mr Thomas—In our map we have family travelling all year.

Ms Haintz—That is right.

Mr Thomas—The land, culture and language are important. Language is just an umbrella. We know our map; we know our culture. That knowledge has been passed on from the beginning—we all have it. That is why it is really important to us. We all have it inside, but we have to put something on paper for the young people to carry on. The language and culture have to be written down before they are gone.

Senator MURRAY—You have the memory in the older generation, but how is the Link Up program formally established? When an inquiry comes through, is it logged? Do you have a person allocated to deal with it? What happens?

Ms Haintz—The process is like casework. For example, a person may ring up and say, ‘I believe my family is from so-and-so country and I want you to find them.’ That is how we start. We need evidence before we suddenly bring someone from Melbourne over to desert country, because it could be disastrous if you did it wrong. The main resource in WA is the Family Information and Records Bureau, or FIR, which is part of the Department for Community Development. We go to them because they have become the central body for the collection of files, whether they are from missions, hospitals or the good old days of Aboriginal protectorates. They are a great resource. People fill out a form, they send it down, we send it to Perth and within six weeks usually a thick file comes back.

They are the most horrendous files you will ever read in your life, with government officials making comments about individual people, their cleanliness and their way of life, and so on. Family have to read and go through that. That is the initial process. That may lead us to some information that might help us in some cases to find someone’s mother, grandmother, country and so on. That gives you a lead. Then, with people in the region, we use the knowledge of people like Bruce. They will know those stories because they are passed on—whose people were

taken away, what happened and so on. Wangka Maya's expertise is the knowledge of who knows what. We also have the knowledge of the language, the culture and who belongs where. Then we use our knowledge to access those people who might be able to help. Those people cannot provide a written document with a stamp on it saying that that is your birthright, but what they know is good enough because it is the truth. We will follow that lead. That is the process.

Senator MURRAY—The reason I am asking you these questions is that a number of the recipients of Regional Partnerships money have, by and large, mostly a commercial outcome. Sometimes they provide a community facility—it might just be a training centre or something. But here, it seems to me, is a community based body which is providing a service for a number of government objectives, if not programs: language, culture, identity and so on. Therefore, the building that you are undertaking will enable you to do that better. But the next question, of course, is whether in the new building you will be properly and sufficiently resourced and staffed to do the job that needs to be done.

Ms Haintz—That is a good question. We believe that we have covered a lot of the bases in our plan. Because of cost savings and so on, certainly initially, existing funding rates now will be fine for providing the service at the level we are now. We believe that upon going into the building we will have the opportunity to broaden our staffing. We have our own CDEP program as well, so we can actually do a lot more training with more space for language workers. That is existing funding we have with which we can broaden the opportunities for individuals. Part of the plan is that down the track Wangka Maya will generate more and become a little bit more self-sufficient.

Senator MURRAY—Because of tourism income?

Ms Haintz—We are actually a very academic organisation. We employ highly skilled linguists and highly skilled language workers.

Senator MURRAY—Do you connect to the campuses of any of the universities?

Ms Haintz—We have relationships with a lot of universities all over Australia.

Senator MURRAY—Are they formal relationships, whereby they give you research grants and so on?

Ms Haintz—We get grants from AIATSIS. It is an interesting issue with learning institutions because of copyright. We have to be very careful what sort of relationships we enter into, because the bottom line is that anything we record or any work we do belongs to the Aboriginal people. That is our copyright and that is how we deal with it. The intellectual property belongs to them. But if you do a thesis for one of the universities that is their property. So Wangka Maya has been very wary about going into those relationships. We are talking to them now about coming to them on our terms, not on their terms, because they will not work for us. I think that will happen, as they may realise that Aboriginal people do not want to give away their information because for too many years it has been taken and used—the barriers are up now, and they will not be getting it.

Senator MURRAY—I am not familiar enough with it, but are there other organisations like Wangka Maya elsewhere in Australia that you know of?

Ms Haintz—Yes, but sadly they are diminishing. A number of them have been defunded in the past few years. But there are regional language centres representing areas like the Kimberley. There is a Kimberley language and resource centre based in Halls Creek, and they have an annexe in Fitzroy Crossing. There is one in Kununurra, which is in the northern Kimberley area. There is the Katherine language centre. There is one language centre for New South Wales.

Senator MURRAY—Do people come to you to study how you operate, how you are managed and how you are set up in order to replicate that elsewhere?

Ms Haintz—Since the research study done by AIATSIS we have had a lot of requests for information about how Wangka Maya runs and what we do and so on. Our committee is very supportive in terms of helping out other organisations. If they want our strategic plan we just give it to them. It is the same if they want a copy of our constitution or policies and procedures. We do not lock those up—they are open documents and we email them around so that people can go for it.

Senator MURRAY—It seems to be your nature, but you sound optimistic about the future in terms of your objectives and finances and your new building and so on. Is that a general optimism throughout the community as a result of this sort of work and activity?

Ms Haintz—When it comes to language and culture people are optimistic that it is the most important thing, aren't they, Bruce?

Mr Thomas—Yes.

Senator MURRAY—It is picking up?

Ms Haintz—I think it could always be better. We all have our frustrations, but we have a lot of support at a community level. We also have a lot of support from government, non-government and other organisations that do recognise Wangka Maya as a strong and very valuable organisation, and that is getting stronger—it is not diminishing. So we do have cause to be optimistic.

Senator MURRAY—Thank you.

Senator STEPHENS—I have some quick questions. Bruce, I understand that the management committee of Wangka Maya has got some older and some younger Aboriginal people on it. Could you tell us a little bit about the younger people who are participating, what they are learning and what they are doing.

Mr Thomas—Some young people are interested in recording and writing some stories. But we like to try to lift up the young people in accord with us. It is really important. We want to teach our young people knowledge. Language is really important. We need to pass it on and keep it strong. We like the young fellas to come with us, walk with us, work with us, and then we can pass on that knowledge so that the young people can carry it on.

Senator STEPHENS—Are they participating in making decisions? Are they happy to be involved in that way?

Mr Thomas—Yes. One young fella told me, ‘Oh, I like to do this. It is really important.’ I can see that in his mind it is really important to try to work and try to get things happening. One young fella said that.

Senator STEPHENS—It makes them strong if they are part of an organisation and take on some of the responsibilities and learn what that means for the future.

Mr Thomas—Yes.

Ms Haintz—Wangka Maya’s structure is a bit different to some other organisations. We have what we call the general committee, which meets a couple of times a year, and that is made up of up to 40 or 50 people sometimes—old people and people from all over the region—and they talk about big picture stuff: which way we should be heading and what is really important. We have a strong core committee that meets every month and it makes the more general day-to-day decisions. We try to bring young people through on that committee.

The core interest groups come in through our CDEP and we invite them to meetings so that they can start to learn what it is all about, how you make decisions, and what language gets worked on this year. We cannot work on every language every year. We would love to, but we do not have the resources, so that prioritising goes on. The CDEP has been good for us because it has really made some young people say, ‘Here’s an opportunity.’ We are only for language, so they are not going to be made to mow somebody’s lawn or something like that. We have changed the way people are looking at CDEP. It is good.

Senator STEPHENS—In this document, in one part of your vision statement the objective is to explore the feasibility of becoming an RTO. Is that to teach in the area of languages, or is it broader than that?

Ms Haintz—It is in two areas. One is that there is an existing course, which we are not likely to take over from the government, but it may sit better with an organisation like ours when we are established in that area. It is specifically for training Aboriginal people in Indigenous languages, so it does not actually teach them language but it teaches the linguistic side—

Mr Thomas—Really, we have to keep our language and English together. We cannot give proper language with the English we have now—we need to work together.

Ms Haintz—We have to learn both together.

Senator STEPHENS—Yes.

Ms Haintz—A lot of younger people go through that course and start to learn about how the languages are constructed and so on. One of our committee members is actually the lecturer in that course. That is something we are looking at. In other areas we get a big call from the general public to learn local languages, which we would really like to start to do, like teaching Nyangumarta, which is a strong language. People come to town and want to learn how to speak

language—and so they should, because if you are working in a service department most of your clients are Aboriginal, so they need to know some language.

Senator STEPHENS—Thank you very much. I think it is a fantastic project and a great credit to you all.

Mr Thomas—We also have interpreters.

Ms Haintz—We are still fighting to establish our interpreting service too. We have about six people with the skills, in about six different languages, but we are fighting a bit of an uphill battle to get government departments to back up their policies and put some dollars towards interpreting for Aboriginal people. There are a lot of people in jail who just nodded at the judge because they did not want to say anything, but they did not really do what the judge thought they did, so we are fairly passionate about that too.

CHAIR—Thank you very much, Ms Haintz and Mr Thomas, for coming along and telling us about the activities of the centre and the project. We wish you all the best and, hopefully, even more support from government departments. We cannot make promises.

Ms Haintz—What did you say then?

CHAIR—I am from the opposition; I cannot make promises!

Senator STEPHENS—He just nodded.

Mr Thomas—Never promise!

CHAIR—I am sure we can cover these issues in our report. Of course, the *Hansard* is available for people to follow up on. Thank you very much.

[3.50 pm]

FORD, Mr Anthony John, Chairman, Pilbara Area Consultative Committee

SIMPKINS, Mr Cameron John, Executive Officer, Pilbara Area Consultative Committee

CHAIR—Welcome. Thank you for your attendance and your patience. Firstly, you have lodged submission No. 35, which I have a copy of here. It has been published and made available on the committee's web site. We also received three volumes of material from you—namely, minutes, recommendations, covering letters and copies of applications from the ACC. We thank you for providing that material. I am sure you have heard me read all of the introductory remarks on a number of occasions, so I will not go through them again. You are well aware of the requirements and the protections available under parliamentary privilege and so on. I will now ask the committee secretary to administer an oath or affirmation.

I understand you wish to make an opening presentation which we will proceed to shortly. You have some overhead slides for us. We have been provided with copies of those. You would be conscious of the fact that this is being recorded on tape. It is not possible to record overheads, but I am sure you understand that. As the Chairman of the ACC, Mr Ford, is that an honorary position?

Mr Ford—That is correct.

CHAIR—We thank you, particularly, for giving up valuable time to come along. Mr Simpkins, you are the executive officer—is that the correct title?

Mr Simpkins—That is correct.

CHAIR—Are there any alterations to your original submission that you provided to us? If you would like to proceed to your opening statement and your presentation we will go to questions.

Mr Ford—Thank you. I will make some initial comments and then hand over to Cameron to go through the presentation formally. By way of background, I have been Chairman of the Pilbara ACC since January this year, having been appointed by the Deputy Prime Minister for a period of two years. As to my personal background, I am a civil engineer. I have master's degrees in environmental science and business administration. Up until January this year I was the CEO of the Town of Port Hedland for the previous six years. Before that I was the CEO of a metropolitan Perth local government. Prior to that I spent four years in private practice as a civil engineer, and 17 years before that I was in the Water Corporation and its predecessor, a Western Australian state government instrumentality.

I think you have seen from the presentations today that the Pilbara region is demographically very diverse, and the board of the Pilbara ACC reflects that diversity. The projects that we consider and, hopefully, are able to get funded are also very diverse. The Pilbara economy is heavily reliant on its resources development industry, principally iron ore and gas. Certainly, as a

matter of philosophy, the Pilbara ACC tries to recognise and encourage a greater level of diversity in economic activity. We as a committee have been proactive in facilitating, in the main, relatively small proponents. We have limited funding access or capacity in a range of sectors: community, private and public. The focus has generally been on improving outcomes for local communities, and that includes outcomes for improved employment, better amenities and general wealth generation.

The Pilbara ACC board assesses each application that it receives against the Regional Partnerships criteria. We have a simple but effective voting system amongst the board members. It is a red, yellow and green spreadsheet type of arrangement. We generally, because of the distances involved, have representation from across the Pilbara and across all sectors: major resource industries, community groups, government organisations and Indigenous people. Many of the queries that we have from board members on particular proponents' projects we deal with via email or telephone. Electronic communications are used simply because of the distances involved. We meet bimonthly in person. We also have an executive that meets monthly, in the main by teleconference.

The performance of the Pilbara ACC over the past year, when compared with other ACCs around Australia, has been above average. That is in terms of the ratio of operational funding—we are in the range of \$4 to \$6 per dollar of funding and are having a success rate of applications progressing to approved funding of between 80 and 90 per cent. I think that reflects the rigorous assessment process that we follow as an ACC. We received, over the past 12 months, about 50 applications or expressions of interest. Of those, 14 were recommended by the ACC to the Department of Transport and Regional Services for approval. Of those 14 applications, 12 were approved.

In summary, the strength of the Pilbara ACC board, in my view, is its diversity. All board members are personally dedicated to facilitating the economic and social development of Pilbara communities.

A PowerPoint presentation was then given—

Mr Simpkins—I will give a quick rundown via a PowerPoint presentation, as a picture is worth a thousand words in terms of where the ACC is. This first slide gives a snapshot of the Pilbara showing that there are four main things to take away in terms of what the Pilbara is. The first is the geography. The Pilbara is one-sixth of the continental landmass. It is a primarily a series of deserts bordered by the Indian Ocean and the Northern Territory. Financially, 24 per cent of national export income comes from the region through the export industries: mostly iron ore, gas, gold, copper, tantalite et cetera. Environmentally, it is recognised as one of the last great wilderness regions on the planet, with only 0.8 per cent developed. As to our demographics, we only have 40,000 people in the region. More than half live in the towns of Port and South Hedland and Karratha, which is down the road. Eighteen per cent of our population is Indigenous.

The next slide shows a map of the Pilbara. In terms of distance, from Karratha—if you look on the map it is on the upper left hand side—to the border is three days drive. That is not easy driving; it is mostly on dirt. That is three days of hard driving and that is only in the dry season. In the wet season it is a different story—you just do not move. We only have two bitumen roads.

One is the North West Coastal Highway and the other is the North West Highway. Both come from Perth. One obviously follows the coast and the other one comes up through Newman. Apart from the towns, it is all dirt.

The next slide uses the Pareto principle—the old 80-20 rule. In it I compared the Pilbara to Victoria in terms of square kilometres, population, percentage of national exports and the number of ACCs in the region. The map on the left is a one to one ratio of Victoria versus Western Australia and the map on the right is to give you an indication that I was not lying. Our area is 2.25 times the size of Victoria, we have 1/10,000th of the population base, and we have 1.48 times the national exports and 0.7 of the ACCs in Victoria. If you use that same principle, there should be 26 ACCs in the Pilbara alone. As an indication of the distances, last year I drove about 60,000 kilometres just to get around. It is four-wheel drive and hard going. Those are 2003 statistics.

Rio Tinto recently raised their iron ore prices by 71 per cent, which affected GDP by two per cent—as an increase. As a direct comparison of how modestly we are funded and operate, the Pilbara Development Commission are a Western Australian state government agency with 15 staff; we are an Australian federal government NGO with three staff. We have one office in Karratha and a budget of \$309,000. They have three offices, based here in Hedland, a second office in Karratha and a third office in Newman and their budget is \$1.54 million. That indicates that we are well and truly punching above our weight in return for each dollar of Australian government funding.

What do we look for? Those nine points are on the flipside of the A4 map that Senator Barnett is looking at at the moment. They are taken straight out of the strategic plan and are standard stuff: promote the roles and services that impact the business and government community; improving local community facility; form ongoing alliances; foster and develop economic diversity; effectively promote Australian government funded industries in the region; add value to existing economic activity; identify support and endorse projects seeking assistance that best reflect our vision; increase local and/or Indigenous employment opportunity; and, try to provide or increase tourism infrastructure and servicing. You have seen a couple of those projects already today.

Meeting the needs in terms of Australian government programs: we are, in a lot of cases, the only footprint that the Australian government has in this region. We will work as a footprint for many agencies. We will get phone calls from agencies asking, ‘Can you please do this for us because there is no-one else in the region?’ My staff and I happily undertake those tasks. We will work for AusIndustry, Austrade, DIMIA, DEST, FaCS et cetera. We get some really absurd phone calls: ‘Can you just pop out to Newman and deliver these pamphlets for us?’ Newman is a six-hour drive away. Canberra does not have an idea of the distances. As programs and initiatives are created, we disseminate information to relevant agencies and organisations within the region.

We represent the region back to Canberra. We try very hard to present stuff to government to say, ‘This is where we are hurting; this is what we need; this is how it works.’ I will give some quick examples. We will act as a lobbyist for the region. Examples include the Newman airport where earlier this year we made a representation to the Deputy Prime Minister saying that we recognise RP does not fund airports. They are receiving up to three RPT a day—the 648 or 146s

and they are going to the 717 jets. The fly-in fly-out, as Senator Murray would know, is a significant issue. Newman is a major airport, the only one in that desert region which services the entire eastern Pilbara. We have RFDS support and if the airport closes that is an enormous hurt.

The patrol boat base made a representation. Recently we were asked, 'Where is the best place to put a patrol boat base, Port Hedland or Dampier?' I made a representation to the Minister for Justice and Customs, to members of Defence and to ministers' advisers suggesting Dampier. They have taken up that submission and it was announced last week.

We talk about the dialysis needs of Indigenous people. As Bruce Thomas said, our people are dying. The nearest dialysis units for our desert people are in Kalgoorlie, Port Hedland and Perth. People are coming out of country and dying out of country. We are trying to get a dialysis unit into Newman. We know it is a state government responsibility, but we are trying to get Tony Abbott to write a letter to Jim McGinty. We know the issue is not the machine; the issue is the staff. We recognise that, but we are trying to get that on board. We lobby for tax zone changes. We cannot get people to live and work up here. We talk about offering tax benefits. Locally we are trying to do something about firebreak and land clearance laws. We also pass back information to governments, of both sides, as they ring up, about what is going on in the gas and iron ore industries.

The HECS surrender scheme is an idea that has come out of our office. Essentially we are saying that we cannot get a professional person to save ourselves. We cannot get teachers; we cannot get nurses. Nickol Bay Hospital is a classic example. In the maternity ward we have all the premmie cribs and bits and pieces for premature babies, but we have no staff to operate them. If a woman goes into labour prematurely, she has to go to Perth. The idea is that, as a person graduates from uni, they can pay their HECS back either by dollars or through public service, in the true sense of the word. The idea is that, the further bush you go, the quicker it gets paid off. We have written to the Deputy Prime Minister, to Peter Costello and to Brendan Nelson. We have a big groundswell of support across the country. I have pushed this to my ACC colleagues right across the top end of the country. This is a winner in the grassroots of the community. We are trying to get government to see that this is a good thing and it is what people in the bush are crying out for. It is a pull mechanism rather than a push mechanism to get people out of the cities.

The next slide is headed 'Meeting the Needs (Funding Programs)'. We act as the recommending authority for the following funding programs: Regional Partnerships, ATDP, the Rural Medical Infrastructure Fund and any AusIndustry funding that occurs. That is pretty much it, even though we are only paid to do it for Regional Partnerships. Other agencies ask us and we are the only people here, so we offer that service.

What have we done for the region? In the last 12 months we have delivered \$2.1 million for 12 projects in the region. The co-contribution for that was about \$10 million. Results have been jobs, day-care places, increase of tourists to the region, better infrastructure. In jobs alone, we have created about 100 real new jobs in the region. You met Carol Williams from the CSSU here today, and I think some of you are going to see her later on. That was important. I am pleased you met her. In terms of day-care places the Bulgarra Day Care Centre is a really good example.

It was going to be bulldozed before it got RP funding. One of those tranches of money saved that facility and kept kids in day care, which is something we are desperately crying out for.

I have broken up the list into what we have done for each of the four shires: Ashburton, Roebourne, East Pilbara and Town of Port Hedland. I think you have seen all this, so stop me if you want more explanation at any stage, otherwise I will just keep going. In Ashburton, there are the Gumala Lore Grounds and the North West Dive Safari, or the Dive Bus, which we spoke about this morning. There is the Savannah Camp Ground, an ecofacility similar to El Questro, Emma Gorge. Again it is an Indigenous organisation. They are the traditional owners of Karijini National Park. They have excised a bit of the land from the national park and they will operate and own this ecofacility. There will be Indigenous cleaners, Indigenous restaurant cooks, Indigenous operators and Indigenous accountants. That is the aim for it. It is a really good project.

There is the evacuation centre in Onslow. Onslow normally gets one cyclone a year. Currently the only evacuation facility is a hospital. There is more glass in the hospital than in Pilkingtons. The town is in dire need of an evac centre. The airport is a dirt strip. The road gets cut off for up to two weeks a year. When the cyclone came through last year, it was cut off. They could not fly a doctor in, they could not fly water in and they could not fly food in. There are 900 souls in Onslow. If we cannot seal the airstrip, it is a disaster waiting to happen. We are also starting up a chamber of commerce.

Senator MURRAY—How much will the Onslow airport project cost?

Mr Simpkins—\$600,000.

Mr Ford—It is \$1 million for the total project.

Mr Simpkins—Tony has done some work on that. Our contribution is a very small bit actually, the RP side of it.

Mr Ford—Is it \$80,000—

Mr Simpkins—It is something like that—about \$80,000.

Mr Ford—or \$75,000?

Mr Simpkins—Yes. It is not much. They managed to go and get the funds from other places. Earlier today we spoke about the East Pilbara town centre upgrade and the Marble Bay heritage trail walk. There is also the Jigalong RTC. Jigalong is one of the two major Aboriginal communities in the region. The Martu community is about a three-hour drive on dirt roads out past Newman. There is a facility there for those people to use. There are also the camel man coats going into South Africa. A lady who lives on a pastoral station makes Drizabone type coats. We managed through Austrade and AusIndustry to get her product into South Africa. All those rich German, British and American tourists looking at zebras and giraffes dress in appropriate safari style gear. That gear is going to be made in the Pilbara by this little lady on a pastoral station with a couple of seamstresses. She is also making stuff out of camel leather. She is the only person in the country who is doing that. Last month, she was in Milan, Italy—the

fashion house capital of the world—marketing her camel leather coats. This is a little lady on a pastoral station 100 kilometres north of Newman who is doing this. It is a fantastic story.

Senator BARNETT—Is there Regional Partnerships funding?

Mr Simpkins—We are hoping for that. We want to move her out of the station. She has to make that move. We want to move her to Newman where she can set up a facility. She has a contract with Rossi—Rossi work boots. She will employ seamstresses and all the other bits and pieces. Al Cooper is excited because there is an export industry for Newman that is not related to rocks. It is fantastic.

There is also the work on the Newman airport—the co-location to bring all the NGOs into Newman. I think Senator Murray wrote a letter of support for the application for the DADAA—Disability in the Arts, Disadvantage in the Arts, Australia—arts centre. It is also about empowering the people of the three desert communities of Punmu, Kunawarritji and Parnngurr and mentoring them in business methods and business planning whilst they are doing their artwork. We are also building up the Newman Chamber of Commerce.

We also have the Port Hedland sustainable living project. In terms of climate, Port Hedland is a terrible place to live. The local shire came up with the idea to build a best of breed, sustainable living project. It is a fantastic idea, using water capture, solar power and appropriate designs for the environment. You have heard about the Wangka Maya language centre. What Fran did not say is that she was the Port Hedland Citizen of the Year last year. She is a terrific person and it is a terrific facility. The South Hedland playgroup project involves soft fall surfaces and a little playground for outside.

Then we have the Boodarie tennis and bowling club project. The Boodarie bowls tournament is the richest bowls tournament outside of metropolitan Australia. Our single biggest tourist group are the Grey Nomads—the caravan. These people play bowls. What I did not know was that they are semiprofessional athletes sharking their way around the country doing the bowls circuits. They are putting in a synthetic mat at the South Hedland bowls club. On the surfaces they have the moment, they are already drawing people from Adelaide and Melbourne specifically to get a bit of bowls to pay for their petrol money to keep going to the next tournament. I did not know this stuff. It is incredible what these people will do. They stay, they play bowls and they spend their money in this town. It is the knock-on effect. We wanted to take you there today because it is under construction at the moment. The project will create two jobs directly in the facility and then a whole swag of knock-on jobs.

Senator BARNETT—So the RP money was \$70,000?

Mr Simpkins—Yes. When these guys first approached me, I said, ‘Go and get some money yourselves; go away.’ They turned up with \$50,000 of their own money—which they raised through chook raffles, car washes et cetera. We have all done these sorts of things. It is a terrific story. We are currently working on the YIC admin building. YIC is a youth involvement centre. It is a drop-in centre for at-risk youth in the town. Tony might talk about the stairway to the moon viewing platform.

Mr Ford—I have a vested interest because I am the immediate past president of Rotary. We have a stairway to the moon phenomenon which is similar to the one in Broome but better! At the moment we have people, mainly tourists obviously, who congregate at a particular place in the sand dunes over at Cook Point to view the stairway to the moon phenomenon. That has obvious implications for the environment and the stability of the dunes, but also there is an opportunity there to increase tourism and to attract people to come to the town and stay another night. So we are seeking funding from a potpourri of sources and the RP is one of those.

Mr Simpkins—I wanted to put the committee in the Chamber of Commerce training room today so that you could sit inside the room and see an RP project in progress and get a feel for what we are trying to achieve in our projects. There is also the South Hedland aquatics centre which is the big swimming pool over in South Hedland. The Tambrey Centre is in the Shire of Roebourne; it is a sport and recreation facility. It has a bistro area and a function room. When the current owner bought the place there were three staff in the facility, half a dozen barflies at the bar and the dogs were on the TV. It was a dreadful facility, everything was run down—tennis courts, squash courts, pool. He now has 50 staff, including three cooks, one of whom is doing cooking at the TAFE. The staff inside the bistro facility are studying hospitality. We have created a whole pathway for kids who do not want to go into iron ore or gas but who want to do hospitality. Again, it is a tribute to our contribution.

With respect to the Roebourne Youth Precinct, Roebourne is a mainly Indigenous town and has a fairly big basketball court. Basketball is the predominant game for our Indigenous kids. The Cossack Cafe is a heritage listed cafe. In terms of the Cove Caravan Park and our wider strategic plan of where tourism is going to go in the Point Samson-Cossack region, this is a part of the facility where people will stay at the Cove Caravan Park. They will come and have a coffee and there is an Indigenous art centre nearby where Indigenous people sell their art. It will bring people to them. There is also a start-up Indigenous business hiring bicycles, so people will ride around Cossack and get the tour. In terms of creation of jobs, I spoke to them last week and they went from two staff to 12. The place is just going crazy.

We have already spoken about the Cove Caravan Park and the Bulgarra Day Care Centre. You know about AquaCarotene and the Roebourne RTC, which is a transaction centre. We are currently looking at the day care centre at Millars Well. That is going to be a significant application. We will be seeking \$700,000. The application is coming; it is being built—the application, that is. There is the Wickham Day Care Centre—again, that is being built. There is the Dampier Archipelago Restoration; there are whaling stations, sheep stations and an old leprosarium out there. This is about trying to restore these things. The Ngarluma and Yindjibarndi people, who are the central Pilbara people around Chichester, are now based out at Roebourne and they want to build a cultural centre at Roebourne. Those are our RP activities.

The Red Cow is an application we have made to FACS—to run, again, as a consortium between ourselves and two other NGOs within Roebourne and the Shire of Ashburton and the Shire of Roebourne. It is funding for zero- to five-year-old children for the West Pilbara only. We would act as a lead agency there and run it as normal. ‘Cow’ stands for the Children of West Pilbara. We have called it the Red Cow because, as you have probably noticed, everything up here is red.

The issues that we have are with the time that DOTARS take to process an application. It is DOTARS bureaucracy that is tying them in knots and there is an inability to be able to go back to proponents and say, 'Your project is currently in Perth, or Canberra, or at the minister's office,' to try to give comfort to proponents who are sweating on cash. Even a yes or no answer would be helpful. It is not knowing what is going on. The organisation are tying themselves up in knots. They double and triple handle things, which is probably inappropriate.

We have some constraints on operational flexibility as an organisation. For example, with vehicle and house leases, we are only allowed to supposedly operate leases on a financial year basis. The costs up here are just ridiculous. It is just crazy. You can take a vehicle lease for two years. Housing is something that is provided by employers across the board up here. Whether it be BHP, the state government, the federal government or local government, all employers provide housing leases. We have some issues at the moment with DOTARS about that. The other thing, of course, is the modest funding of the ACC. As to our fuel bill alone, already we are paying a buck eighty-five in places. It is \$1.40 here in the towns. If I get out into the desert it will be \$2 a litre without fail. By the end of the financial year, we will be paying probably two bucks a litre in the towns. Our fuel bill is ridiculous.

Senator MURRAY—So if you go 60,000 kilometres, you are saying it will cost \$120,000?

Mr Ford—Yes.

Mr Simpkins—Well, not quite that—

Senator MURRAY—It is two bucks a litre?

Mr Ford—Yes.

Senator MURRAY—And then you have the maintenance—

Mr Ford—And we have two vehicles.

Senator MURRAY—and you have the running costs and so on?

Mr Simpkins—Yes. We have a pretty robust relationship with our regional office. We do not have a problem with individuals. It is just that the organisation put metropolitan parameters on things. They say, 'That is unrealistic.' We say, 'Hang on, come up here, drive in the desert, live up here and experience it.' Our electricity bill for a three-bedroom house is 600 bucks a month. It is just extreme. We think we are very modestly funded as an organisation. We want that recognised. Of the 12 that we have had funded, I think you could not have picked five better projects across the board. RP is a great program for our community and we think it works really well for the Pilbara. What we seek is faster processing of applications. We would like to see it turned over a lot quicker. We would also like an increase of op funding to match the needs of managing this region. Whilst we do not want the 1.54 that the PDC enjoys, we would like an increase and probably a couple of staff in different offices so that I do not have to drive 60,000 kilometres a year. That is the end of the presentation. It is over to you for questions.

Senator STEPHENS—We will get back to the Regional Partnerships program and some of the particular things that we are interested in. I am quite interested in those issues that you raised because I saw that many of those issues were in the minutes. In fact, I remembered reading that, in June last year at the ministers meeting, you raised several of these things. First of all, for the chairs conference on 23 June last year, Mr Ford, you were actually there as the acting chair, weren't you?

Mr Ford—No, I have not attended an ACC chairs conference.

Mr Simpkins—It was our treasurer.

Senator STEPHENS—Those issues were reported on. I am sure it was you. Here it is. It says: 'Cameron Simpkins and Tony Ford attended the ministers meeting on 9 June. They met with Mrs De-Anne Kelly and discussed the following issues.'

Mr Ford—That was in Perth.

Senator STEPHENS—Okay. It says, 'Timeliness of application turnaround; sitting fees for committee members'—we will come back to that one—'the question of the regional office not recommending projects after being recommended by the ACC'—we will come back to that one as well—'and the housing subsidy issue.' In terms of the ACC chairs and executive officers meetings, those issues are put on the table time and time again. We have heard from other ACCs that there are differences in how the ACCs operate. What kind of response do those issues get when you are actually in a forum of your peers?

Mr Simpkins—I will not be polite. You go right ahead.

Mr Ford—Are you referring to the specific issues that we raised?

Senator STEPHENS—I am referring to the particular issues that recognise particularly the constraints of working in a large, isolated region.

Mr Ford—Certainly, the housing issue is one that, as you pointed out, we raised with Mrs Kelly last year. Her advice—and obviously it is informal; it was simply at a meeting—was that as far as she was concerned we should include it in our budget bid if we felt it was a justifiable expense and submit it to the department. She could see no problem with it in principle. We have since done that and on the basis of continuing informal discussions with various DOTARS officers we have entered into a lease arrangement for the executive officer in Karratha. We are having a discussion at the moment with DOTARS about whether that is something DOTARS can support. We still need to resolve that.

Mr Simpkins—They have not given us money for the financial year just started. They knocked us back.

Senator STEPHENS—It was rejected.

Mr Simpkins—It was rejected; Tony is more polite than me. Having said that, we have entered into a lease in good faith because we had had discussions at quarterly meetings with

DOTARS staff present, being openly transparent. As the chair has said, he is engaged with the minister; we have had the ministerial tick. We are still now going through the hoops. I suppose for us the frustration has been that we were not given an answer—a clear formal response—until we had actually committed ourselves on the basis of informal advice.

CHAIR—You have been in attendance here today and heard the evidence from witnesses from a number of the companies and organisations that applied for and received approval and, in a number of cases, funding from the grants. I want to take you to some specific issues with a number of those, particularly the ones that I have questions about. Others may do so as well. My questions relate to North West Dive Safaris, the Newman town centre, AquaCarotene Ltd and the Cove Caravan Park. That is how I am going to proceed. Other senators may wish to take note of that and we may be able to deal with questions on each of the projects in a structured way. I am sure you have heard of the SONA guidelines—the Strategic Opportunities Notional Allocation guidelines.

Mr Simpkins—I have not seen them. SONA has been used as a throwaway line. Leslie Riggs used it last year at the EOs conference in 2004. I remember asking one of my EO colleagues about it because I was thinking, being an ex-soldier, that SONA is something you see on radar. I was wondering what she was talking about. She mentioned strategic opportunities but I have not seen guidelines. The answer from my EO colleague was, ‘Don’t worry about it; if it is important the pollies will come to us’ kind of thing. We have not seen any guidelines on it.

CHAIR—That probably saves me asking you a few other questions. Did you ever receive any formal advice or notification about these guidelines?

Mr Simpkins—No.

CHAIR—There were two versions of the guidelines. Did you know that?

Mr Simpkins—No.

CHAIR—So if I ask you whether these special guidelines influenced your assessment of any projects then I assume the answer has to be no.

Mr Simpkins—No. As I said, the only time I heard of SONA was when Leslie Riggs mentioned SONA. It was part of something and I had to ask my colleague what it was about.

CHAIR—What about you, Mr Ford?

Mr Ford—I have only heard the term. I think it was when Cameron mentioned it to me following that particular conference.

CHAIR—I detect the answer to this from your presentation, but I will ask you formally for the record: do you follow up on the outcomes of the grants and the recommendations that you have made? I take it you see that as a major part of your role as an ACC. It is not simply helping to organise the application and grant and then moving on to the next one.

Mr Simpkins—No. Credibility dictates that we have to be able to stand up and say that we have helped that organisation to get funding. We need to follow that through.

Mr Ford—It is also relevant to point out that, with 14 applications submitted over the past 12 months, it is not a big ask for us to follow up. In fact, we are vitally interested in the outcome of each one of those.

CHAIR—As you point out, it is about what you are trying to do overall for the region. That is what the ACCs were set up for many years ago, dare I say it under a previous government. They were intended to try to drive and promote the region. You said there were 50 applications that you had to consider. Was that in the last 12 months?

Mr Simpkins—I will give you an exact number: 49.

CHAIR—For 14 of those, you recommended approval.

Mr Simpkins—No, that is not quite right. We recommended approval for 13. One slipped under the radar. As a citizen of the country they were entitled to apply for funding directly. We did not recommend it at an ACC meeting. It went up. Our recommendation was, ‘Don’t fund it,’ and it did not receive funding. The stats will indicate that 14 applications have gone up, but we only recommended 13.

CHAIR—What was the one that you were just referring to?

Mr Simpkins—It was the one for Newman, for the Billabong play centre. It is a really great idea and it works in the cities. There are big balls. Mum can have a coffee while the kids play on the balls. We said, ‘In the city that’s fine,’ but, in terms of paying parents who can afford to keep this facility open as a sustainable operation, we looked at it and said, ‘Look, it’s a great idea, but it’s not going to work in Newman.’

CHAIR—Let us go firstly to North West Dive Safaris. We obtained copies of a lot of documentation from the ACC, and we appreciate your cooperation in that. Firstly, there was an email dated 24 November 2003. It is a very short email from Mr Edwards to you, Mr Simpkins.

Mr Simpkins—What was the date?

CHAIR—24 November. I have copies here if you need to look at them. It says:

Thanks for your time, this may make it look better. i have to make at least one trip per month, to pay the loan. but I can only make it with 3 people to make it profitable for me.

I will try and get a PO BOX in onslow.

Mr Richards then registered the company on 15 December, subsequent to that email. I understand that you then sent him an expression of interest form.

Mr Simpkins—A blank one, yes.

CHAIR—He filled that out, and that went to the board on 17 December 2003. Bear with me while I step through this. He was then asked for more information or requested to change the terms of his expression of interest. What were the problems with his expression of interest at that time? Let me go one step further. He stated in an email to you on 26 December—I referred to it this morning—

Mr Simpkins—This is where you thought he was spending his money on his trip.

CHAIR—Yes. He states that he has changed his plan to fit what is required to get the cash. Then he writes further in his email about how he is going on a trip and how he is going to spend the money on a boat charter, accommodation in Onslow, food, fuel for his car and booze after the dive. What was transpiring here?

Mr Simpkins—What really attracted us to this particular project was that it is a pulling mechanism for tourists. As I said, the bulk of our tourists are grey nomads. Richard has long experience as a scuba instructor. He is a Master 5 skipper and an army sergeant. He said the two things that attract backpackers to Western Australia are getting their scuba ticket and sleeping under the stars. So he would bring people from Perth, up the coast and then through to the Pilbara. Then he would handpass them to local operators who would take them to Karijini. They would then flick them through to the Kimberley operators and the backpackers would keep going.

It is not a big draw in terms of backpackers, but backpackers traditionally do not come to this region. Word of mouth will spread and eventually the idea will bring them through. What I wanted him to demonstrate was how these people and how his business would spend money in the Pilbara and so how my region, the Pilbara region, would benefit from his business coming up the coastline. I did not want him to buy petrol or booze in Perth, for example. I wanted him to buy in the Pilbara from local operators so that local businesses benefit. Whilst it is only a couple of bucks at a time, Onslow is 900 souls. The economy in Onslow is depressed and will be until BHP turn on the gas plant in 2010, or whenever they are supposed to be doing it. It is half-Indigenous. We were trying to attract businesses into Onslow, and tourism was one of those opportunities to bring people through.

CHAIR—Would it be fair to interpret this as: Mr Edwards has got this idea that he wants to develop this dive tourism venture. He is really starting from scratch. He has got to get a company set up, he has got to get a post office box and all of that, and he also needs some up-front funds to even put together a proposal, with some detail in it that will satisfy the ACC. Reading that email and the one you sent back to him on 5 January 2004—this is the one that was referred to this morning as well—you say:

I'll now need to meet and greet the locals in Onslow.

I'm flexible on the days to get there, just give me 2-3 days notice first.

The next leg for your grant is for you to complete a full blown submission form.

This is where you say:

Remember, you are trying to get money from the government for free, so take your time with the form and do it properly.

Keep your answers short and try not to use big words.

It all sounds like he was seeking funds up front to actually go on a fact-finding mission and put this proposal together. He really did not have much down on paper or enough assembled in a detailed form so as to be able to process an application. That is the impression given by these documents. Can you clarify what the story was?

Mr Simpkins—He did not need to go on a fact-finding tour; he has been a dive master and skipper in the Exmouth, Coral Bay, Onslow area for years and has been operating out of there. He knows the tourist flows and he knows what has been going on. He did not need to do a fact-finding tour at all. You are right. As you probably noticed this morning from the telephone conversation, Richard needed a lot of help. He is 26 years old; he is generation X. The wording is put in terms of ‘I am talking to a generation X individual,’ and it is—

CHAIR—That is preceding generation Y?

Mr Simpkins—That is exactly right.

CHAIR—Is that my generation: generation X?

Mr Simpkins—Yes, Senator, of course you are!

CHAIR—Thank you. I am not sure whether that is a compliment.

Mr Simpkins—I have always thought you were a hip and groovy kind of guy.

CHAIR—You are not allowed to mislead, you know that! Carry on.

Mr Simpkins—No funding was sought from us up-front for a fact-finding tour. He was seeking funding to pay for equipment, which was the trailer.

CHAIR—That is what he said this morning.

Mr Simpkins—That is right, and that is what it was about. At no stage did we offer him funds or say, ‘You’re going to get the money.’ We said, ‘You’ve got to do the work to get this application up to speed.’

CHAIR—That was what you understood him to be seeking?

Mr Simpkins—Yes.

CHAIR—Was it part of the assessment process that you would actually travel up to Onslow and meet and greet the locals?

Mr Simpkins—Yes. Because he did not have a boat, I wanted to meet the dive boat charter master—the guy that he was going to engage regarding the boat. I wanted to meet the tourism bureau and ensure that they knew Richard and knew what was going on. I wanted to meet the local players with him so that I knew that Richard knew the locals, knew what was going on and was not just snowing me. Onslow is about a 3½ hour drive from Karratha, so we needed to organise a time to get there to get together.

CHAIR—In the email that he sent to you on 26 December, he said:

I have change my plan to fit in what i think is required to get the cash as it may be said.

What changes did he need to have to make? This goes back to my earlier question about what was wrong with his expression of interest. If it had been pursued, that way would probably have led to either no application or a rejection.

Mr Simpkins—I am trying to think.

Mr Ford—While Cameron is thinking, I will make a general observation that, from the point of view of the board, we often deal with prospective proponents who are not terribly sophisticated or who perhaps do not have a history of or experience in putting together grant applications and, in some cases, do not have particular experience in writing business plans or the like. So some of them take a lot more work and massaging than others. The Ngarluma and Yindjibarndi Foundation in Roebourne that Cameron alluded to were actually going through a similar process. They actually produced a business plan at our insistence, and we were not happy with it because it did not demonstrate sustainability. So we have said, ‘You really need to demonstrate sustainability through your business plan.’ It is an ongoing process, and we find that we need to work with some proponents to a greater degree. In this case, because we could see the potential benefits, we were prepared to put some effort into it, even though the actual amount that he was seeking was quite small.

Mr Simpkins—I cannot remember. I would be guessing, but I think initially it would have been something along the lines of him seeking more money or wanting it for something else, and I would have said, ‘We don’t fund that’—

CHAIR—Would you take it on notice and come back to us if you can ascertain—

Mr Simpkins—If I can remember. I cannot remember.

CHAIR—But if you can track it back through your records, you can advise us later.

Mr Simpkins—I will trawl through them.

CHAIR—Could it be that this is a good idea, a good concept, but you are going to have to have a lot more, because you have to get this right? While you are getting money from the government for free—it is not for free; it might be a grant—it carries with it a whole lot of obligations and milestones to be met and processes that have to be involved.

Mr Simpkins—And, as you heard this morning, we understood that, and he understood that in the end. He knows that now. That is why he has not taken the money up.

CHAIR—But maybe he did not understand as much at that point in time.

Mr Simpkins—He would not have understood at that point in time. He was very green in terms of guvvie processes and how things work. I think initially he was seeking wages, and I said: ‘We don’t pay wages. You need to take that out. You need to find that from somewhere else.’

CHAIR—Moving on—and we are pressed for time—a further email that you have provided us a copy with is dated 15 January 2004. This is an email from Mr Edwards to the ACC. It has a number of Word documents and other documents attached to it, one of which is called ‘Breakdown costs for trip’.

Mr Simpkins—Would you like me to open it up?

CHAIR—We have not got a copy of that document; we only have the email. Would you be able to provide us with that? That looks like the document. Would you provide the committee with a hard copy of that, please?

Mr Simpkins—Sure.

CHAIR—We cannot quite read it on the screen. What is this trip that he is talking about?

Mr Simpkins—It is his cost per trip in terms of how he is going to manage his funds. It is a business model. I remember telling him to cut it. Initially, it was a 10-day trip and every trip had full busloads of six people and everything was sweet. That is the best case. I told him to cut that right back to the quick—to one trip a month. I asked him what his break-even point was and what the minimum point where he could not survive was. I told him to cut it right back. That is what he did. As you can see in the document, that goes from six people down to three people on a particular trip. That came to the point where he said: ‘I can do this with two people. That is my break-even point.’

CHAIR—This had been prepared by his business mentor, or that person he was referring to?

Mr Simpkins—Probably.

CHAIR—During the period of time leading up to the application, what sort of contact occurred between you and the department or the ACC and the department? Was there contact between the ACC and the department?

Mr Simpkins—For this project?

CHAIR—Yes, I am talking about this project only.

Mr Simpkins—At what point? How do you mean?

CHAIR—You are assisting Mr Edwards to get his application together. During this period of time prior to the application going in, are you also in contact with the department at all in regards to this expression of interest?

Mr Simpkins—The department gets a copy of every expression of interest. Our particular case loader gets a drop copy of every one that is sent out. I talk to the department weekly or daily.

CHAIR—What I am trying to ascertain is this: in the preparation of that application, how much reliance was placed upon advice or assistance from the department in order to get the application to what you might have seen as a stage where it was ready to be submitted to the department? Was there any?

Mr Simpkins—No.

CHAIR—Did the department have any involvement in refining the expression of interest? Did they come back to you and say, ‘This needs to be’—

Mr Simpkins—Yes. That would have been telephone calls from Graham Purdy, who was our case loader at the time. We would have some discussions. I would have rung Richard and said, ‘You need to make these changes.’ That email would have been as a result of that. It is the breakdown of it.

CHAIR—What about the contact with Barry Haase’s office? Was there some contact between Mr Haase’s office and you after the application was lodged?

Mr Simpkins—Probably. I talk to our local member. Having said that, I talk to my Labor members in state parliament as well. They get the briefings as well.

CHAIR—I am not saying that is inappropriate. I am trying to ascertain—

Mr Simpkins—It is on his patch, so he is informed that these applications are going on. The state government local members are given the same briefings—and they are Labor Party guys—so they know what is happening on their patch.

CHAIR—I am particularly interested in an email that was sent after the department rejected the application. They rejected it, didn’t they?

Mr Simpkins—The department rejected the application, yes.

CHAIR—The ACC recommended it?

Mr Simpkins—Yes.

CHAIR—And the department rejected it?

Mr Simpkins—Yes, that is right. It was the fastest turnaround in applications in the history of my ACC: it took four days.

CHAIR—From application to rejection?

Mr Simpkins—Yes.

CHAIR—What do you perceive that to tell you?

Mr Simpkins—I perceive that it did not go to Canberra and it did not go to the minister's desk.

CHAIR—I am sure we will be able to ask the department about that. Do you know that to be the case?

Mr Simpkins—I do not know that.

CHAIR—When were the ACC advised that the application was rejected?

Mr Simpkins—We got a fax of the letter from Graham Purdy saying it was not accepted, which would have come through on the Friday afternoon.

CHAIR—On 17 May, Mr Tim Bateman, who was in the office of Barry Haase MP—

Mr Simpkins—I understand 'Haase' is Dutch for 'rabbit'.

CHAIR—They might have pulled one out of a hat here; I do not know. Mr Tim Bateman writes to you in an email:

I'm afraid the North West Dive Safaris application didn't get a guernsey. We got written advice today, which I'll fax to you now.

So you may have actually heard about it by fax from the member's office, not from the department.

Mr Simpkins—No, I heard it from the department first.

CHAIR—He says:

this very frustrating, and the Parl Sec's response doesn't help things.

has Mr Edwards actually asked for a reassessment? do you think it's too late to put him onto the ATDP?

That is the Australian Tourism Development Program.

Mr Simpkins—The letter talks about going to the Regional Tourism Program, and that was a defunct program. I had followed that through and found that the ATDP had replaced it. It actually was not in place at that time; it was coming in, so there was a gap between the tourism programs. This project met the guidelines of Regional Partnerships, and this program covered it.

We went back to Richard and I know that we followed that through in trying to find a tourism program that would fit it, but there was not one available at that time.

CHAIR—You said a moment ago that it was the quickest turnaround, but the application was originally lodged on 10 March, wasn't it? The department received the application on 2 March, the rejection was on 10 March.

Mr Simpkins—Okay, eight days. There might have been a weekend in there somewhere, but I was stunned at the speed.

CHAIR—When did you find out that it had been rejected?

Mr Simpkins—As my memory serves me, we received a fax the same day as the date of the letter from the department.

CHAIR—We come to May, and that is when Mr Haase's office is writing to you.

Mr Simpkins—I think that is because we took that on board and tried to pursue some sort of tourism initiative to get Mr Edwards some funding.

CHAIR—The application was subsequently approved. It was rejected by the department on advice from the parliamentary secretary, the local member's office contacted you and then, subsequently, it was approved. Can you explain how that occurred, and the involvement of the ACC in that process?

Mr Simpkins—Certainly. I know that when Mrs Kelly came across on 9 June she sat at the table and said: 'I see all applications. They all cross my desk. I see them all,' or words to that effect. We sat there, and I put my hand up and said, 'I beg to differ, but this one got turned around in four days or no time at all and I don't think you saw it.' She asked: 'What are you talking about?' I gave her a quick run-down on the project. She said, 'I don't know anything about that one,' and turned to her adviser and asked: 'Are you getting this down?' They said, 'Yes,' and she said, 'We'll get back to you.' The next thing I knew, it had been approved.

CHAIR—Was there no involvement from the ACC in a reassessment or in assisting Mr Edwards to process a reassessment of his application or to resubmit?

Mr Simpkins—No.

Senator BARNETT—Can you clarify the possible difference in the application moneys—that is, the \$12,924 in the other application? Would the other funds provided be the GST? Can you confirm that that would be the difference?

Mr Simpkins—Yes, that is what I would say.

Senator BARNETT—Can you clarify for the record the difference that you saw from the first application to the second application? From your memory, was there any difference? I am not talking about the EOI, the expression of interest. There was an application that you said was refused and then there was another application that was subsequently approved.

Mr Simpkins—There was a series of iterations and drafts, as there always is, but there was only one application submitted, to my knowledge.

Senator BARNETT—You said it was rejected.

Mr Simpkins—To my knowledge, it was rejected by the department in the first instance, yes.

Senator BARNETT—Can you recall how long after that it was approved? Was it weeks, months?

Mr Simpkins—We met with the minister on 9 June, and it was—

Mr Ford—It was subsequent to 9 June.

Senator BARNETT—Was it days, weeks?

Mr Simpkins—I think it was in about August.

CHAIR—There is a letter in the materials from John Cobb, who is now the parliamentary secretary. It is undated, but we understand that it was sent around 17 August.

Mr Simpkins—August sounds about right.

Senator BARNETT—So we are talking about at least a few months?

Mr Simpkins—Yes.

Senator BARNETT—Did you have involvement in that interim period?

Mr Simpkins—No. I was of the understanding that it had been knocked back. When Mrs Kelly said, ‘I see all applications,’ and we said, ‘We beg to differ,’ that was the last I heard of it. Then it was funded.

Senator BARNETT—Yes, but some two or three months later.

Mr Simpkins—Yes.

Senator BARNETT—But do you understand that you do not have to see these applications; they do go through DOTARS or the department and then to the minister?

Mr Simpkins—That is right.

Senator BARNETT—Are you aware that that is not a requirement?

Mr Simpkins—Yes. There may well have been a second application, but I did not see it.

Senator BARNETT—You are not aware of any breach of due processes?

Mr Simpkins—No.

CHAIR—I clarify for the record that the letter in the material is dated 17 August 2004. It was sent to Ms Gloria Jacob, Chair of the Pilbara ACC, and signed by De-Anne Kelly.

Mr Simpkins—Yes.

CHAIR—The one I referred to is subsequent to that and in relation to the AquaCarotene project.

Mr Simpkins—Yes. I thought Mrs Kelly had signed it.

CHAIR—My apologies.

Senator BARNETT—Have you seen the contract between DOTARS and Richard Edwards's dive safari?

Mr Simpkins—No. We do not see the contracts.

Senator BARNETT—So you cannot comment on whether the terms and conditions of the contract have been met?

Mr Simpkins—No. We do not see it. DOTARS do that.

Senator BARNETT—Are you aware that he has not proceeded with that contract and the process?

Mr Simpkins—Yes, we are certainly aware. It is a great business, and we would love to see it get up.

Senator BARNETT—To clarify a point that was made earlier in terms of the Regional Partnerships: you are aware, obviously, that it is an Australian government funded program, not state government, and that Barry Haase is the federal member, a member of the Australian government?

Mr Simpkins—That is right—and I understand he is in Kalgoorlie.

Senator BARNETT—Yes, he is based in Kalgoorlie, but he travels extensively and is a very hardworking member.

Mr Simpkins—Absolutely.

Senator BARNETT—He gets around his electorate; he is a busy man.

Mr Simpkins—Yes, he is.

Senator BARNETT—The point I am making is that it is not abnormal for a government member to be involved in government programs and promulgating, supporting and encouraging their constituents to take them up and be involved with them.

Mr Simpkins—Absolutely not. That is why we voted for our local members, and I would hope that you would be doing that for your constituents as well—that you would be fighting for your particular people.

Senator BARNETT—So it would not be unusual for Barry Haase to, for example, have contact with you as the Pilbara ACC—

Mr Simpkins—No.

Senator BARNETT—and with you being the recipient of the grants.

Mr Simpkins—As you know, Barry has, I think, four ACCs in his electorate. Most other ACCs have a number of members in their boundaries. Mr Haase has four of us in his.

Senator BARNETT—Sure. You can understand that he is doing his job by contacting those who have been successful or not successful and telling them whatever in order to fulfil his responsibilities.

Mr Simpkins—I hope so, yes.

Senator MURRAY—There are two aspects to this. One is that Mr Ford is exactly right in remarking that many people who have the essential skills or abilities to carry through a needed business activity do not have the formal business skills to go with that ability. Good mechanics do not necessarily know much about running garages and so on. It made me wonder—and I want to put it to you as a question—that where a person is smart enough to compensate for that lack of ability by having a business mentor or a good accountant, as in the case of the Cove matter and so on, whether that backup to compensate for an essential administrative or managerial organisational ability should be part of the criteria. It would seem to me that, with this young man, one of the worst things that could happen would be that he got this project up and going and then his business mentor fell off. I think it is an essential part of his viability. Do you think the committee should be saying to the department that that area of the criteria should be reinforced?

Mr Simpkins—Yes, certainly. In fact that is a really good point. I know his business mentor and I know that the chair knows his business mentor quite well. One of the things we did was to get that particular fellow into the DOTARS office. Graham Purdy met him, and they sat down and had a long talk so that Graham Purdy was satisfied. The business mentor also provided \$25,000.

Senator MURRAY—But that is at start-up. I am talking about continuity.

Mr Simpkins—Absolutely. In this instance, I think it is very safe. I do not think they will separate.

Senator MURRAY—But it is a worthwhile point.

Mr Simpkins—Absolutely. I think it is a good point.

Senator MURRAY—The second issue is the issue of ‘dollars generated’—I think that is the phrase you use. If my memory serves me correctly, the evidence from this young man—and he did not mention the \$25,000 from the mentor, which is interesting to know—was that he was putting in \$60,000 and the grant was forty-something thousand dollars. So it is almost a one-to-one—

Mr Simpkins—No. The grant was less than \$13,000 plus GST.

Senator MURRAY—But he was applying for \$40,000 in total.

Mr Simpkins—Yes; sorry.

Senator MURRAY—So it would have been a one-to-one relationship. The question is whether there needs to be a cut-off. It is a partnership program. It would seem to me that for the government to be a 50 per cent partner in these things is a bit high.

Mr Simpkins—Yes. That is a really good question. This was one of the first private enterprise projects that were put in to the department when Regional Partnerships started up. At that stage we were working on a 50-50 split, which was as per the guidelines. It is a stated but unwritten guideline that if it is private enterprise it is a minimum of a 70-30 split and if we can get it down—

Senator MURRAY—Perhaps it should be written.

Mr Simpkins—Yes.

Senator MURRAY—You obviously have a business understanding by virtue of the work you do, if nothing else. You would be aware of the principle of gearing.

Mr Simpkins—Yes.

Senator MURRAY—What gearing essentially says is that around 40 per cent non-equity risk—in other words, loan risk—and 60 per cent equity is a good enough balance. It is almost gearing for the government. What the government is doing by putting in 30 per cent is taking 30 per cent of the risk off the project. That is what is happening. But if it takes 50 per cent risk off the project that seems to me to be too high. You would confirm that about a third is about as far as the government should go in the partnership arrangement?

Mr Simpkins—Yes—a maximum. I think it should be written in the guidelines. The program has matured and we have become a bit smarter in how we operate. This is across the country. At EO conferences they will state certain things but it is still not written as to how it should operate. You are right, and that is one of the components. For private enterprise projects, it should be a maximum 70-30 split.

CHAIR—Are there any further questions on the North West Dive Safaris project? If not, Senator Stephens wanted to ask questions in regard to one of the other projects that we have heard about today.

Senator STEPHENS—I would like to place on notice some questions to you about the administrative issues we were talking about before, if that is all right. We are moving on to the Newman Town Centre revitalisation project. Funding was sought for that project in January last year, I understand, and then DOTARS sought additional information from you on 2 February.

Mr Simpkins—This went before the board in December 2003. The ACC looked at the expression of interest.

Senator STEPHENS—In 2003?

Mr Simpkins—In December 2003.

Senator STEPHENS—So it went to the expression of interest stage first.

Mr Simpkins—Yes.

Senator STEPHENS—When was the full application received?

Mr Simpkins—That is a good question. It would have been a couple of months after—Christmas holidays; probably February-March or something like that.

Senator STEPHENS—What was the ACC's opinion of this project?

Mr Ford—You are referring to the final proposal, the one that was funded?

CHAIR—Perhaps you could take us through it.

Senator STEPHENS—Yes, if you could, because what we have is the correspondence that was provided. The stage 1 application received by the department on 30 January 2004 raised certain issues. As we work through it, I am interested in how the ACC considered the project and the issues that were raised by the department.

Mr Simpkins—In my understanding, the initial problem with the department was about the roads and cost shifting—dare we say those filthy words.

CHAIR—They deemed it to be effectively—

Senator STEPHENS—Shire work.

Mr Simpkins—Cost shifting. They said it was shire work, we should not be paying for it and so forth. We and the shire and would have gone to-and-fro doing some work up. Once the application is submitted to DOTARS, we become the third party. It is really between the applicant and DOTARS. We just provide advice to both sides.

Senator STEPHENS—They received the correspondence dated 2 February, which said it ‘appears to be the core business of the shire,’ asked for an explanation as to why Regional Partnerships was the most appropriate source of funding for this project, asked what other sources of funding had been considered or pursued and asked for supporting documentation and a copy of plans or studies. Is it the usual situation that the ACC in considering an application for Regional Partnerships funding would have a checklist about core business and like funding? You have a checklist for assessing at the ACC level, don’t you?

Mr Simpkins—We do now. There were probably two things that would demonstrate a lack of attention there. Firstly, I had been in the job about a month and Regional Partnerships was brand new. So we were still coming to grips with RP and I was still coming to grips with the job. That is probably why the application was as immature as it was.

Mr Ford—As a matter of general principle, I think it is worth noting that, although a project might meet RP criteria, it will not necessarily be considered for funding by the Australian government because of these sorts of things. We do not fund core local government business because it is cost shifting. We do not fund airports. They are not part of the RP criteria. If a project meets the RP criteria as far as the ACC is concerned then we will recommend it for approval. If the Australian government has another policy which is not within the RP criteria, that is their business.

CHAIR—Wouldn’t you be made aware of that? This is an application by a local government entity. One assumes that they are armed with much greater access even than a lot of businesses to the way state or federal government programs are run. It is part of the stock in trade, if you like, of local government entities around the country to know this or to at least be able to very quickly grasp what is required.

Mr Ford—Reiterating what Cameron said, this was early days for RP and there was a learning curve both for the ACC and probably for DOTARS. This one came up and I think we put it through formally or informally to DOTARS.

CHAIR—It should not have been for DOTARS. This came out of a previous program called Regional Solutions. There is a long history of this type of project being funded.

Mr Simpkins—Everyone has access to the guidelines on the web site. We are bound by those guidelines. The board cannot not recommend a project if it does not meet the guidelines. We have to follow the guidelines, as Tony has said. When we impose these stated guidelines, the proponent has every right to come back and say—

Mr Ford—‘We met the criteria.’

Mr Simpkins—‘Why can’t we do this?’

Mr Ford—A current example is the Newman Airport. We have discussed this at ACC level on two occasions now quite extensively, and from the ACC’s point of view it meets the criteria. We have had a DOTARS officer advising us that they will not fund airports because it is a matter of policy for the Australian government. From our point of view, it meets the RP criteria. We took the step of agreeing that we would recommend approval to get it into the system and into the

focus of the Australian government because there was no other obvious funding program for it. It is pretty well a unique situation within Australia. So our thinking was that it met the criteria and we would recommend approval. If the Australian government chooses to deal with it in another form then it is their right to do so.

Senator STEPHENS—Getting back to this project, they received the letters dated 6 July saying that the application was not successful. When was the ACC advised that the application—

Mr Simpkins—It would have been around that date. I might have got a phone call a day or two earlier. The fax letter would have arrived around that date.

Senator STEPHENS—One of the reasons given in this letter was that the project does not have contributions from a broad cross-section of the community and that part funding requested is considered the core responsibility of the shire. The summary document that DOTARS provided to us about the project described the proposal as poor value for money. Did you know that?

Mr Simpkins—No, we did not. Again, part of the issue we had was about guidelines. As Allen Cooper said this morning, this was a \$10 million project with a couple of bigger stages to follow. This was a pre-stage activity. But under the guidelines we could not allude to those particular stages. What we saw was an opportunity. This is a personal thing. I wanted to get in under the PDC—under the state government agency—because they were doing the biggest stages, along with BHP Billiton. I wanted to get my badge up on this pre-stage. It was a fairly—as I understood it and as I see it—simple and easy project. Certainly it is needed. If you go to the town centre at Newman, it is a machine gun bunker with a couple of windows.

CHAIR—I appreciate the importance and the need and all that; nobody questions that. But under the heading ‘What projects are not eligible for funding’—and this is on the web site—the guidelines state:

Applications seeking funds that are, or could be perceived as cost shifting, that is substituting or duplicating funding from other sources including government and the private sector.

Why, on the face of it, wouldn’t this application have fallen into this category and therefore not be eligible?

Mr Simpkins—Is that from the December 2003 web page or is that from the current web page?

CHAIR—It is taken from the current web site. Are you suggesting that it was different at that time?

Mr Simpkins—As we understood it, the program has matured and things have been changed and added.

CHAIR—We can check that.

Mr Simpkins—Certainly, but at the time, as the Chair has said, and as we understood it, it met the guidelines of the project.

Senator STEPHENS—Just working our way through this project, the other documentation that has been provided obviously indicates that the shire sought a review of the decision. You also provided letters from DOTARS to Mr Cooper dated 6 September advising that the election had been called and the government—

Mr Simpkins—DOTARS would have done that.

Senator STEPHENS—DOTARS did that; sorry. So there would be no consideration of the application during the caretaker period under the caretaker conventions. The next day there is another letter from Mr Purdy, which acknowledges Mr Cooper's letter of 30 August 2004 in the additional information supplied and says that unfortunately, from the information, there is insufficient detail as to how the partnership funding would be spent and over what period et cetera. It was seeking more information and asking for that to be provided by 20 September 2004. Do you know if and when that information was provided?

Mr Simpkins—No.

Senator STEPHENS—Then there is another letter that is dated 16 September to Mr Cooper again, which seeks additional information. Do you know about this letter?

Mr Simpkins—Yes, I have got that. That is the one from John Love?

Senator STEPHENS—No, it is from Mr Purdy. It has seven dot points on it.

Mr Simpkins—Yes, that is the one I presented to the committee this morning.

Senator STEPHENS—Do you know if that one was responded to in the issues?

Mr Simpkins—No, I do not know.

Senator STEPHENS—This project was announced for funding during the election campaign. As far as the ACC was concerned, was that the end of the assessment process for you?

Mr Simpkins—Yes. It had been rejected and we had gone back to the East Pilbara Shire Council, and Allen Cooper had been told that he had to rework it—if he could get rid of the roads out of the applications and so on. We were at the point where we were going back to taws and starting the application again. That is where we were.

Senator STEPHENS—In your minutes of 16 November you had the project identified as submitted but yet to be funded.

Mr Simpkins—That is right. As far as we knew, we were still in the work-up mode.

Senator STEPHENS—Can you tell us when it was actually funded and when the ACC was advised that it was successful?

Mr Simpkins—We received a letter. Barry Haase will, on occasion, ring me and say, ‘The following projects have been funded.’ He will always ring the proponents first. We always let him get the kudos.

Mr Ford—I am not sure it is a case of letting him.

Senator STEPHENS—Did the department advise you that it was being funded?

Mr Simpkins—Yes, we received correspondence at a later point.

CHAIR—I think it was in November, wasn’t it?

Senator STEPHENS—But later than 16 November, obviously.

Mr Simpkins—Something like that, yes.

Senator STEPHENS—Which kind of makes the process a bit of a joke, I would have thought—

Mr Simpkins—I will let the chair answer that one.

Senator STEPHENS—I mean when you are trying to do the right thing, to have something like that happen, it seems to be pretty frustrating.

Mr Simpkins—It is a discretionary program, Senator.

Senator STEPHENS—It certainly is. And sometimes it is less discrete than others.

Mr Simpkins—The reason that I vote you people into office is because I trust you to do your job. In this case, if it is a discretionary program—

CHAIR—But, Mr Simpkins, the job here was being done within the department, and there is the ministerial involvement et cetera. At the end of this process the ACC has invested a lot of time and effort. There should be an appropriate formal process for the ACC to be advised of the outcome. It seems that, in most cases, they are advised at an appropriate time—rather than finding out after the event by some telephone call or fax.

Mr Simpkins—Yes.

Senator STEPHENS—You are confidently saying that you would have supported this project regardless?

Mr Simpkins—Yes. We supported it. The board supported it initially. We thought it was a good project.

CHAIR—If there are no further questions from senators directed at this project we will try to move through these. The ACC strongly recommended that the AquaCarotene Ltd project be

funded. We understand that all the payments have been made. Do you get advised about the progress of this?

Mr Simpkins—No. That is all done between the department and the proponent—for all projects.

CHAIR—I think it was Mr Smith that we were interviewing. The application that was lodged—this was provided to us by you—and we had a discussion about this with Mr Smith this morning. In their plan it says, under the heading ‘Marketing strategy, initial penetration’ it states:

The quantity of product to be marketed will determine the number and size of potential customers to be sought. The quality of the product determines price and the ability of potential customers to pay that price.

What did the ACC understand was meant by that? We asked a question of Mr Smith as to whether this really suggested this was a matter where the constraint here is not demand but supply.

Mr Simpkins—It is.

CHAIR—He seemed to suggest that was a bit of a stupid question and to query why we would even bother to ask it.

Mr Simpkins—My understanding is that as a dry meal product it sells for about \$4,200 a kilo.

CHAIR—You heard his evidence. Is the ACC keeping in any way a watching brief on this to see how it goes?

Mr Simpkins—Yes, we are.

CHAIR—What is your current assessment? I suppose I should say you should remember that it is somewhat unusual that all the money has been paid over at this stage when there are no actual customers identified. There is one, but that is still to be finalised. With many other projects it is a matter of meeting certain milestones and then you get sequential payments. These seem to be truncated or concertinaed into a short period of time and a whole lot of the money has been paid. What is your assessment of the viability of this project at the moment?

Mr Simpkins—I think it is a great project. It is a brand-new export industry for the Pilbara. It brings eight new jobs to the Pilbara, to Karratha in particular. It has got the potential to grow and grow and to build new ponds. It doubles up beside Dampier Salt. With the US organic certification, there will be health food companies using this stuff. What is really special about this is that you can put it into red jellies and red cordials and ADD kids do not go crazy, which means that there is so much potential for this product. Sadly, this morning Don did not actually explain it to you in terms of what this stuff is used for. There is the US organic certification and there is the new US free trade agreement. There is the expectation that it will be the only firm on the globe to have that organic certification. He has kept me advised of who is visiting and who is saying to him, ‘If you produce it, we will buy it.’ Russian, Ukrainian, American and French companies are at the doorstep saying, ‘If you build this and if you grow it, we will buy it.’ As he

said, it is about being able to supply contracts and to continue supplying contracts. He is on the tip of that seesaw at the moment.

Mr Ford—I refer to your point about all the money having been paid up front. I think it depends on the particular project. In projects where the money is obviously required for start-up, whether it is for the purchase or construction of capital equipment, then clearly the proponent needs the money up front. Any project is going to have an element of risk, and part of the process for us and DOTARS—the Australian government—really is to assess the level of risk involved and try to make a judgment on whether that risk is acceptable in terms of giving taxpayers' money to a project for funding. That would apply whether it is a private proponent or a community or public proponent.

CHAIR—I appreciate that. I am not suggesting that in no case could you have the total grant money being paid up front. But in many cases it is not; it is spread over a period of time and if certain milestones—including production ones or supply ones if supply is what is involved—are met and trading starts and you are getting a return then it can be completed.

Senator BARNETT—I noticed in your *Pilbara Sun* autumn 2005 newsletter that you have done a feature article on the AquaCarotene Ltd business development as one of the Regional Partnerships projects. In the profile you give the background and history of the project and say how successful it has been to date. The article reads:

Through the Regional Partnerships Program AquaCarotene Limited have been successful in securing a grant of \$170,000 to assist with the expansion of their business within the Pilbara region.

At the end of the article it states:

As a direct result of the Australian Government's *Regional Partnerships Program*, AquaCarotene Limited, in its initial stages, will be providing permanent employment for 9 people and has the potential to bring over \$1 million a year into our community.

Is that still accurate? Do you want to clarify those remarks?

Mr Simpkins—That is still accurate. That is what we are talking about. As the Director of AquaCarotene, Mr Smith, said this morning, he has six or seven employees there now and once they start farming and the rain stops—while we appreciate the rain, he does not—jobs will increase.

Senator BARNETT—I think I asked the question this morning of Mr Smith, but do you have a reasonable expectation that the money will be well spent and that the project will be successful?

Mr Simpkins—Yes, I do.

Senator BARNETT—And that it will deliver benefits to your local community?

Mr Simpkins—I certainly do.

CHAIR—I have some final questions on the Cove Caravan Park. We heard evidence from Mr and Mrs Van Herk. I understand that Mr Purdy from the department expressed concerns about the expression of interest documentation for this project. Are you aware of that?

Mr Simpkins—He may well have done. Could you remind me?

CHAIR—He said that it was a proposal concerning a start-up business, that the competitive neutrality issues had not really been satisfied and that it was an application for a significant amount of money. I think it was said at one point that it was \$1.2 million.

Mr Simpkins—It was \$500,000

CHAIR—Yes, \$500,000. The total was \$1.2 million but they were seeking \$500,000. Are you aware that those concerns were raised by the department?

Mr Simpkins—Yes.

CHAIR—Do you believe that subsequently they were each addressed adequately?

Mr Simpkins—Yes. The department has had a growing process of understanding commercial projects. They have had some real difficulties coming to grips with funding any commercial project. It has been a long learning curve for the department to recognise that there is value in offering these funds to private enterprises.

CHAIR—That is an interesting comment. This is not the first time they have been doing it, or that the government has been doing it. Previous governments have done it. I find that an interesting observation. It is obviously based upon your experience. There was a whole program run under the dairy adjustment package which probably did not have a lot of application in this part of the world but similar principles apply. This was money being put into communities particularly to try to promote business and employment in areas that had been severely affected by deregulation. It was the same in the sugar industry. It is not as if there is not a long history of this type of program being run.

Mr Simpkins—Community based projects like Wangka Maya seem to glide through, but in terms of private enterprise projects there has been—

CHAIR—You should have been with us in North Queensland. You might have had a different view.

Mr Ford—I would make the observation that we have always enjoyed a pretty close working relationship with DOTARS officers. Concerns that are raised by them, formally or informally, at meetings or by correspondence, have always been taken seriously and we have always followed up on them. In many cases we have agreed with them. The competitive neutrality issue is one that I and a number of other board members raised immediately when we saw the application. It is an obvious one. We needed to make very sure that that was properly addressed through the application process and addressed by the proponent. At the end of the day we were satisfied with that.

CHAIR—Without getting into a long discussion about it, we have had a similar issue involving a caravan park on the other side of the country where people running a similar business were complaining bitterly about funding being granted to set up a rival operation. Did the ACC directly consult the other caravan park operator about the application?

Mr Simpkins—No. We said to the proponent that they needed to go and speak to the other caravan park and ensure that they understood what was going on, and we needed a letter from the other caravan park that said they were satisfied with them seeking an application.

CHAIR—You will recall that I asked some questions of the Van Herks regarding the total cost of the initial stage. They were going to commit up to \$950,000 from a variety of sources, including their own, and it was going to cost around \$836,000. I think that was the figure. I put to them a proposition to at least consider. I asked them: ‘Why did you need Regional Partnerships funding if funding from other sources could cover the costs at that stage?’ Did the ACC consider whether or not that stage of the project could have been funded from other sources—not only from their own funds but also from commercial sources of finance? It seems they had some difficulties in obtaining partnership type funding, if you like.

Mr Simpkins—We asked them if they had gone to the banks, and part of the issue is that they are not young people. Charlie and Irene, as you saw today, are not young, and it was a risk to offer them the cash on a start-up venture. So the answer is yes. It is a hard one: what do you say when it is known as a done deal?

CHAIR—That is what part of this is about: when do you step in with this sort of funding when maybe there is another appropriate source of funding for the commercial enterprise?

Mr Ford—One of the first considerations we have when we have a private sector proponent come to us is exactly that: could it realistically be funded by a commercial finance provider? Associated with that is the question: could we justify funding a component of the project because it has a direct community benefit? If it can be and should be funded by a commercial finance provider, we generally advise proponents of that straight up. We know that DOTARS is very clear that they are not in the business of providing funding for proponents who could otherwise obtain commercial finance through the normal institutions.

Mr Simpkins—Tony runs the board, and he makes it very clear to the board that this is taxpayers’ money and to be very conscious that this is taxpayers’ money and to treat it exactly as that. We have all worked hard and we all pay taxes, and we do not just throw it about.

CHAIR—The minutes show that the area consultative committee assessed this project as ‘yellow’. What does that mean?

Mr Simpkins—Yellow means that it is okay, but we need some questions answered—questions on competitive neutrality, alternative sources—

CHAIR—So it is red, yellow and green?

Mr Simpkins—Yes, we use a simple traffic light system. It makes it very easy.

Mr Ford—If you have some concerns about it but you would basically support it if those concerns were addressed adequately then it is yellow. It is Cameron's job to go back to the proponents and say, 'We have these concerns and issues to address.'

CHAIR—There are a couple of red ones.

Mr Simpkins—Yes, there are reds right through it.

Senator MURRAY—Are the black ones dead?

Mr Simpkins—Black ones are where there is a conflict of interest, where a board member will say, 'That is a conflict of interest.' That is these black ones; these grey ones mean they did not attend the meeting or they did not know enough to vote.

Senator BARNETT—Like in East Pilbara.

Mr Simpkins—There is the Ngarluma and Yindjibarndi Foundation Cultural Centre in Roebourne. Rhys Edwards, who is our treasurer, is also the treasurer of the Ngarluma and Yindjibarndi Foundation, so he declares an interest and cannot vote.

Mr Ford—You will see—for example, on that one—that there is a whole string of yellows because the concept looks okay but we do have some serious reservations about their sustainability, and they need to demonstrate their sustainability.

Mr Simpkins—As board members become satisfied, I then transfer to green or transfer to red. That is why some of them look like they are all green—they may have been a yellow project previously but now they are green project.

CHAIR—Of the 49 applications that you received, how many of them that you recommended be rejected were subsequently approved—were there any?

Mr Simpkins—No.

CHAIR—Finally, when you get the applications and the business plan that is attached, how do you have that business plan professionally assessed? Is that done in the ACC or do you engage a consultant or some firm to run their eye over it and say, 'Yes, this is okay'?

Mr Ford—There are two aspects to that question.

CHAIR—I appreciate that the people involved in the ACC are drawn often from businesses that have that knowledge themselves.

Mr Ford—The first is that we do not have a lot of discretionary dollars to spend on that sort of engagement of a consultant to do a professional analysis. While we have developed recently an independent source of income by subletting the office that we are in, that certainly does not go anywhere near covering the cost of employing a professional consultant. We also do not necessarily see it as our role to employ a consultant to do a professional evaluation. You have just said that we do have some skills on the board. We choose people not only because they have

a diversity of representation but because of talents and skills. We have some very talented people on the board with skill sets that enable us to properly assess applications as they come in. We have probably eight or 10 people on the board who are used to dealing with business plans or strategic level plans and who understand finance at some level—they are in management positions and they are directors of public sector agencies. We have very good confidence that we get quality advice from our own board members—and it is a lot cheaper to use our board members.

CHAIR—The question was asked entirely to have that comment on the record. That is the basis upon which the ACCs were originally established. It was to draw expertise from the business community and other sectors to, as I said, promote business, employment et cetera.

Senator BARNETT—Are we still on Cove or are we on more general things?

CHAIR—That finishes all my questions, so it is Cove or anything else that you want to pursue.

Senator BARNETT—Good. Just to pursue the Cove one very quickly, I noticed that you have profiled Cove in your Pilbara ACC autumn newsletter. You have talked about the merits of it and the \$275,000 Regional Partnerships funding. Do those statements you have made in terms of the caravan park at Cove in that newsletter remain valid? Do you still remain confident in terms of its outcomes?

Mr Simpkins—Yes, absolutely. In five years time that place will be the Noosa of the North-West—bigger than Broome.

Senator BARNETT—Can you talk about the direct and indirect employment through the construction phase and beyond? Will there be significant job benefits for the region?

Mr Simpkins—Yes. One of the things that the Van Herks did not say today is about the other caravan park. They spoke about the bottle shop, but they also own the fish and chip shop at Point Samson. The knock-on benefits are there. Whilst their park may not be able to expand, he will make his money through his shops and the businesses he has on site.

Senator BARNETT—What is the unemployment rate around the Pilbara?

Mr Simpkins—It is 2.5 per cent.

Mr Ford—That is the official figure. It does not count Aboriginal people who are on CDEP programs. If you counted those people as essentially unemployed, that figure would be significantly greater.

Senator BARNETT—You said in your introduction that the number of new jobs from the Regional Partnerships program was in the vicinity of 100. I assume that is since the Regional Partnerships program kicked off in July 2003. Is that correct? Are they full time, part time or casual?

Mr Simpkins—It is a combination of all of those. As Tony has said, there are a couple of depressed economies within the Pilbara, and Indigenous people are one of them. They are the sorts of places we are targeting.

Senator BARNETT—In the presentation you gave, under the heading ‘What have we done for the region?’, you outlined \$12.1 million for 12 projects in the region in the last 12 months. I thought you mentioned 14 projects.

Mr Simpkins—Fourteen projects have gone into the system. We have recommended only 13 of those. One slipped through our guard. Of those 13, 12 were funded. One was not funded.

Senator BARNETT—The Australian government has invested \$2.1 million and got a return co-contribution of \$10 million.

Mr Simpkins—That is right.

Senator BARNETT—That is a ratio of one to five. I think that is above the national average. You compared yourselves earlier, Mr Ford. Is that correct? You are doing a good effort above the national average.

Mr Simpkins—We like to think so, yes.

Senator BARNETT—Congratulations on your efforts; obviously they are bearing fruit. In terms of job benefits to the region, do you have any analysis?

Mr Simpkins—Just the 100 jobs.

Senator BARNETT—You are above the national average.

Mr Simpkins—It is actually a little under 100; it is about 96.

Senator BARNETT—This is an update of the submission you made to our committee. It was \$1.6-odd million for projects worth \$9.264 million.

Mr Simpkins—Yes.

Senator BARNETT—So this is an update. Until when is this table relevant?

Mr Simpkins—That is current.

Senator BARNETT—To 30 June 2005?

Mr Simpkins—Yes.

Senator BARNETT—Based on the evidence, the Pilbara ACC is really hitting above its weight, so congratulations and well done to all your team and staff. Mr Ford, there is a list of the

volunteers on your board in your submission. They obviously should be commended for the work they are doing. How often do you meet?

Mr Ford—We meet every two months in person as a board. We have an executive which normally comprises four. As we are an incorporated organisation we have the required positions of president, secretary and treasurer, and there is a deputy position. Then we normally have a couple of members who are coopted onto the executive. That is a monthly meeting which is generally held by teleconference, simply because of the distances involved.

Senator BARNETT—How do you make sure you assess and look after the interests of those in the outlying areas and not just in the main regions and cities?

Mr Ford—That is why the executive officer does 60,000 kilometres a year. We were also able to budget for a project officer, Esther Schneider, and she has begun working with proponents. At the moment she is working on one project in Onslow, for example. She is based in Karratha. Work with them is done in the main by telephone and email to develop their particular projects and applications.

Senator BARNETT—So you feel as though you are covering the area adequately and getting the feedback from the local community, notwithstanding the huge area that you have to cover?

Mr Simpkins—We are doing as well as we can. With three staff and two cars, we can only be in one place at any one time. The area is 2¼ times the size of Victoria. It is a tough ask.

Mr Ford—The challenge for us is to market ourselves across that wide reach. We have engaged in some marketing and promotional activities over the last year or two to try to increase that awareness and that is what the ACC and the RP program—

Senator BARNETT—That is why you are doing your autumn *Pilbara Sun* flyers, magazines and things like that?

Mr Ford—Yes, we do that.

Senator BARNETT—That is a quarterly flyer, is it?

Mr Ford—We generally attend community events—such as the Welcome to Hedland night that was held here a couple of months ago—community festivals and the like, and an ACC officer and a board member or board members in the locality will attend.

Mr Simpkins—My staff and I will be working anywhere between 60 and 80 hours a week, because we will be somewhere in the region. When it is on weekends, it involves travelling overnight. You travel out of office hours to get to somewhere.

Senator BARNETT—Clearly, the taxpayer is getting a bang for the buck, but I am interested in the flyer of one of the ACCs and Regional Partnerships. Do other ACCs have that type of flyer? It looks very good.

Mr Simpkins—No, we generated that ourselves. It is a local document. My project officer Esther Schneider produced the document and we pushed that out, because DOTARS does not give us something simple like that which we can hand out.

Senator BARNETT—As far as I am concerned, I will be raising this matter with other key decision makers within the government and within our committee, because that sort of flyer, it seems to me, is very helpful in highlighting the merit of the program.

Mr Simpkins—You will probably see one in Broome tomorrow. I was up in the Kimberley a couple of weeks ago and I threw one in front of my counterpart.

Senator BARNETT—As someone who has not been here before, your little flyer titled ‘A Pilbara Portrait’ is also very helpful.

Mr Simpkins—Again, my project officer Esther Schneider put that together.

Senator BARNETT—Thank you for your presentation and congratulations on all your efforts.

Senator STEPHENS—I want to go to the point that you made during the slide presentation regarding your acting as the lead agency for new projects. I wonder whether you have had an opportunity to pursue that role within DOTARS and within the network of ACCs. That issue goes back to the role that ACCs used to have as a lead agency, when we were all talking about whole of government and pulling the agencies together. It is not a role that you are funded for. I want to know whether it was one of the issues that was raised during the last conference for EOs and chairs in March and whether it is something that you have explored formally within the department.

Mr Simpkins—No, we have not. Again, we try very hard to work as a lead agency. We are your footprint across all spheres of the Australian government—on both sides of parliament—and we like to be your presence here, so we try to work as that lead agency across all aspects of departments.

Senator STEPHENS—Is that role something that is generally discussed when you all get together?

Mr Simpkins—I know that there was a project that we were working up—we are not working it up anymore—involving an industrial laundry at Roebourne. I can go into the details if you want, but essentially all laundry is done in Perth, Senator Murray. There is a jail in Roebourne. But the killers for a laundry are trade waste water, electricity and labour costs. Obviously, the prison has its own pond so that fixes the trade waste water problem. They have attractive wages and they have cheap electricity. Run as a PPP, with the Ngarluma and Yindjibarndi Foundation providing casual jobs and Pundulmurra TAFE—which is the Indigenous TAFE in Port Hedland that would do a certificate level 2 in training—we were running as a lead agency for this activity, trying to get it built, to get to a term of reference—

Mr Ford—Which is not our role.

Mr Simpkins—It is not our role. We worked through this. Tony received a phone call from John Love expressing concern about us doing this and saying that we should not be doing it. So we worked it up to a point as the lead agency and we have pushed it across to the development commission—the state government agency—and we said, ‘Here it is.’ It is probably a better fit with them because the WA Department of Justice is state government, and DCD and all those state government agencies are a part of it. We are trying to work with them in concert so that it gets to the point where they come back to us, as a recommending authority for a funding body, to then put in construction. Certainly, we would love to be able to be involved as a lead agency.

Senator STEPHENS—Are you involved in any of the Indigenous COAG trials?

Mr Simpkins—No, we are not.

Senator STEPHENS—I want to put some questions on notice to you about the administrative issues that we were talking about earlier. I will provide those to you through the secretariat. If you could consider them, I would appreciate that.

Mr Simpkins—We would love to consider them.

CHAIR—Thank you. You introduced another member of your team who is here today.

Mr Simpkins—The last member of my team is Liz Behjat. She is obviously known to you all. We have stolen her. The red dust is under her fingernails and she is now a Pilbara person.

CHAIR—I wanted to make sure she was on the *Hansard* record too.

Mr Simpkins—I was trying to find a way to get her on.

Senator BARNETT—She is also profiled in the autumn newsletter.

CHAIR—Thank you, Mr Ford, Mr Simpkins and other members of the ACC for coming along today. I know you have been here all day hearing the evidence from other witnesses, and that has greatly assisted us in being able to ask questions of you at the end of today’s hearing. I also thank all the other witnesses who have appeared and people who have joined us in the public gallery. I thank the Hansard staff, who are carrying on with us to Broome tomorrow, and those who have assisted us with other arrangements here in Port Hedland. We appreciate it very much. This is about Canberra getting out into the regions and talking to people. It is a valuable opportunity for us as members of the Senate to do that. It has been a long day but it has been a very informative one and we have all appreciated it very much.

Senator MURRAY—It is yet another indication of how capable ACC boards, chairs and staff are. Thank you for confirming what we have found elsewhere in the country.

Mr Simpkins—It is lovely to see you in the Pilbara too. Thank you for coming.

Committee adjourned at 5.57 pm