

Peter Andren M.P.  
Federal Member for Calare

31 January 2005

Committee Secretary  
Senate Finance and Public Administration Committee  
Department of the Senate  
Parliament House  
Canberra ACT 2600  
Australia

Dear Committee Secretary,

Please accept this letter as my submission to the Senate Finance and Public Administration inquiry into the *Regional Partnerships* program.

My concern about the administration of the *Regional Partnerships* program, as with all taxpayer-funded government grants, is the accountability and transparency of the process by which money is allocated. Accordingly, this submission will focus on matters raised in subsections 1(f), 1(g) and 1(i); and in section 2 of the terms reference.

### **Part 1: *Regional Partnerships* – process, authorisation & outcomes**

The matters I raise in this part of my submission relate generally to subsections 1(f), 1(g) and 1(i) dealing with the process by which grants have been allocated under the *Regional Partnerships* program.

The funding of two projects announced in Calare during the course of the 2004 election campaign may have met the *Regional Partnerships* program criteria in every way. However the circumstances of their announcement certainly raised questions about the appraisal process and the timing of such announcements during a politically sensitive period such as an election campaign.

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Printed in Calare

The Australian National Audit Office's *Better Practice Guide for the Administration of Grants* states at 3.39:

*The announcement of grants can be a very sensitive issue at any time but especially in the lead up to an election, be it for Commonwealth, state or local governments. It is accepted that governments may choose the timing of announcements to suit their purposes in regard to other priorities. Nevertheless from a program administration perspective and, as a matter of good practice, it is preferable for all decisions on approved or unsuccessful projects to be announced together, or within a relatively short period of time. This approach enables proponents to know the outcome of their proposals as soon as possible so they can begin implementing their projects or pursue alternative sources of funding. It also has the added advantage of avoiding any perception that the timing of the announcements is being used for party-political purposes.*

Whilst it may be impossible to announce all successful *Regional Partnerships* projects at the one time due to the fact it is an ongoing program without specific deadlines for the lodging of applications and allocation of funds, the ANAO's recommendation that the perception of using grants for party political benefit be avoided is certainly relevant.

During the election campaign in Calare two significant allocations of *Regional Partnerships* funds were announced by the government for private enterprise projects based in Blayney (*Blayney Sea-Link Services*) and Manildra (*MacSmith Milling*).

The announcement of funding for the MacSmith Milling project was made by visiting Trade Minister Mark Vaile and the Nationals candidate on the 27<sup>th</sup> of September. The grant for Blayney Sea-Link was announced by the candidate himself the following day. I have attached relevant media reports for the committee's information (Attachments 1, 2 & 3).

One of the articles states in reference to the grant announcements:

*Mr Griffith, [Nationals candidate] who made the Metzuya [a company developing the Blayney Sea-Link project] funding announcement on behalf of Deputy Prime Minister John Anderson, said these two grants were evidence of the national Party's commitment to regional Australia. He said the grants were approved because of strong lobbying on his part. (Central Western Daily, 30/9/04, p.7).*

I received notification of funding approval for these projects from the Parliamentary Secretary responsible for the program, the Hon Mrs De-Anne Kelly, on the 30<sup>th</sup> of September (*MacSmith Milling*) and the 5<sup>th</sup> of October (*Blayney Sea-Link*). The correspondence was dated the 28<sup>th</sup> and 29<sup>th</sup> of September respectively.

The same candidate included photographs of himself and the grant recipients, with a quote endorsing his candidacy, in his electorate-wide campaign advertising in the final week leading up to election-day. I have attached an example of the print advertisement (Attachment 4).

This type of party-political association with federal grants is unfair to the funding recipients who become compromised and feel duty-bound to offer

support for the government candidate – in this case coalition candidate – of the day.

Further I have grave doubts and suspicions about the government's lack of regard for due process in both these grants for following reasons:

- I received a warning from the Chair of the Area Consultative Committee at Eugowra Show, 18 September 2004, informing me an announcement of 'two regional partnerships grants in the electorate' would be made during the course of the election. The Chair seemed frustrated and dismayed the announcements would pre-empt proper assessment and process of the projects.
- A constituent informed he had heard from one of the recipients to the effect the application had only been in for a very short time and the impending announcement was a big surprise.

The successful projects may well have satisfied the *Regional Partnerships* program criteria, but in light of questions raised about the granting of funds for other projects around the country – including a grant allocated before an application had been lodged – the possibility that applications were fast tracked to suit the coalition's election campaign agenda is far from implausible, and indeed it is most likely.

## **Part 2 *Regional Partnerships* – future safeguards for accountability**

Section 2 of the terms of reference seeks proposals for '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'. The accountability of the *regional Partnerships* application process would be vastly improved by:

- the automatic involvement of the local federal member in the application process.
- the involvement of a Grants Commission similar to the process involved with the allocation of local government grants.

### *Involvement of the local federal member*

It is imperative the local federal member is automatically part of the application process.

While the original Regional Solutions program at least had the stated aim of targeting areas of 'economic and social disadvantage', and was largely applied for and administered by community organisations or councils, it nevertheless ran into controversy not unlike that currently facing *Regional Partnerships* (please refer to the newspaper articles in Attachment 5).

Given that *Regional Partnerships* has a much broader application, and appears to include much wider commercial partnerships, it is imperative the application to approval process is far more rigorous and transparently so.

It is crucial the elected federal representative, and indeed state MPs, are part of the process, at the very least in being aware of an application and its progress through the Area Consultative Committee to the department and minister.

This way the member can be aware of all aspects of the project, support it, defend it or indeed voice his or her amendments or indeed, opposition at an early stage if he/she believes the spending of public money on the project was inappropriate.

Given the somewhat loose interpretation of 'regional' in some of the projects listed at the time of the 2004 election, it would seem highly appropriate that MPs are aware of each project from a very early stage. This could be implemented very simply through communication between the local ACC and the relevant MP. The extent of the MPs involvement in the project would then be a matter for the proponents, the consultative committee and the member to determine.

#### *Grants Commission*

The allegations around the earlier Regional Solutions program and those now facing the Regional Partnerships program can be easily overcome by a grants commission process similar to the body charged with the allocation of local government grants (Financial Assistance Grants).

Such a commission was used to allocate *Roads to Recovery* money and there have been no claims of political favouritism, but much political kudos for the government through this fairly administered program. Applied to *Regional Partnerships*, this model could achieve the same thing.

By deliberately marginalising elected representatives, (apart from government MPs), any government is treating the constituents of an electorate with contempt, when it could and should be getting due credit for a fair and reasonable allocation of scarce public resources. This is especially important when the recipients of such grants are private business operators.

Yours/sincerely,



**PETER ANDREN**  
**Federal Member for Calare**

## **Attachments:**

Attachment 1: 'Funding for canola plant', Mark Filmer, *Central Western Daily*, 28/9/04, p. 3.

Attachment 2: 'Federal grant helps Blayney facility grow', *Central West Daily*, 29/9/04, p. 4.

Attachment 3: 'Businesses receive government grants', Mark Filmer, 30/9/04, p. 3.

Attachment 4: The Nationals campaign advertisement, *Midstate Observer*, 7/10/04, p 12. This attachment is in 3 parts – a complete copy, and 2 enlarged copies for ease of reading.

Attachment 5: 3 articles:

'Minsters coddle own seats from poverty fund', Duncan Macfarlane, *The Australian*, 11/6/02.

'Deputy PM serves up more pork', Duncan Macfarlane, *The Australian*, 12/6/02.

'MPs allot \$1.6m to select few seats', Sid Marris, *The Australian*, 23/7/02.

\$345,000 GRANT ANNOUNCED

CWD 28/9/04 p.3

# Funding for canola plant

## By MARK FILMER

A CANOLA seed processing plant being established in Manildra has been given a major boost with the announcement it will receive an \$845,000 Federal Government grant.

Federal Trade Minister Mark Vaile, who visited the Calare electorate yesterday to campaign with National Party candidate Robert Griffith, said the grant would help the proposed MacSmith Milling operation become a reality.

Brothers Bob and Peter MacSmith are developing a \$2.3 million canola seed processing plant and associated rail hub adjacent to Manildra Flour Mill. It is expected to create about 20 jobs.

Cabonne Council approved the development earlier this year.

Mr Vaile said the grant, made under the Regional Partnerships Program, would help create significant new employment and export opportunities.

"This is a project that will improve efficiency in the grains operations at Manildra and will help create jobs and

new opportunities in the town," he said. The co-location with the Manildra Group plant would deliver many savings and production synergies including shared maintenance staff and accessibility for common customers and suppliers to both facilities, he said.

The development involves relocation and expansion of the MacSmiths' existing plant, which they have operated on a Cudal district farm.

The move to Manildra will enable the business to expand capacity by 50 per cent, to 28,000 tonnes per annum, install new state-of-the-art technology and access the rail network for transportation.

The project will also boost the local canola industry by creating a bigger market for growers.

The business will be buy canola seed, crush it and extract the oil, then sell the oil and the leftover product, known as 'meal', to a range of markets. The meal is highly valued as a stock feed, particularly for the pig and poultry industries but also increasingly for the beef industry.

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# Festive buskers must register now

By JANICE HARRIS

BUSKERS who intend to entertain shoppers in the central business district during the festive season are asked to register now with Orange City Council.

Council's manager of development assessments Alan Renike said strict guidelines surrounded approval to busk in front of shops and businesses in the CBD.


"People who register will be required to be part of a risk assessment workshop so they understand their responsibilities," he said.

Mr Renike said council would like people to register early so places could be allocated to give everyone an opportunity to secure a space.

"We also like to have time so we can liaise with shop-owners so that everything runs smoothly," he said.

Mr Renike said there was no charge associated with applying for space but due to the large numbers of buskers seeking space in previous years, it was hoped people would register early.

Application forms can be obtained from the council



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**Thunderbirds** (PG) 1hr 45min Daily 9.45, 11.30, 6.00  
**Catwoman** (M) 1hr 53min Daily 1.30, 3.30, 9.20  
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**FITTING TRIBUTE:** Cenotaph custodian Terry Irwin and Orange RSL Sub-Branch president Norm Clinghan inspect the upgrading of the Cenotaph. Photo JUDE KEOGH

Cenotaph would include a large area of paving adjoining the footpath.

The upgrading and additions to the memorial have been made possible through funding and assistance from the Department of Veterans Affairs, Orange Ex-Services Club, the Orange

Sub-Branch of the RSL, the Memorial Hall Trust and Orange City Council.

The existing flagpoles are to be replaced, however, the existing Legacy lighting will be reinstalled and incorporated into a floodlit system at the front of the Cenotaph.

**LOCAL BRIEFS**

**Quiet time**

POLICE have experienced a relatively quiet period with a small number of malicious damage offences occurring in the central business district.

These included damage to a motor vehicle and a fence.

**Charged**

A 26-YEAR-OLD man was arrested and later charged with possessing a prohibited drug following the execution of a search warrant at a Nunkeri Pl residence.

**Free apples**

LOCAL orchardists will hand out free apples near Orange Post Office from noon this Friday to highlight several concerns facing their industry.

These include the threat of fire blight if New Zealand apples are allowed into Australia and the need for a mandatory code of conduct to make the retail supply chain transparent.

**Federal grant helps Blayney facility grow**

THE Blayney Sea-Link facility will be provided with a \$275,000 Federal Government grant to enable it to expand and create more local jobs, Nationals' leader John Anderson said yesterday.

Blayney Sea-Link is a warehousing and processing facility with a public rail terminal. The facility warehouses and distributes products for domestic and export markets.

"The Nationals' candidate for Calare, Robert Griffith, has argued strongly that the facility needs to have town water and sewerage connected so operations can expand to include broader manufacturing and services," Mr Anderson said.

Mr Anderson said a

Coalition government would provide Metziya Pty Ltd with a \$275,000 grant to help link the facility to Blayney.

It would provide the grant under the Regional Partnerships program which makes it simpler and easier for communities to obtain government support for their development priorities.

"A re-elected Coalition government will spend \$335.7 million on Regional Partnerships over the next four years," Mr Anderson said.

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isgrace'**

Dr Rouse said.oman for the Mid a Health Service ent addition of a paedie surgeon t Orange Base uld help reduce lists for some pro-

se Hospital acting ager Ross Noble Haig had joined last week from said Mr Haig's had followed the in July of surgeon Dr John

cent appoint- re expecting to waiting list for procedures," Mr

e hospital under- me patients were ait to have their erformed by par- ns, even though ernaltives.

"We accommodate this preference but it is reflected in the waiting list totals," Mr Noble said.

"NSW Health provides information accessible to patients and their doctors regarding proceduralists across the State and the waiting times these surgeons have.

"The information line is 132 329. Patients and their doctors are encouraged to access that information and make appropriate referrals for procedures to be performed on a timely basis.

"Alternatively, Orange Base Hospital staff are available to discuss with patients their options to reduce the wait for their procedure.

"Certainly if the patient's condition deteriorates they should not hesitate to make contact with the GP or the hospital to re-assess their place on the waiting list," Mr Noble said.

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The Terminal (PG) 2hr 20min Daily: 12.50, 9.20

Dodgeball (M) 1hr 35min Daily: 1.10, 5.50, 9.30

Suddenly 30 (PG) 1hr 50min Daily: 9.50, 4.45, 8.00

The Village (M) 2hrs Daily: 9.30pm

The Bourne Supremacy (M) 2hrs Daily: 3.20, 9.20

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News

# Businesses receive govt grants

By MARK FILMER

THE Blayney Sea-Link project has received a major boost with the announcement yesterday that it would receive a \$275,000 Federal Government grant.

It is the second business this week in the Calare electorate to receive a substantial grant through the Regional Solutions Program, after the MacSmith Milling operation received \$1,000,000 towards a new canola oil processing plant to be built at Manildra.

Trade Minister Mark Vaile and National Party candidate for Calare Robert Griffith announced the MacSmith Milling grant during a visit to the plant on Monday.

Metziya Pty Ltd is developing the Sea-Link project, which involves the construction of a large warehousing and processing facility together with a public rail terminal.

Metziya director and Blayney businessman George Tanos welcomed the funding, which will go towards



**FUNDS:** Central Tablelands Water chairman John Farr, Blayney Mayor Bruce Kingham, National Party candidate Robert Griffith and Blayney Sea-Link director George Tanos at the funding announcement. (Photo courtesy Blayney Chronicle)

## ELECTION 2004



VOTE

a sewerage and water connection to the plant. The development currently uses bore water and a septic system.

Mr Griffith, who made the Metziya funding announcement on behalf of Deputy Prime Minister John Anderson, said these two grants

were evidence of the National Party's commitment to regional Australia. He said the grants were approved because of strong lobbying on his part.

The grant would ultimately help the Sea-Link project expand and create more jobs, he said.

Blayney Shire

Council will contribute \$50,000 towards the Sea-Link sewerage connection and Central Tablelands Water has committed \$37,500.

In 2002 the Federal Government gave Blayney Shire Council \$330,000 to upgrade the Newbridge Road to enable heavy vehicles to access the Sea-Link site.

The government approved the Blayney Sea-Link grant before the start of the caretaker period.

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# Robert Griffith is making a difference



**Hon Mark Vaile MP**  
Minister For Trade

*"Robert has represented the interests of his electorate directly to Cabinet Members. He invited me to Calare twice in the past few months to discuss trade and economic issues with some key people in the region."*



**Hon Warren Truss MP**  
Minister For Agriculture

*"Robert led a delegation of apple growers and industry leaders to see me earlier in the year. We talked about some mechanisms which may improve the Import Risk Analysis process. His efforts have not gone unrewarded."*



**Mr Peter Darley**  
Chairman, NSW Apple & Pear Growers

*"Robert arranged our first meeting with Minister Truss, which began a process of closer consultation with Canberra. He also invited Mark Vaile to the Central West to listen to the growers' concerns first hand. We greatly appreciate Robert's efforts on our behalf."*



**Hon John Anderson MP**  
Deputy Prime Minister & Minister for Transport & Regional Services

*"Robert has been persistently presenting the needs of Calare to myself and other Cabinet Ministers. At his invitation I have visited Calare four times to discuss the issues and concerns which are important to the Central West."*



**Mr George Tanos**  
Director, Blayney Sea-Link

*"Robert's commitment to Calare has already produced results. He lobbied hard in Canberra for Blayney Sea-Link and was instrumental in securing a \$275,000 Regional Partnerships grant. We need a strong voice like Robert's in Government."*



**Mr Bob MacSmith**  
Director, Mac Smith Milling - Manildra

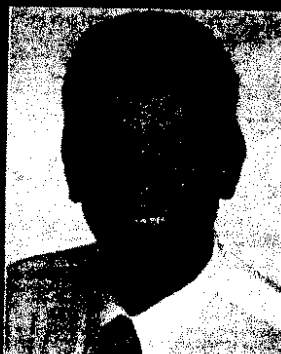
*"A grant of \$845,000 awarded to our Company under the Regional Partnerships Program will greatly assist the expansion of our operations in this region. Robert was one of our strongest advocates with the decision-makers in Canberra. We really appreciate his efforts."*



**Mr Bob MacSmith**  
Chairman, Horticulture Branch - NSW Farmers

*"Robert attended our growers meetings and fought for us in Canberra. He was prepared to battle with his own colleagues to convince them of the need to improve the Import Risk Analysis process and keep disease out of Australia. Thanks for your support Robert."*

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**Hon Mark Vaile MP**  
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*"Robert has represented the interests of his electorate directly to Cabinet Members. He invited me to Calare twice in the past few months to discuss trade and economic issues with some key people in the region."*



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With your support,  
Robert Griffith  
and The Nationals  
will deliver more  
for Calare

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**Robert  
GRIFFITH**

**THE NATIONALS**

# Ministers coddle own seats from poverty fund

Duncan Macfarlane

JOHN Anderson and Wilson Tuckey have spent millions of dollars of taxpayers' money earmarked for needy areas burnishing the community halls of their own electorates.

A study of the two federal ministers' administration of the \$90 million Regional Solutions fund, which Mr Anderson created in June 2000, reveals he has signed off more money for his seat of Gwydir, in northwest NSW, than any other.

The fund was created to combat "economic and social disadvantage", and Mr Anderson, the Transport and Regional Services Minister, has okayed more than 20 projects

for Gwydir funded by \$28 million from the fund. Projects include town hall refurbishments, a skateboard rink in Moree and planting bougainvilleas in Lightning Ridge.

The good folk of Bourke will gain a pavilion and cafe, while Narrabri will receive a \$474,000 museum commemorating the cotton industry.

The welter of projects has made the electorate of the Minister for Transport and Regional Services the biggest beneficiary of the program, although there are 10 regional seats considered more disadvantaged.

The constituents of his junior minister Wilson Tuckey have been blessed with the second-greatest share of the \$31 million so far paid out, though 37 regional seats are considered more needy.

Grants range from \$4600 for a printer to publish a newsletter in Kellerberrin to \$400,000 for an information centre at Jojonup.

A spokesman for Mr Anderson yesterday denied any impropriety in the minister's administration of the program.

"Both ministers have very large electorates with some areas that need support and the program is made for those sorts of areas," he said.

"One of the advantages is that John is always saying to people — because he knows the program well, and I imagine Wilson would be in the same boat — there's this

program you can apply to for assistance," he said.

Condemning the payouts yesterday, Democrats' employment spokesman John Cherry, who commissioned the Parliamentary Library to study the grants, said the scheme was being abused for political purposes.

"These payouts show that Regional Solutions was being used as a pork-barrelling exercise to get the Coalition over the line in marginal seats at the last election," Senator Cherry said.

"I'm particularly disturbed by the fact that the minister appears to have gone against the advice of his department and his advisory committee on a couple of occasions."

At a Senate estimates hearing a fortnight ago, Wendi Kay, assistant secretary at the Department of Transport and Regional Services, admitted Mr Anderson might have overruled his advisory committee

on some of the grants. "There may be some. That may happen in some circumstances and the minister has discretion to do that," Ms Kay said.

The department is due to report on specific grants later this week.

The Government's administration of rural development funds has been called into question before, with claims in 1998 that National Party electorates were receiving excessive funding from the \$3 billion National Heritage Trust.

**Attachment 5**

# Deputy PM serves up more pork

**Duncan Macfarlane**

JOHN Anderson overruled his independent advisory board three weeks ago to grant \$275,000 of government funding for a new medical centre in his electorate.

The decision followed the Deputy Prime Minister's approval of more than 20 other grants that have made his northwest NSW seat of Gwydir the biggest beneficiary of the \$91 million Regional Solutions Fund he administers.

Defending his management of the scheme yesterday, Mr

Anderson said he had only overruled his independent advisers on a dozen occasions out of 460 grants.

"I think the process has been transparent and fair. Around a dozen have been subject to some change and all of that has been done in accordance with the guidelines," Mr Anderson said.

*The Australian* revealed on Tuesday that the scheme set up by Mr Anderson in June 2000 to combat regional "economic and social disadvantage", had given more money to his

seat and that of his junior minister, Wilson Tuckey, than to any other electorate.

This is despite there being 10 regional electorates more disadvantaged than Gwydir and 37 more needy than Mr Tuckey's seat of O'Connor in Western Australia.

"The principal criteria for this scheme is supposed to be the degree of disadvantage. The tragedy is that this program is being turned into a pork-barrelling exercise," said the Democrats employment spokesman John Cherry.

## Attachment 5

# MPs allot \$1.6m to select few seats

## Attachment 5

Sid Marris

NATIONAL Party leader John Anderson and Liberal minister Wilson Tuckey approved more than \$1.6 million in regional assistance funding against the advice of their own committee.

The money for community development projects went to five Coalition electorates and two Labor seats, even though some did not meet the scheme's requirement that priority be given to poorer electorates.

An \$83 million pool established after the 1999 Regional Summit was meant to help struggling electorates to kickstart local community building projects.

But Democrats senator John Cherry, who received a breakdown of the spending through a Senate inquiry, said Mr Anderson's disregard for the recommendations of his own Regional Solution Advisory Committee marked a disturbing trend.

"If the National Party can't stick to the guidelines for this, what chance is there for fair treatment of the proceeds of Telstra?"

The two ministers have received more funding for their electorates than any other parliamentarians, but claim there is no problem with the administration of the scheme.

A spokesman for Mr Anderson has previously said his electorate was large and that many projects were looking for money.

"One of the advantages is that John is always saying to people — because he knows the program well, and I imagine Wilson would be in the same boat — there's this program you can apply to for assistance," he said.

The spokesman said yesterday only 12 projects had been given the go-ahead against the advice of the committee, out of a total of 440 approved projects.

The independent advisory committee is headed by aca-

## 'The initiative becomes partisan because of local members shepherding through their projects'

John Cherry  
Democrats senator

demic John Chudleigh, leadership trainer Sue Middleton, Winton mayor Bruce Collins and a representative from the Department of Transport and Regional Services.

One of the programs rejected by the committee but approved by the ministers was an information booth at a railway station in the South Australian Liberal seat of Mayo — held by Foreign Minister Alexander Downer — which is in the top 10 per cent of wealthy electorates.

Other projects included a \$330,000 forest centre for the Liberal seat of Gippsland and a steam locomotive project worth \$400,000 for the Queensland National Party seat of Maranoa.

Tasmanians in the Labor seat of Lyons received \$81,400 funding for a National Rose Garden, while Mr Anderson's own electorate of Gwydir received \$275,000 for the Scone Medical Centre.

Senator Cherry said the committee was forced to deal with a faulty system.

"The committee itself is not partisan, the initiative becomes partisan because of local members shepherding through their projects," he said.