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**Australian Government****Department of Transport and Regional Services**

Senator Michael Forshaw
Chair
Finance and Public Administration References Committee
Parliament House
CANBERRA ACT 2600

Dear Senator Forshaw

At the hearings of the Finance and Public Administration References Committee on 2, 10, 24 and 25 February 2005, Departmental witnesses took a number of matters on notice and undertook to get back to the Committee. Many of the matters have been considered in detail previously and provided to the Committee.

In consultation with Mr Terry Brown, of the Committee Secretariat, Departmental Officers have developed a consolidated list of outstanding matters. I am now able to provide the Committee with the following information to complete the remaining outstanding matters from the 2, 10, 24 and 25 February 2005 hearings.

A number of questions taken on notice were referred to the Minister for Transport and Regional Services, Mr Warren Truss MP, and the former Minister, the Hon John Anderson MP for consideration on whether the information could be released. Information agreed for release has been included with this letter. The Department does not intend to disclose the content of its advice to Ministers in accordance with the conventions accepted by successive Governments.

Confidentiality of Proponents

Two applicants have requested that their applications under the *Regional Partnerships* program be considered in a confidential manner.

In line with the request of the applicant organisations to have their proposals considered in a confidential manner the Department will not be providing details of the two applicant organisations that have made requests for confidentiality. The Minister considers that by providing the details of the above applications it would contravene the intent of the confidentiality clause in the *Regional Partnerships* program guidelines and may also dissuade potential applicants from applying for grant funding.

Potential Sustainable Regions

I refer to a letter dated 2 May 2005 from Mr Peter Yuile, Deputy Secretary, to the Committee. In his correspondence, Mr Yuile detailed the indicators that were used by

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the Department in assessing which regions could be candidates for a potential extension of the *Sustainable Regions* program.

Expedited projects

At the 2 February 2005 hearing the Department was asked to provide the number of *Regional Partnerships* program proposals that the Minister's Office had specifically asked to be handled promptly.

To complete this request to the satisfaction of the committee would involve an extensive manual search of our files. I am not able to commit the resources required for such an exercise at this time.

Michell Leather

Michell Australia Pty Ltd was originally approved for funding totalling \$4.4m under the Namoi Valley Structural Adjustment Package to upgrade plant and equipment at their Gunnedah site. When the project was administered under the Namoi Valley Structural Adjustment Package (NVSAP) \$3.67m (GST Inclusive) of the grant funding was paid to the proponent.

The remaining \$734,000 (GST Inclusive) of the funding will be paid through the *Regional Partnerships* program appropriation.

Projects of National Significance - Assessment Process

Unlike the process of advertising for applications under the Regional Assistance Program (RAP) and employing ACCs to further develop those applications, Projects of National Significance (PONS) were identified and determined solely by Government to address a special need. The January 2000 RAP Administrative Handbook, published while the program was administered by the Department of Employment and Workplace Relations, detailed that

"Special provisions" were available for projects relating to national emergencies, urgent local issues, co-funded projects (i.e. With State Governments)".

Assessments of PONS projects were undertaken by the Department, who used the guiding principles of RAP to assess each proposal. Although the RAP guidelines did not apply when assessing these projects, the Department assessed each project on a case-by-case basis on the merit of the proposal.

Release of Requested Items

The Department sought Mr Anderson's agreement to release the differences between the Tamworth Equine Centre project and the proposal assessed by Prof. John Chudleigh; the penultimate draft of the RP guidelines; and the reasons for implementing the SONA guidelines in each case. Mr Anderson did not give permission to provide the Committee with the requested information.

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Advice to the Minister of Merits of Releasing SONA Procedures

I can confirm that advice was provided to the then Minister for Transport and Regional Services, the Hon John Anderson MP, on the merits or otherwise of releasing the SONA procedures. However, as stated at the 10 February 2005 hearing, the Department does not intend to disclose the content of its advice to the Minister.

The Tumbi Creek Project Budget

Ms Riggs' letter of 13 May 2005 provided clarifications of the budget line items of the proposal submitted by Wyong Shire Council under Regional Partnerships.

The agreed project budget is only complete when contract negotiations between the Department and the applicant organisation have been completed and the Funding Agreement is executed. The Funding Agreement between Wyong Shire Council and the Department is currently being developed.

Correspondence Related to the *Regional Partnerships Program*

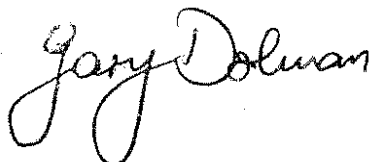
With regard to the question regarding correspondence to ministerial advisers which the Department does not consider advice to the Minister, the Department is not aware of any other examples other than the one provided at the hearings at The Entrance on 24 February 2005.

Beaudesert Shire Railway Support Group Inc (Beaudesert Rail)

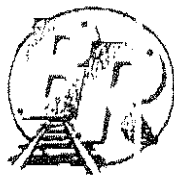
Until recently the Department was not in a position to provide the Committee with a copy of the Beaudesert Shire Railway Support Group's final report and financial statement as a number of allegations made by Mr Bob Spreadborough were being investigated.

The investigation into these allegations has been completed and no evidence of illegal activity was found. Attached is a copy of the final report and financial statement (**Attachment A**).

Yours sincerely



Gary Dolman
Acting Executive Director
Regional Services
23 September 2005



Beaudesert Shire Railway Support Group Inc trading as

BEAUDESERT RAIL

ABN 30 891 471 283

Administration and Project Office: 100 Brisbane Street Beaudesert Qld 4285

Postal Address: P O Box 256 Beaudesert Qld 4285

Phone 07 5541 0000 Facsimile 07 5541 0259 email: enquiries@beaudesertrail.com.au

20th December 2004.

The Assistant Director,
Regional Partnerships Operations Section,
Department of Transport & Regional Services,
GPO Box 594,
Canberra, ACT, 2601.

Attention: [REDACTED]

Dear [REDACTED]

I am responding to your enquiry to Beaudesert Rail dated 1st December.

Firstly, please note that the address for Beaudesert Rail is no longer Shop 3, 125 Albert Street, Logan Village, Queensland. The correct contact details for Beaudesert Rail are as per the details on our letterhead above.

Beaudesert Rail apologises for missing the reporting date of this funding agreement with the Commonwealth. The funding to Beaudesert Rail was originally canvassed on behalf of Beaudesert Rail by Lachlan McIntosh of Korda Mentha whilst he acted as Administrator.

The Deed of Company Arrangement was effectuated in December 2003. The Funding Partner / Applicant Financial Contributions were obtained from the Beaudesert Shire Council, who committed to a \$ 220,000 GST inclusive grant, to be paid in 4 instalments over a 12 month period. The first of the Beaudesert Shire Council instalments was paid on 24th December 2003. Queensland Rail contributed funding to Beaudesert Rail by converting the debt of some \$ 672,000 into a loan, which becomes payable some years in the future. So these two Partners contributed approx \$ 892,000 - which meets the additional funding requirement under our funding agreement.

An independent Audit of the funds provided by DOTARS and expended for this project has been completed by Gillow & Teese, Chartered Accountants of Beaudesert, and is forwarded with this correspondence.

A new Board was elected by the membership, and Lachlan McIntosh of Korda Mentha oversaw the transition from Administration to the new Board.

... / 2

(2)

Milestones Descriptions & Completion:

- a) The damaged Rail Bridge on the Beaudesert Branch Line was repaired with rail services resuming within 60 days of the date of the Agreement. Beaudesert Rail tourist services were conducted from that time through to end of last financial year, and beyond. Beaudesert Rail continues to function to promote the history of the Beaudesert to Bethania rail line. Beaudesert Rail conducted their Annual General Meeting on 25th November 2004. A small profit was reported, and some new members were elected to positions on the Board of Beaudesert Rail.
- b) By early January 2004 all arrangements were concluded and in place with Beaudesert Shire Council, Queensland Rail and DOTARS so that the Deed of Company Arrangement was effectuated by Lachlan McIntosh of Korda Mentha. This was completed within the 60 days provided to achieve this under the terms of this funding agreement.

Outcomes for the Activity and the Performance Measures:*a) Revised Management arrangements in place*

The Administrator Lachlan McIntosh of Korda Mentha ensured that the Deed of Company Arrangement was given effect. A new Board for Beaudesert Rail was elected and took charge of the running of Beaudesert Rail upon the departure of the Administrator.

b) Beaudesert Rail Project Operational

Following repairs to the damaged Rail Bridge regular tourist train services were resumed. Rail services were conducted every Wednesday, Saturday and Sunday. A number of special train charters were booked and scheduled, when numbers so warranted. Advertising brochures were distributed to encourage custom. With the Rail Bridge damage causing the suspension of services, on the resumption of rail services Beaudesert Rail were faced with the need of re-establishing their customer base.

c) Sustainability of services established

The performance measure here was to increase the rail seat occupancy rate to a target of 50 percent. This target was not attained immediately upon the resumption of train services, due to public ignorance as to whether the train was actually back in service. The post January holiday period was also a very quiet time, with seasonally hot weather not appealing to outdoors steam powered transport. Patronage was building, and the figures are provided to you on a strictly "Commercial-in-Confidence" basis for your consideration. As at 30th June 2004, Beaudesert Rail recorded a modest profit. The projected growth, based on the increasing patronage were encouraging and on track (as they say) to attain the performance measure, allowed adequate time to do so.

(3)

Your Department has already been satisfied with the requirements stipulated under section 2.5 concerning the agreed criteria to be met prior to the 1st & 2nd payments being effected.

Please find forwarded a range of Beaudesert Rail reports, newsletters, promotional material, media publicity, pamphlets and posters. It is our view that it is not necessary to furnish an asset register, as the funds have been expended on operating expenses as originally agreed. This may be seen from the independent Audit figures provided of this expenditure by Gillow & Teese.

Final Activity Report:

Without the financial assistance rendered from DOTARS, the Administrator would not have been able to assemble a Deed of Company Arrangement that would have allowed Beaudesert Rail to be brought out of Administration.

It would have been the end of Beaudesert Rail - and also the time, effort and resources that have been directed into this unique and significant Project. This tourist train project is a huge undertaking, it is a real live railway - with the scale of costs of such a venture. But it really has such huge potential!

The outcome achieved has enabled Beaudesert Rail continue to draw tourists to Beaudesert, provide economic stimulus to this rural and regional locale, plus provide employment and training opportunities under the Community Jobs Program. The CJP program operated by Beaudesert Rail has proved to be one of the best run and most successful in Queensland.

That must be reason enough to have ensured the survival of this unique local project. It can be grown to encompass so much more as well.

DOTARS are to be congratulated on recognising the benefits this Project provides, and acting swiftly to aid the members and volunteers who devote their time to operate the Beaudesert Rail tourist train.

Please do not hesitate to contact the under-signed should you require clarification on any of the items raised above.

Yours faithfully,

Ron Munn

Chair
Beaudesert Rail, Inc.

Beaudesert Shire Railway Support Group Inc.
Regional Partnerships - Beaudesert Rail Operations
Statement of Receipts and Expenditure for the Regional Partnerships Funding Agreement

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Receipts		GST Exclusive
Grant Funding Part 1		\$
Grant Funding Part 2		400,000.00
		200,000.00
Total Receipts		<u>\$ 600,000.00</u>
Expenditure		
Grant Funding Part 1		
Payment of Creditors	<u>400,000.00</u>	400,000.00
Grant Funding Part 2		
Accreditation Fees (DOT)	9,831.59	
Advertising	21,590.50	
Bank Charges	1,096.46	
Board Expenses	189.82	
Bookkeeping	1,510.00	
Community Consultation-Safety	32.80	
Contractor	37,062.53	
Council Rates	5,812.98	
Electricity	2,906.92	
Insurance - Public Liability	80,053.20	
Insurance - Rollingstock	13,178.67	
Legal Expenses	27,272.73	
Membership Expenses	176.90	
Office Equipment	137.23	
Postage	732.49	
Protective Equipment	3,553.15	
Publicity & Promotions	3,549.96	
Recruitment Expenses	4,661.25	
Safety Management System Audit	3,105.65	
Staff Amenities	2,930.57	
Stationery	2,564.69	
Subscriptions & Registrations	723.70	
Superannuation	9,159.99	
Telephone	10,318.96	
Travel / Parking	53.64	
Wages	157,103.07	
Workcover	7,423.34	
Infrastructure Maintenance Cost (IM)	54,539.31	
Rolling Stock Maintenance Costs (RSM)	39,857.25	
Operational Costs (OC)	<u>31,130.69</u>	932,261.04
Total Expenditure		<u>\$ 932,261.04</u>
Funding from Other Sources		<u>\$ 332,261.04</u>



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Search

Current
Beattie
Government
12 February
2004 to present

Employment, Training & Industrial Relations
The Hon. Tom Barton MP

20 October 2004

Beaudesert Jobseekers Ride Rail Back to the Future

Previous
Beattie
Government
22 February
2001 to
12 February
2004

NINETEEN jobseekers are going back to the future on the historical Beaudesert Railway, boosting their job search prospects in the process.

Previous
Beattie
Government
26 June 1998 to
22 February
2001

They are working on the community-based not-for-profit rail excursion company for 16 weeks inserting sleepers, packing track, landscaping, helping to build platforms, restoring old rail stock, working behind the scenes in administration and helping to keep wheels turning and old-time systems huffing and puffing.

**Beattie
Government
7 August 1997
to
26 June 1998**

The job-training project is being funded by the State Government with \$224 770 from its Breaking the Unemployment Cycle Initiative.

Employment, Training and Industrial Relations Minister Tom Barton said today the group was the fifth since 2002 to "learn the ropes on Beaudesert Rail" under the Government's Community Jobs Plan.

"It's a great way to broaden the horizons of disadvantaged jobseekers," he said. "There's so much they can learn at Beaudesert Rail.

"It gives them a strong sense of achievement to see their work shine as it takes shape, new rail goes down or they put the finishing touches to platform work - and that work translates into stronger job prospects."

General manager Michael Niethe said about 54 of the 60 local people Beaudesert Rail had employed on Community Jobs Plan projects since 2002 had gained employment.

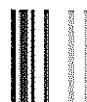
"The latest group already have worked on carriage restoration, track maintenance and vegetation control and inserted about 500 sleepers, packed 3000 metres of track and landscaped rail precinct gardens.

"All are a credit to them.

"They also have been involved in work on three platforms, two at Beaudesert and one at Logan Village, and the restoration of a rail motor.

"The rail motor, which was built in 1936, is being restored to its former glory and is looking good."

Mr Niethe said the 19 participants were grateful to be given a chance to do meaningful work and took great pride in what they were doing.



Ministerial Media Statements

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"Our current supervisors all started through the Community Jobs Plan and have been retained by Beaudesert Rail," he said.

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Cabinet) 2002.

Queensland Government Gateway

Beaudesert Rail's steam-train and diesel vintage carriage services have been curtailed because of fire damage to a bridge but are expected to resume next year on weekends and mid-week from Beaudesert to Logan Village and return.

The job-training project is being funded under the State Government's Breaking the Unemployment Cycle which has helped create more than 77 000 jobs since it was launched in 1998.

Media contact: David Brewtnall or Michael O'Meara on 3225 2210