



1998

**PUBLIC ACCOUNTS AND EXPENDITURE
REVIEW COMMITTEE**

**REPORT ON
THE WESTERN AUSTRALIAN TOURISM
COMMISSION SPONSORSHIP AGREEMENT
WITH GLOBAL DANCE FOUNDATION INC.**

WORLD DANCE CONGRESS 1997

Report No. 36
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WORLD DANCE CONGRESS 1997

Report No. 36

Presented by:

Mr M W Trenorden, MLA

Laid on the Table of the Legislative Assembly
on 4 February 1998

ORDERED TO BE PRINTED

COMMITTEE'S FUNCTIONS AND POWERS

The Committee obtains its powers and functions from the Standing Orders of the Legislative Assembly. Standing Order 412(1) states that the functions of the Committee are:

... to inquire into, consider and report to the Parliament on any proposal, matter or thing connected with the receipt and expenditure of public moneys, including moneys allocated under the Annual Appropriation Bills and the Loan Fund.

Moreover, the Committee is empowered by Standing Order 412(2) to inquire into and report to the Assembly on certain specific matters and on any question which it deems necessary to investigate and to consider whether the objectives of public expenditure are being achieved or may be achieved more economically.

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Deputy Chairman	Mr L. Graham, MLA
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	Ms A.J.G. MacTiernan, MLA
	Mr I.F. Osborne, MLA

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Chairman's Preface

Mr Speaker,

I have the honour to submit the Committee's Report No.36 on The Western Australian Tourism Commission Sponsorship Agreement with Global Dance Foundation Inc.

The tabling of this Report is the culmination of one of the most highly publicized inquiries ever undertaken by the Public Accounts and Expenditure Review Committee. I would like to acknowledge the professional manner with which Members of the Committee undertook what had the potential to be an extremely politicized inquiry.

The tabling of this Report is also a reflection of the Committee's ability to deal with a number of challenges relating both to the investigation of the facts and to the obstacles confronting the Committee in its information gathering process:

- the inquiry involved a range of legal, administrative and financial issues and decisions, which were often inadequately documented; and
- Agencies at the centre of the investigation were reluctant to provide certain information to the Committee on the advice of the Crown Solicitor's Office for the stated reason of pending legal action involving the Sponsorship Agreement.

A notable event in the inquiry process was the decision of the Premier, the Hon. R.F. Court, MLA, to appear before the Committee in an open and reportable hearing. I would like to commend the Premier for his action, particularly as it is the first time in many decades that a Premier of the State has appeared before a Western Australian Parliamentary Committee.

Finally, I would like to acknowledge the contribution of the Committee's staff, Senior Research Officer, Mr Andrew Young and Research Officers, Ms Amanda Millsom-May and Ms Kirsten Robinson and the secretarial assistance of Mrs Patricia Roach.

MAX TRENORDEN, MLA
CHAIRMAN

ABBREVIATIONS

CSO	Crown Solicitor's Office
FAAA	<i>Financial Administration and Audit Act 1985</i>
GDF	Global Dance Foundation (Incorporated on 1/6/95)
PAERC	Public Accounts and Expenditure Review Committee
“The Committee”	Public Accounts and Expenditure Review Committee
“The Contract”	WATC Sponsorship Agreement with GDF Inc.
“The House”	Legislative Assembly of Western Australia
WATC	Western Australian Tourism Commission
WDC	World Dance Congress

SUMMARY OF FINDINGS

CHAPTER TWO

Finding 1 (p.9)

The acceptance by government of the confidentiality restrictions put in place by Mr Reynolds meant that no meaningful assessment of the proposal was possible.

Mr Reynolds' insistence that the matter remain strictly confidential severely hampered the relevant government bodies from the process of assessing the proposal.

Finding 2 (p.11)

The meaning of the word “host” used in the letter from the Premier to Mr Reynolds, dated 12 April 1994, was ambiguous and confused the role proposed for Government in the staging of the *World Dance Congress*.

Finding 3 (p.12)

The proposal for the *World Dance Congress* was referred to the Western Australian Tourism Commission by the Premier.

This was not a Ministerial direction within the meaning of the *Western Australian Tourism Commission Act 1983*.

However, Mr Harrison's recollection of a verbal request from the Premier and the letter from the Premier to Mr Reynolds dated 12 April 1994, appears to have signalled to the Western Australian Tourism Commission (WATC) that the Premier wanted the project to be supported. As a consequence of this, the WATC dealt with the matter as though it was a Ministerial direction.

The Western Australian Tourism Commission should not have taken these actions unless it was prepared to report them as a Ministerial direction in its annual report.

The request by the Premier for Mr Harrison to assess the proposal should have been provided directly to him in writing.

While existing legislation deals with Ministerial directions, there is a problem regarding Ministerial requests that cannot be classified as directions.

CHAPTER THREE

Finding 4 (p.21)

Important information given to the Office of the Premier by Mr Reynolds and others was not passed onto Eventscorp.

Finding 5 (p.21)

Eventscorp lacked the detailed information that would have enabled it to adequately assess the economic impact and tourism demand of the event.

Finding 6 (p.22)

Eventscorp made insufficient checks on the ability of Mr Reynolds to attract corporate sponsorship.

Finding 7 (p.22)

Eventscorp's own criterion regarding the ratio of government and private funding was not addressed.

Finding 8 (p.26)

Mr Reynolds did not have experience in promoting and staging international dance events.

Finding 9 (p.26)

Eventscorp did not adequately scrutinise the personal and financial credentials of the personnel and organisations associated with the proposal.

Finding 10 (p.26)

The Global Dance Foundation was established by Mr Reynolds for the sole purpose of gaining government sponsorship funds.

Finding 11 (p.26)

The Global Dance Foundation did not seek incorporation until government financial support was evident. Because of this, the Government and its authorities were not dealing with an entity with any legal status.

Finding 12 (p.29)

The imposed confidentiality restrictions removed from Eventscorp any ability it may have had to independently verify Mr Reynolds' claims regarding his databases and financial projections.

Consequently, the modified impact analysis carried out by Eventscorp was both unreliable and inaccurate.

Finding 13 (p.30)

The level of confidentiality required by Mr Reynolds was unjustifiable.

CHAPTER FOUR

Finding 14 (p.34)

The review clause favoured by the Western Australian Tourism Commission and Eventscorp was one of the few risk management mechanisms being pursued.

The review clause would not have afforded protection to the first moiety of funds committed, but would have enabled a performance based assessment before the second payment was made.

Finding 15 (p.35)

Threats by the proponent to take the event elsewhere should have been ignored.

Finding 16 (p.37)

While it is clear that the Treasurer is empowered under the *Financial Administration and Audit Act 1985* to authorise supplementary funding for his own portfolios, a conflict of interest exists in this power.

CHAPTER FIVE

Finding 17 (p.43)

Mr Crockett's action to commence contract drafting with the Crown Solicitor's Office immediately following the 22 December meeting was inconsistent with his stated recommendation that a review clause should be tied to payments to the Global Dance Foundation.

Finding 18 (p.45)

On the basis of the decisions taken at the meeting chaired by the Premier on the 22 December 1994, the Western Australian Tourism Commission made a decision to support the sponsorship funding of the Global Dance Foundation.

The formal decision by the Western Australian Tourism Commission was not made until May 1995.

However, Eventscorp proceeded as if a formal determination by the Western Australian Tourism Commission had been made on the 22 December.

At no stage in the intervening five months did the Western Australian Tourism Commission adequately review the decisions of the 22 December meeting.

Finding 19 (p.47)

There is little evidence to support the Premier's assertion that the event had general support within government.

Finding 20 (p.47)

The Premier's Office sought the concerns of the relevant agencies regarding the *World Dance Congress*.

Finding 21 (p.47)

The Premier should have been aware of the concerns or conditions placed on support for the *World Dance Congress* by the relevant agencies.

Finding 22 (p.48)

Poor record keeping and inadequate documentation of decisions made at the 22 December meeting and previous meetings diminished accountability for those decisions.

Finding 23 (p.48)

The absence of adequate documentation meant that there was no clear critical path for the progress of the proposal.

Finding 24 (p.48)

The absence of adequate documentation and the poor record keeping led to disputes regarding the nature and the extent of the commitment of the Government to the proposal and the obligations of the proponent.

CHAPTER SIX

Finding 25 (p.53)

A review clause was included in the initial draft Agreement, because the Crown Solicitor's Office believed it was an important safeguard.

This clause was replaced with a clawback clause on the instruction of Eventscorp in March/April 1995.

Finding 26 (p.53)

Delays in finalising the Agreement meant that the payments were made in quick succession, further restricting the ability of the agencies to analyse the feasibility of the event on an ongoing basis as the planning developed.

Finding 27 (p.54)

Ambiguity and omissions in the final agreed contract diminished the ability of the Western Australian Tourism Commission to access information from the Global Dance Foundation.

Finding 28 (p.54)

The contract did not specify clearly the respective obligations of the parties with regard to the performance of their obligations.

Finding 29 (p.55)

It is clear that Mrs Harrison did not understand her role as a Western Australian Tourism Commission representative on the board of the Global Dance Foundation.

This rendered the clause relating to the appointment of a Western Australian Tourism Commission (WATC) Commissioner to the Committee managing the Global Dance Foundation's affairs ineffective in protecting the WATC's interests.

Finding 30 (p.56)

It was a condition in the draft Cabinet submission that consultation take place with the dance community.

No such consultation took place.

The level of confidentiality required by Mr Reynolds restricted the ability of Eventscorp and the Western Australian Tourism Commission from consulting with the dance community.

Had the dance community been properly consulted they would have given a valuable perspective on the proposal.

Finding 31 (p.57)

The Crown Solicitor's Office advised the Western Australian Tourism Commission of the requirement for the Global Dance Foundation to be incorporated.

However, if the proper checks had been made at the time, the course of events would not have been significantly altered.

Finding 32 (p.58)

Mr Peter Reynolds and his solicitor, Mr Peter Kyle, were negligent in not confirming the proper legal status of the Global Dance Foundation at the time of execution of the contract.

Finding 33 (p.58)

Contrary to Section 5(2)(b) of the *Associations Incorporation Act 1987*, and contrary to the certificate signed by Mr Reynolds under Section 5(2)(b), the Global Dance Foundation did not have more than five members at the time of the application for incorporation.

Mrs Harrison was not appointed until July 1995.

Finding 34 (p.60)

The credentials of the Global Dance Foundation and Mr Reynolds' companies were not scrutinised sufficiently. Had this occurred, Gilbert International and Mr Reynolds would have been made more accountable for management performance and reporting of the expenditure of funds.

Finding 35 (p.61)

Mr Reynolds breached his contract with the Western Australian Tourism Commission by not having the “keyman insurance” stipulated in the contract.

Finding 36 (p.61)

The Western Australian Tourism Commission should not have released funds to Mr Reynolds until he complied fully with the conditions of his contract with respect to “keyman insurance”.

RECOMMENDATIONS

The Public Accounts and Expenditure Review Committee recommends the following:

Recommendation 1 (p.13)

Where a Minister requests a statutory authority to carry out certain actions, such a request should be confirmed in writing by the Minister.

Where a statutory authority believes a Minister has made a request of it the authority has an obligation to seek written confirmation from the Minister.

These principles should be incorporated in all legislation governing statutory authorities.

Recommendation 2 (p.30)

Where the level of confidentiality imposed by a project proponent restricts the ability of government to adequately assess a proposal, funding should be refused.

Recommendation 3 (p.37)

Where a Treasurer is also the responsible Minister, applications for supplementary funding for that portfolio should be submitted to Cabinet for approval.

Recommendation 4 (p.49)

Where an Agency believes that its required and preferred course of action is contrary to the wishes of the Minister, then it should advise the Minister accordingly.

The Minister should provide a written Ministerial direction to the Agency if the Minister requires an Agency to follow a different course of action that it favours.

Recommendation 5 (p.59)

That the Minister for Fair Trading report to Parliament on the means by which procedures for verifying membership of associations applying for incorporation can be strengthened.

MINISTERIAL RESPONSE

Standing Order 414(5) of the Standing Orders of the Legislative Assembly states that:

Where a report of the Committee recommends that a particular action be taken by the Government with respect to a matter, the appropriate responsible Minister of the Crown, shall, as soon as practicable, but within not more than three months, or at the earliest opportunity after that time if Parliament is in adjournment or recess, report to the House as to the action (if any) proposed to be taken by the Government with respect to the recommendation of the Committee.

Accordingly, the Public Accounts and Expenditure Review Committee requests that the following responsible Ministers respond to the Committee's recommendations:

- Premier
- Treasurer
- Minister for Tourism
- Minister for Fair Trading

CHAPTER ONE

CONDUCT OF THE INQUIRY

BACKGROUND TO THE INQUIRY

- 1.1. The Committee's initial interest in the sponsorship agreement between the Western Australian Tourism Commission (WATC) and Global Dance Foundation Incorporated (GDF) originated from questioning by the Opposition of the level and nature of support provided by the Government via the WATC for a proposed *World Dance Congress*. This questioning took place in the opening session of the Legislative Assembly in the 35th Parliament (1997). The event, consisting of a conference and festival, was to have been held in Perth in August 1997. The provision of \$430,000 of public funds was allocated to the GDF by way of the sponsorship agreement.
- 1.2. In addition, the Western Australian Auditor General in his Second General Report for 1996¹, included a controls, compliance and accountability examination on *Events Project Management by the Western Australian Tourism Commission*. The review identified shortcomings in the areas of feasibility studies, event contracts and compliance with State Supply Commission purchasing policies. At the time, the Committee understood that several contracts had been examined, but not specifically the GDF sponsorship agreement. The Committee, however, later discovered that the examination had referred to weaknesses in event management in relation to the *World Dance Congress*.
- 1.3. On 25 March 1997, the Committee received a letter from the Leader of the Opposition, Dr Geoff Gallop, MLA requesting that the Committee '... inquire into the formation, execution and performance of an agreement between the Western Australian Tourism Commission and Global Dance dated 26 May 1995.'²

INQUIRY PROCESS

Terms of Reference

- 1.4. Resulting from further deliberations by the Committee, which took into consideration a range of matters, the following terms of reference for the inquiry were adopted unanimously by the Members present³ at a Committee meeting on 14 May 1997:

To inquire into and report on the sponsorship agreement between the Western Australian Tourism Commission and Global Dance Foundation Incorporated, in particular -

- (1) the extent to which the feasibility of the project was determined;

¹ Office of the Auditor General (WA), *Second General Report 1996*, Report No. 9, p.88

² Letter, Dr Geoff Gallop MLA, Leader of the Opposition to Mr Max Trenorden MLA, Chairman, PAERC, 25/3/97

³ Mr M.W. Trenorden, MLA, Mr L. Graham, MLA, Ms M.R. Holmes, MLA and Ms A.J.G. MacTiernan, MLA. Mr I.F. Osborne was an apology.

- (2) the extent to which the State's financial interests were protected by proper legal scrutiny and contractual processes; and
- (3) the extent to which the likely effectiveness of the sponsorship was assessed by adequate consultation with key stakeholders in the Arts community.

Documentation and Evidence

- 1.5. Documentation was sought from key agency stakeholders under Standing Order 415(2) of the Legislative Assembly of the Parliament of Western Australia which states that:

The Committee shall have power to send for persons, papers and records and to move from place to place.

- 1.6. The Committee held two days of hearings on 2 and 3 July 1997 and took oral evidence from 16 people. The Committee had resolved prior to the hearings that:

... unless otherwise directed by the Committee, hearings will be open to the public within the meaning of Standing Order 373 of the Legislative Assembly and evidence given to the Committee will be reportable, within the meaning of Standing Order 375.⁴

According to convention, hearings of the Committee are normally deemed open to the press and the public and may also be reported, if so resolved by the Committee.

- 1.7. Following the initial round of hearings, the Committee wrote to the Premier of Western Australia, the Hon. R.F. Court, MLA stating that:

The Committee wishes to extend to you an opportunity to appear before it in order to address evidence given to the Committee in matters relating to Global Dance Foundation (Inc).⁵

- 1.8. Consequently, the Premier accepted the invitation to appear by replying:

I appreciate the Committee extending me the opportunity to appear before it to address evidence given to the Committee in matters relating to Global Dance Foundation Inc. I am happy to appear before the Committee at any time in the near future.⁶

- 1.9. The above-mentioned hearing took place on 15 August 1997. At the time, the Committee was well aware that under Standing Order 371 of the Legislative Assembly of the Parliament of Western Australia, members can refuse to attend as a witness⁷ and

⁴ Committee Minutes No.12, 2/7/97

⁵ Letter, 3/7/97

⁶ Letter, Richard Court MLA, Premier to Mr Max Trenorden MLA, Chairman, PAERC, 29/7/97

⁷ Standing Order 371 which applies 'Mutatis Mutandis' to the PAERC states that: 'If a Select Committee desires the attendance of a member as a witness, the Chairman shall, in writing, request him to attend; but should he refuse, the Select Committee shall take no further action, except to report the matter to the House.'

acknowledges the Premier's cooperation in accepting the invitation to attend. Historically, it has been seldom for a Member of Parliament or a Minister, let alone a Premier, to appear before a Western Australian parliamentary committee. The Committee understands that the last time a Premier of Western Australia appeared before a parliamentary committee was on 16 September 1915, when the then Labor Premier and Colonial Treasurer, the Hon. John Scadden, MLA was examined.⁸

- 1.10. The Committee extends its appreciation to all witnesses who appeared before the Committee and to the Agencies and individuals who assisted the Committee in its inquiry.

Issues Arising during the Hearing Process

- 1.11. Following the first round of hearings, the Committee received correspondence from two witnesses concerned that some sections of the media had misinterpreted sections of their evidence. Further, they had viewed that the Committee had prohibited witnesses from discussing their evidence with the media or others.
- 1.12. After a general review of its operations, the Committee reported to the House on 23 October 1997⁹ that it had both amended its procedures in relation to the examination of witnesses during open and reportable hearings, and clarified the rights of witnesses to speak publicly about their evidence. More specifically, the Report highlighted three areas: the conduct of evidence hearings; public statements by witnesses; and the availability of uncorrected/corrected transcripts of evidence.
- 1.13. In tabling the abovementioned report, the Committee sought to balance the rights of witnesses with achieving due process.

Overview of Key Issues

- 1.14. From the outset, the Committee's intention was to examine the processes by which public funds were committed to assist in the promotion of the *World Dance Congress*. In the past, the Committee's approach to similar inquiries has been to focus on process related matters and associated accountability implications, in accordance with its powers and functions.
- 1.15. Event Tourism and in particular sponsorship agreements of this nature often have elements of risks. Risk factors are also heightened when the event is a "greenfield" or new project. Therefore, it is imperative for the Government through its responsible agency, in this case the WATC and its Eventscorp arm, to fully assess whether proposals are worthy of committing public funds.

⁸ Minutes and Votes and Proceedings of the Parliament during the Second Session of the Ninth Parliament, 29 July 1915- 26 November 1915, Vol. II

⁹ PAERC, *Report on Procedure for the Examination of Witnesses - Open and Reportable Hearings*, Report No.35, October 1997

- 1.16. The Committee was mindful from the outset that the sponsorship agreement was still “live” and that the initial proposal for the event had originated in early 1994. An “in-principle” decision was made to focus on issues and events arising from the origins of the proposal to the execution of the sponsorship agreement on 26 May 1995. This decision was based on a desire to limit the scope of the inquiry to the terms of reference and make it more manageable. However, this did not limit the Committee from examining events pre- 1994 and post May 1995 that had particular relevance to the period under investigation.
- 1.17. As a result of evidence brought to the Committee and in addition to the stated terms of reference, the Committee was interested in examining:
- the culture of confidentiality restrictions inherent in events of this nature and its impact on the process of fully scrutinising event proposals;
 - the degree to which decisions to financially assist proposals of this nature are influenced by threats or pressures to take events elsewhere;
 - the adequacy of paper trails of decisions and actions taken, in particular whether there are clear lines of authority; and
 - whether responsible government agencies utilise their discretion with respect to seeking Ministerial direction where they feel it is warranted.

Framework of the Report

- 1.18. This inquiry is by nature investigative rather than conceptual. Therefore, the structure of the Report is loosely chronological, so as to coherently develop the issues arising from certain activities and events during the period under review. The following chapters provide relevant research, analysis, findings and recommendations centred around the Committee's terms of reference.

CHAPTER TWO

ORIGINS OF THE EVENT PROPOSAL

INTRODUCTION

- 2.1. In this Chapter, the Committee will provide an overview of the origins of the proposal to stage the *World Dance Congress*. This will also include a brief examination of both the credentials and experience of the proponent, Mr Peter Gilbert Reynolds, and the preliminary discussions that took place in the lead up to the “referral” of the proposal to the WATC. The Committee also examines the processes associated with the “referral” of the event to the WATC.
- 2.2. It is important to acknowledge that the events and discussions that took place during this period led to the formation of certain opinions on the event proposal, the proponent and the perceived role and benefits for Government. These opinions were based on limited information and very little consultation with key stakeholders, such as the Department for the Arts and the dance community, for reasons of confidentiality.

BACKGROUND

- 2.3. Mr Reynolds first wrote to the Premier on 5 January 1994, seeking a meeting to discuss a proposal for a *1995 World Dance Competition and Festival*.¹⁰ The letter mentioned that information had also been sent to a number of relevant Ministers (Tourism, Arts, Commerce and Trade, and Education). Mr Reynolds requested that the information remain confidential. At this time, the Premier was not the Minister for Tourism.¹¹
- 2.4. An accompanying document briefly outlined details of the proposed event due to take place in July/August 1995, which encouraged potential participants to join '... Gilbert International - Great Artists of dance, international tours bringing their artistry to wider world audiences, furthering their experience and careers.'¹² Gilbert International is the registered business name of Cedar Developments Pty Ltd, which is Mr Reynolds' family trust company. The Committee notes that Gilbert International was not officially registered as a business name until 20 April 1995.¹³
- 2.5. At that stage no details were provided with respect to the event income and expenditure budget, marketing or the potential role for the Government.

¹⁰ Letter, Peter G. Reynolds, Chairman, Gilbert International to the Hon. R.F. Court MLA, Premier, 5/1/94

¹¹ Hon. C.J. Barnett, MLA was Minister for Tourism from 25/8/93 to 25/1/94 and Hon. R.F. Court, MLA from 25/1/94 to 21/12/95.

¹² Attachment to letter from Mr Reynolds to the Premier, 5/1/94

¹³ WA Ministry of Fair Trading- Business Names Extract, 19/5/95

- 2.6. The objective of the event as far as Mr Reynolds was concerned was “arts” with a tourism spin off. In evidence to the Committee, Mr Reynolds argued that:

It had to be an arts event because we could not expect government support overseas if its target was to be a tourist event. It had to be identified solely as an arts event until such time as the event was happening ...¹⁴

And further:

... it was done for the benefit of world dance, from which Western Australia could gain tourism and could gain a great deal of opportunity for dance here to be involved with professional dancers from all over the world.¹⁵

Credentials and Experience of the Proponent

- 2.7. By way of background, Mr Reynolds is a retired former managing director of a public company and consultant. He was formerly also the Honorary Chairman of the Board of Management of The Graduate College of Dance WA Inc. In this regard, the Committee notes a letter it received from the current Chairman of the College, Mr Ron Swinney, who stated that:

The mention of his association with the College and the way it was reported in the press has left a wide impression that the College is intimately associated with the venture Herein lies our concern.

Mr Reynolds resigned as Chairman of the Board some 12 months ago citing as one of his reasons his involvement with Global Dance. The Board knew nothing of his venture except in the broadest terms when he spoke of it in a casual way on one occasion, saying that “it was all tied up”.¹⁶

In relation to his experience in promoting and staging such events, Mr Reynolds said in evidence to the Committee:

My experience of promoting dance events is quite minimal.¹⁷

- 2.8. Prior to the proposal for the *World Dance Congress*, Mr Reynolds had been involved in gathering support for The Graduate College of Dance's 21st year celebrations by way of a gala celebration entitled, *Western Australian Stars of World Ballet*. Mr Reynolds had approached the Premier in August 1993 seeking a meeting to discuss the gala and the possibility of Government assistance or sponsorship. The correspondence included a supporting letter from the Patron of the College of Dance, Sir Charles Court. Additional

¹⁴ Evidence, 2/7/97, p.82

¹⁵ op. cit., p.92

¹⁶ Letter, Ron Swinney, Chairman of The Graduate College of Dance (WA) Inc to Mr MW Trenorden, Chairman, PAERC, 12/11/97

¹⁷ Evidence, 2/7/97, p.76

promotional material on the gala also included a supportive letter from the then Minister for Health; the Arts and Consumer Affairs, the Hon. Peter Foss, MLC.

- 2.9. Assistance for the Stars of World Ballet was sought from the WATC in September 1993. However, the proposal did not fit the brief of the criterion for Eventscorp:

... the main criterion for Eventscorp is the generation of economic activity for Western Australia by attracting or developing major events. ... In addition, we do seek to increase the profile of the State by the generation of national and international media coverage of these events. However, media coverage by itself is not generally considered a sufficient criterion but rather an adjunct to the specific economic impact generated by the event.¹⁸

- 2.10. Notwithstanding this, the gala did receive funding of \$5,000 from the Department for the Arts in 1994, following Ministerial approval of a recommendation made by the Dance Funding Panel that funds be provided.

PRELIMINARY DISCUSSIONS

- 2.11. In relation to the *World Dance Congress*, Mr Reynolds again wrote to the Premier on the 16 February 1994 via the Premier's then Principal Policy Officer, Ms Jenny Squires, about the proposal, expressing severe reservations about confidentiality:

I trust you can appreciate any leakage of any part will do untold damage to the "simultaneous world launch" to commence mid March, whichever country decides to become host. My recent experience of finding confidential letters to you and Ministers being responded to by departments causes me to express this concern and you can understand my reasons for couriering this to Jennifer for your attention only.¹⁹

- 2.12. The comments in this letter with respect to claims of confidentiality and the possible location of the Congress are noteworthy. The Committee will further explore both the issues of confidentiality and pressure by proponents to take events elsewhere in future chapters. The Committee considers that the proponent had taken an unreasonable stance on confidentiality before the proposal had been properly discussed with the Minister for Tourism or any other Ministers. It is also evident at this stage that the proponent was claiming that he had not decided whether the event would be staged in Perth, and was waiting to ascertain whether Government support or sponsorship could be obtained.
- 2.13. In responding to a question on whether he would have taken the project elsewhere, Mr Reynolds stated in evidence:

It was intended to be a World Dance Congress project. It was never intended to be a Western Australian project ...²⁰

¹⁸ Letter, Mike Rees, Director Business Development, Eventscorp to Mr Peter G. Reynolds, Chairman, The Graduate College of Dance WA Inc., 4/11/93

¹⁹ Letter, Peter G. Reynolds, Gilbert International to the Hon. Richard Court, Premier, 16/2/94

²⁰ Evidence, 2/7/97, p.92

- 2.14. A meeting was secured with the Premier in March 1994, and information was sought from Eventscorp by the Office of the Premier on how Eventscorp assessed events of this nature. In response, Eventscorp informed that they assessed various aspects of the given event, in particular the amount of economic impact the event will make on the Western Australian economy, the amount of international and national media coverage which will increase the profile of Western Australia and the amount of private sector involvement.²¹ Eventscorp appeared eager to analyse Mr Reynolds' concept to ascertain whether it could have a role. However, Eventscorp stressed that should it have a role, it would require representation on the Organising Committee or controlling body to monitor the Government's investment.
- 2.15. The Committee was also presented with evidence that the then Acting Executive Director of the Department for the Arts, Mr Ellis Griffiths, had provided the Minister for the Arts with comments on the proposal. This was in response to a request to comment on the merits or otherwise of the State's involvement in a world dance competition to be held in Perth. The following general points were raised:
- Without a budget it is very difficult to make any judgement on the cost/benefit of the proposal.
 - One of the major benefits suggested by Peter Reynolds relates to tourism. I recommend the proposal be referred to the Tourism Commission for evaluation.
 - The proposal, as it stands, lacks detail. Mr Reynolds has not indicated whether he has examined the possibility of commercial sponsorship or any other funding source.²²
- 2.16. The positives included that the event may attract new dance audiences, commercial sponsorship and have economic spinoffs. However, it was recognised that it was difficult to pass judgement on the magnitude of economic benefit.
- 2.17. More disturbing, were the negatives for the proposal that described the dance competition as unlikely to attract funding from normal arts funding sources and that the State Government would probably be required to underwrite what would, almost certainly, be a high risk venture.²³

²¹ Letter, Mike Rees to Jenny Squires, 3/3/94

²² Letter, Ellis Griffiths, Acting Executive Director to the Minister for the Arts, 2/3/94

²³ *ibid.*

- 2.18. As far as the Committee can ascertain, the comments made by the Department for the Arts were not discussed with anyone beyond the Minister for the Arts. This is supported in evidence by the Premier who, in responding to a question on whether he received information or advice from the Minister for the Arts or any others about the proposal or the event organiser, replied:

Not that I am aware of in those early stages.²⁴

- 2.19. The Committee considers that the comments afforded by the Department for the Arts were important and could have added value to the initial discussion and evaluation of the proposal. In addition, only limited information was available to comment on. It is clear that even at this early stage, the confidentiality of the proposal was paramount from the viewpoint of the proponent. In relation to this aspect, the then Chief Executive Officer of the Department for the Arts, Dr Margaret Seares in evidence commented:

As I understand from the officers of my department who were looking at this at the time, we were never given detail of the proposal because it was felt it was a confidentiality issue.²⁵

Finding 1

The acceptance by government of the confidentiality restrictions put in place by Mr Reynolds meant that no meaningful assessment of the proposal was possible.

Mr Reynolds' insistence that the matter remain strictly confidential severely hampered the relevant government bodies from the process of assessing the proposal.

Initial Meeting with the Premier

- 2.20. The Premier and Mr Reynolds met in March 1994 and discussed both the issues of possible dance facilities at Swanbourne Senior High School and the proposed *World Dance Congress*. The Premier recollected discussion on the following issues at the meeting:

At that meeting he also raised with me that he would like to put together a major cultural event in this State which would be, in effect, a world dance congress bringing together all the different forms of dance into one major congress. I found the proposition interesting. ... The proposition he put forward was that he would put together this World Dance Congress.²⁶

²⁴ Evidence, 15/8/97, p.6

²⁵ Evidence, 3/7/97, p.44

²⁶ Evidence, 15/8/97, p.4

2.21. The Premier, after representations from Mr Reynolds, was of the opinion that the event would have provided benefits to the arts world, the dance community and the tourism industry.²⁷ The issue of confidentiality was raised at the meeting and was viewed as being normal under these circumstances.

2.22. Following the meeting in March, the Premier wrote to Mr Reynolds on 12 April 1994 informing him that:

I would be happy for Western Australia to host the World Dance Convention and to take part in the publicity you have planned. I believe that the type of convention envisaged by you would be of great benefit to the State.

In order to progress further the matter of financial support for the Convention, including the timing of the assistance sought, I have asked Mr Kevin Harrison, the Chairman of the Western Australian Tourism Commission, to contact you as soon as possible. Mr Harrison will ensure that your proposal receives appropriate attention.²⁸

2.23. In evidence, the Premier was asked what he thought hosting a convention like this one entailed for the Government, to which he replied:

The Government is often asked to endorse events. Whether or not we support them financially, we endorse most of the conventions and events that come to Western Australia—big, small and medium. The Government would certainly provide an endorsement of such an event. If a decision were made that the Government would support it, in this case through the WA Tourism Commission, it would be in line with whatever was agreed to as a result of negotiation. ... Western Australia's "hosting" a convention means it would be held in Western Australia.²⁹

2.24. The interpretation of the meaning of "host" is indeed arguable. During the sponsorship negotiation phase, to be discussed in Chapter 6, comments were sought from Treasury by Eventscorp on one of the drafts of the contract. The matter of "host" was referred to in the response:

... point 2 refers to the words "hosted by" the Government of Western Australia. Is there any danger of this being misinterpreted and perceived as the Government having a more significant involvement than just being a contributing sponsor ...³⁰

2.25. Further, it was Mr Reynolds' understanding that he had asked the Premier to allow Western Australia to host the World Dance Convention.³¹ Contrastingly, in evidence the Premier testified that Mr Reynolds had said that he wanted to host the event in Western

²⁷ op. cit., p.6

²⁸ Letter, Richard Court MLA, Premier to Mr Peter Reynolds, 12/4/94

²⁹ Evidence, 15/8/97, p.8

³⁰ Letter, Acting Under Treasurer (Garry Hall) to Mr Shane Crockett, 10/3/95

³¹ Evidence, 2/7/97, p.83

Australia and that he (the Premier) had said it would be good to have such an event hosted here.³²

Finding 2

The meaning of the word “host” used in the letter from the Premier to Mr Reynolds, dated 12 April 1994, was ambiguous and confused the role proposed for Government in the staging of the *World Dance Congress*.

REFERRAL OF THE PROPOSAL TO THE WATC

2.26. In accordance with the Premier's letter of 12 April 1994, the matter was “referred” to the WATC. In evidence to the Committee, WATC Commissioner, Mr Kevin Harrison, explained that the Premier had ‘... verbally asked me to be in contact with Mr Reynolds.’³³ The Committee also notes a memorandum sent by Mr Harrison to all WATC Commissioners in October 1994 which stated that ‘[t]he Premier has requested that we look at the prospect of Western Australia hosting the World Dance Congress’.³⁴

2.27. As to how that information was communicated to Mr Harrison, the Premier responded:

“I understand that there is no correspondence from me or my office to the WATC “transferring” the proposal for a World Dance Congress to the WATC. The only place where it is mentioned is in my letter to Mr Reynolds dated 12 April 1994.” ... I note, however, I did not specifically draw to your attention the fact that my letter dated 12 April 1994 to Mr Peter Reynolds was copied to the Minister for Education and Mr K Harrison, Chairman and Chief Executive of the Western Australian Tourism Commission. ... No other documentation has been located to show whether someone from my office or I spoke to Mr Harrison either by telephone or at a meeting prior to the letter being sent.³⁵

2.28. Mr Harrison was sent a copy of the letter to Mr Reynolds confirming the meeting held on 12 April 1994.

2.29. It is arguable whether the “referral” of the proposal to the WATC for assessment was viewed as a form of Ministerial direction. The Office of the Auditor General in a letter to the WATC resulting from its 1996 audit examination of certain financial aspects of the Commission, including the *World Dance Congress*, found that:

... the feasibility of the World Dance Congress does not appear to have been adequately assessed because, it is suggested, it was referred to the Commission by the Office of the Premier. ... When projects are undertaken because of a specific Ministerial direction this

³² Evidence, 15/8/97, p.9

³³ Evidence, 2/7/97, p.28

³⁴ Memorandum, Kevin Harrison to All Commissioners, 11/10/94

³⁵ Letters, Richard Court MLA, Premier to Mr Max Trenorden MLA, Chairman, PAERC, (2/9/97) 17/9/97

should be formally documented and be unequivocal. The Board's resolutions in relation to such projects should note the Ministerial direction.³⁶

- 2.30. The Committee is also mindful of the comments made by the Premier in evidence, with respect to the absence of any specific (ministerial) directions during the entire process. The *Western Australian Tourism Commission Act 1983* states under Section 16(1) that:

The Minister may from time to time give written directions to the Commission with respect to its functions and powers either generally or with respect to a particular matter, and the Commission shall give effect to those directions.³⁷

- 2.31. The 1992 *Report of the Royal Commission into Commercial Activities of Government and Other Matters, Part II* made several comments about the relationship of ministers to statutory authorities and companies and their responsibility in respect of them. One such comment was that:

Where the minister either directs the board of an authority or company to act in a particular way or in a given matter, or communicates with the board in a way that could reasonably be interpreted by it as a direction, the minister must notify the Parliament promptly of this in writing and the authority or company must note in its annual report the direction given or the circumstances interpreted as a direction.³⁸

- 2.32. The Committee believes that enthusiasm from a Minister for a project is not a Ministerial direction and should not be viewed as such by any Agency. It is the Agency's responsibility to assess a proposal under its guidelines.

Finding 3

The proposal for the *World Dance Congress* was referred to the Western Australian Tourism Commission by the Premier.

This was not a Ministerial direction within the meaning of the *Western Australian Tourism Commission Act 1983*.

However, Mr Harrison's recollection of a verbal request from the Premier and the letter from the Premier to Mr Reynolds dated 12 April 1994, appears to have signalled to the Western Australian Tourism Commission (WATC) that the Premier wanted the project to be supported. As a consequence of this, the WATC dealt with the matter as though it was a Ministerial direction.

³⁶ Letter, H.M. Blake, Deputy Auditor General to Chairperson, WATC, 18/6/96

³⁷ *Western Australian Tourism Commission Act 1983*

³⁸ Western Australia, *Report of the Royal Commission into Commercial Activities of Government and Other Matters (WA Royal Commission)*, 1992, Part II, p.3-27

The Western Australian Tourism Commission should not have taken these actions unless it was prepared to report them as a Ministerial direction in its annual report.

The request by the Premier for Mr Harrison to assess the proposal should have been provided directly to him in writing.

While existing legislation deals with Ministerial directions, there is a problem regarding Ministerial requests that cannot be classified as directions.

Recommendation 1

Where a Minister requests a statutory authority to carry out certain actions, such a request should be confirmed in writing by the Minister.

Where a statutory authority believes a Minister has made a request of it the authority has an obligation to seek written confirmation from the Minister.

These principles should be incorporated in all legislation governing statutory authorities.

CHAPTER THREE

INITIAL FEASIBILITY/MODIFIED IMPACT ANALYSIS

INTRODUCTION

- 3.1. The extent to which the feasibility of the *World Dance Congress* proposal was determined was one of the most dominant and important issues throughout the inquiry. The initial research and analysis conducted and subsequent opinions formed were significant in determining whether the proposed event should be recommended for support by the WATC Board for inclusion in draft cabinet submissions.
- 3.2. In this Chapter, the Committee will examine the extent to which the initial feasibility and modified impact analysis of the proposal was determined by Eventscorp. This examination will cover the period from April to September 1994.

BACKGROUND

- 3.3. Under Section 4(1) of the *Western Australian Tourism Commission Act 1983*, the WATC is established as a body corporate. Section 4A(1) of the Act provides for the Commission to have a Board of Commissioners with the authority to exercise the powers and perform the functions of the Commission.³⁹ The role of the WATC is to:

... accelerate the sustainable growth of the tourism industry for the long-term social and economic benefit of the State.⁴⁰

- 3.4. Eventscorp is an arm of the Commission and was established approximately ten years ago. Its objective is to ‘... develop, attract, support and, as appropriate, manage events capable of generating substantial economic benefit and which cost-effectively market Western Australia nationally and internationally.’⁴¹ In evidence, Eventscorp's General Manager, Ms Linda Wayman, told the Committee that over the past three years alone, Eventscorp events had generated an average of \$22 million a year in economic impact into the State.⁴²
- 3.5. To achieve its objective, Eventscorp is involved in both bidding for established events and developing new events that will stay in Perth. In the case of the *World Dance Congress*, the proposal was for a new “greenfield” event that did not go through any bidding process. All proposals are usually subjected to a rigid feasibility study requiring initial scrutiny by Eventscorp's Board. It then submits the proposal and recommendations for

³⁹ *Western Australian Tourism Commission Act 1983*

⁴⁰ WATC Annual Report 1996, p.1

⁴¹ op. cit., p.19

⁴² Evidence, 2/7/97, p.2

a given event to the WATC Board, who are the final arbiters in the decision-making process.

3.6. The Committee was told by Ms Wayman that:

Eventscorp has a national reputation for its strict feasibility process with criteria which encompass potential economic and media impact, private sector support, event frequency, and the capacity of tourism facilities at the time of the event.⁴³

INITIAL FEASIBILITY ANALYSIS

Information about the Proposal

3.7. As has been described in Chapter Two, the event proposal was “referred” to the WATC by the Premier in April 1994. The proposal was then promptly handed over to Eventscorp for assessment.

3.8. Initial details of the proposal were provided by Mr Reynolds in a letter dated 30 April 1994 to Mr Harrison.⁴⁴ This letter was a follow-up to the meeting that had been held between Mr Reynolds and the Premier in March. In the letter, Mr Reynolds informed Mr Harrison that, due to delays, the Congress would take place in 1996. He also made reference to the need to resolve before June 1994 the question of whether the Government would support the proposal. The letter was headed “Gilbert International”; however, there was also mention of a “global dance trust” in an accompanying document. Later in the process, there appeared to be some confusion by Eventscorp as to which entity they were dealing with in relation to this event.

3.9. The letter also outlined the host Government's involvement as contributing, by way of a “donation” to the global dance trust, \$430,000 over two phases and providing assistance in such areas as prize giving, video launching and mail distribution costs. The host Government was described by Mr Reynolds as the Premier's Department and the Departments for Tourism and the Arts (including roles for the respective Ministers).

3.10. Mr Reynolds anticipated that between 3,000 and 4,000 delegates and 1,000 and 1,500 competitors would attend over an average of 11 days @ \$320 per day. Estimated tourist revenue after phase one was \$19.380 million. Support for the convention and competitions was described as follows:

Financial support for the convention and competitions and in effect the global dance trust will be canvassed from all levels of the following:-

1. Eighty nations with differing forms of classical or national dance. Each has between 5 and up to 50 states, provinces, regions, districts, cantons or counties,

⁴³ ibid.

⁴⁴ Letter, Peter G. Reynolds, Gilbert International to Mr Harrison, 30/4/94

which have dance companies, dance groups, dance teaching, and dance tertiary training.

2. International and National Corporations, Business, Trusts and Arts Foundations.
3. Major cities throughout the world.⁴⁵

- 3.11. As the event had not occurred before, the figures were only estimates based on guesswork, which related to each facet of dance. In evidence, Mr Reynolds described how he came up with the initial research figures:

I did that with my secretary or assistant and I discussed that with a number of people. It was based on the number of dance organisations which existed, the number of organisations and associations which existed. Over the years I discussed with individuals the common interest; that is, how dance could enjoy the benefits enjoyed by sport, and which at the moment arts did not enjoy the benefits of. The calculations were based on the number of organisations, and there were altogether 4000.⁴⁶

- 3.12. Mr Reynolds admitted that when he was developing his concept, he had not spoken directly with people in the WATC to take advantage of their expertise in staging events, but added:

I had to put forward a proposition which I could support. If people had indicated objections to or opposition about numbers, I would have listened and discussed them. However, no-one said they did not believe I could attract that number.⁴⁷

Eventscorp's Impressions of the Proposal

- 3.13. The Committee understands that at that time, Eventscorp was keen to get into more arts-related events, having had a sports-orientated focus in the past.

- 3.14. In evidence, Eventscorp's Event Development Director, Mr Mike Rees, described his first impressions of the event proposal:

It came to us in a circumspect way. We had this idea it was a large event, but we did not initially receive full information on the event because of Mr Reynolds' confidentiality restrictions. When we looked at the event, we thought the numbers were big, it was an exciting event, had merit and was worth pursuing. We liked the concept.⁴⁸

- 3.15. On the issue of confidentiality, Mr Rees further argued:

I would accept that someone with a new concept may well be concerned about the concept leaking into the community. He gave us that indication over a number of times; that is, that

⁴⁵ Attachment to Letter from Peter G. Reynolds to Mr Harrison, 30/4/94

⁴⁶ Evidence, 2/7/97, p.78

⁴⁷ op. cit., p.81

⁴⁸ Evidence, 2/7/97, p.5

he was extremely concerned about the confidentiality of the concept. We had to respect that.⁴⁹

- 3.16. The issue of confidentiality is not an uncommon one for Eventscorp, and indeed there has been a trend towards incorporating confidentiality clauses in sponsorship contracts. However, the Committee considers that it should not be so restrictive as to prevent proper assessment of a proposal. In this case, acceptance by Eventscorp of the need to keep details of the event confidential resulted in Mr Rees working solely on the subsequent analysis of the proposal.

Initial Assessment of the Proposal

- 3.17. Eventscorp assesses events against major criteria in accordance with a time line of responsibilities known as “The Development of an Event”. The five major criteria used to analyse an event's worthiness for support are:

1. Value of economic impact.
2. Amount of media impact (with particular emphasis on television).
3. The event frequency (will it be staged more than once in Western Australia?).
4. The amount of private as against government funding to support the event.
5. The demand for tourism facilities associated with the timing of the event (do the hotels have any capacity at that time?).

- 3.18. Following a meeting with Mr Reynolds in May 1994, the WATC sought further information from him on certain aspects relating to the convention, including a mission statement, marketing plan, sources of corporate sponsorship and government funding, structure of the management team and the event budget.⁵⁰

- 3.19. It is clear that Eventscorp continued to lack adequate information about the proposal. This was revealed in an undated briefing note in which Eventscorp outlined its perceived difficulties with the project. Its initial assessment was not favourable, showing concern at the lack of data provided by Mr Reynolds. The briefing note concentrated on three of the primary factors in event management—market, management structure and budget—and it was felt that the information supplied on these three elements was insufficient for Eventscorp to recommend progressing the project. For example, there was concern at the projected attendance figure to the convention of 4,000 delegates, not only in terms of attracting that number to the event but also regarding available accommodation and space for plenary sessions, meals, etc. In addition, Eventscorp had not been provided with information on revenue sources nor a detailed budget.⁵¹

⁴⁹ op. cit., p.7

⁵⁰ Letter from Kevin Harrison, Chairman of the WATC to Mr Peter Reynolds, Gilbert International, 7/6/94

⁵¹ Eventscorp Briefing Note 1, undated

3.20. From the limited information provided, Eventscorp produced its own figures within this briefing note, comparing Mr Reynolds' projected economic impact with a model it felt was more realistic. Eventscorp calculated the total economic impact of the convention and competition to be \$1,575,000 compared with Mr Reynolds' figure of \$19,360,000.⁵²

3.21. In conclusion, Eventscorp noted there was:

... merit in developing a feasibility document to assess the concept of staging the Congress in Western Australia. Until further information is provided by the proposer, such a feasibility is not possible.⁵³

and recommended:

... that further investigation of both aspects of the Congress be undertaken before the commitment of any funds.⁵⁴

3.22. Further briefing notes were developed for a proposed meeting between Mr Reynolds and the Premier; however, there is some uncertainty about who actually wrote them.⁵⁵ It was noted that the '... proposal needs hard facts to back the significant projections Mr Reynolds has made with regard to the Congress.' The questions contained within this briefing note were '... designed to produce those facts which would be needed to develop a feasibility study of the event,⁵⁶ and queried such aspects as the Event's budget, marketing, speakers, economic impact and management.

3.23. The Committee understands that this briefing note was given to Mr Reynolds by the Office of the Premier to respond to, without the knowledge of Eventscorp. In addition, Eventscorp did not receive a copy of Mr Reynolds' subsequent response to the Premier of 7 September 1994. As discussed below, this appeared to be on the insistence of Mr Reynolds.

3.24. In his letter dated 7 September 1994, Mr Reynolds addressed each of the queries raised in the second briefing note. He noted that a full financial feasibility and international research had been undertaken over the past two years, which were basic to determining consideration of the World Dance Congress. He explained that his income and expenditure budgets were fully detailed, and that the funding sought from the Western Australian Government would be used to '... assist in marketing our State to attract

⁵² According to Eventscorp, economic impact is the number of people attending the event by their estimated expenditure (usually calculated on a daily basis) by the length of their stay.

⁵³ Eventscorp Briefing Note 1, undated

⁵⁴ *ibid.*

⁵⁵ Mr Rees said in evidence that: 'I believe that briefing note was based on a briefing note that I had done very early on in the piece when, I assume, we had been given limited information. I put up some briefing notes of questions that I thought should be asked of him by another party.' Evidence, 2/7/97, p12.

⁵⁶ Briefing Note 2, undated

tourists, and to attend the World Dance Congress, convention and competitions.⁵⁷ Mr Reynolds also presented an “Events stay analysis” table, in which he showed 4,000 delegates and 1,500 dance competitors and entourage generating \$19.380 million.

- 3.25. In addition, Mr Reynolds detailed expected sponsorship contributions from governments, businesses, dance organisations and patrons and asserted that the figures quoted ‘... represent an ultra conservative view of our conservative expectations.’⁵⁸ However, he would not disclose any details of sponsor marketing, and stressed that there would be no communication with any potential sponsors until the *World Dance Congress* location was determined.
- 3.26. The Committee notes with concern that this information was withheld from Eventscorp. In addition, internal advice was provided for the Premier on 8 August 1994⁵⁹ by his Principal Policy Officer, Mr Doug Campbell, prior to a meeting with Mr Reynolds. The memorandum suggested that if Eventscorp was involved in managing the project, there was a very high possibility Mr Reynolds would withdraw altogether. While it was noted that Eventscorp had prepared a draft Cabinet Submission on the Congress, the memo commented that the ‘... Cab Sub [sic] would be rejected in its present form which would effectively sink the project.’⁶⁰
- 3.27. The memo went on to criticise Eventscorp's analysis, saying it was ‘... inflexible, bureaucratic and appears to lack detailed knowledge of the dance industry which detracts from the quality of the analysis.’⁶¹ The memo noted that Mr Reynolds had responded in detail to Eventscorp's problems with the project but he did not want to submit that response to Eventscorp.
- 3.28. The memo recommended that the matter be handled by Treasury for the following reasons:
- to satisfy Mr Reynolds' need to control the management of the event and need for accountability of public funds committed to the project;
 - Treasury had experience in such matters and would require complete budget income and expenditure projections;
 - confidentiality was assured; and
 - Treasury would process the matter through Miscellaneous Services and probably require it to be submitted to Cabinet Estimates.

⁵⁷ Letter, Peter G. Reynolds, Chairman, Gilbert International to the Hon. Richard Court, Premier, 7/9/94

⁵⁸ *ibid.*

⁵⁹ In subsequent correspondence with this Committee on 2/9/97, the Premier noted that this memorandum was probably misdated and should have been dated 8 September 1994.

⁶⁰ Memo from Mr Campbell to the Premier, 8/8/94

⁶¹ *ibid.*

3.29. The Committee notes the following evidence:

Ms MacTIERNAN: Yes. Premier, do you recall receiving this advice from Mr Campbell on 8 August?

Mr COURT: Not specifically; but it is here, it is documented.⁶²

And further:

Mr COURT: You asked me was I aware of this memo. As I said it is documentation; it is there. My response to that memo would have been that it would be quite appropriate for it to remain with Eventscorp.

Ms MacTIERNAN: You do not recall that?

Mr COURT: No. I am saying that an officer provided that advice and I would not accept that advice. It is quite proper for it [to] remain in the hands of the responsible agency.⁶³

Finding 4

Important information given to the Office of the Premier by Mr Reynolds and others was not passed onto Eventscorp.

Finding 5

Eventscorp lacked the detailed information that would have enabled it to adequately assess the economic impact and tourism demand of the event.

Private Versus Government Funding

- 3.30. There was clearly inadequate assessment by Eventscorp of its private versus government funding criterion. The main revenue sources outlined by Mr Reynolds were registration fees, sponsorship and Government support. Of these three, only the Government support provided funds upfront, which meant that in the initial stages of the event development, no private funds existed for the purposes of the project. Eventscorp's own criterion required assessment of the proponent's ability and track record with respect to attracting commercial sponsorship. Nevertheless, it was apparent that GDF when incorporated would only generate funds from the success of the proposed Congress. It appears that Eventscorp believed the proponent had enough funds to keep the proposal going until the

⁶² Evidence, 15/8/97, p.14

⁶³ op. cit., p.15

income stream occurred from registrations, otherwise they '... would not have supplied it to him'.⁶⁴

- 3.31. When specifically questioned whether the event matched Eventscorp's criterion for the balance of private as against government funding and whether they had properly assessed that situation, Mr Rees replied:

We did not address that situation in the feasibility study. ... It was an event that had significant income coming from the registration process, which we would call the private sector. His budget included sponsorship. It is easy to see that there was not a dominant government element in the total budget.⁶⁵

- 3.32. The Committee notes that Mr Reynolds had visited some 40 major companies in Western Australia to attract sponsorship for a previous event, the *Stars of World Ballet*, but with no success. He stated in evidence, that he had to try and offer something that would attract people to come:

I recognised that international business would not find an event happening in Western Australia of great import where we have a million and a half people and are rather isolated.⁶⁶

Finding 6

Eventscorp made insufficient checks on the ability of Mr Reynolds to attract corporate sponsorship.

Finding 7

Eventscorp's own criterion regarding the ratio of government and private funding was not addressed.

Scrutiny of Credentials

- 3.33. Eventscorp was responsible for conducting the feasibility study/economic impact research and analysis and recommending courses of action via Eventscorp's Board to the WATC Board. However, confidentiality restrictions severely hampered the ability of Eventscorp to conduct a proper feasibility of the proposal, as it was unable to obtain independent verification of Mr Reynolds' database or progress through the normal channels of consultation.
- 3.34. In the Committee's view, Eventscorp's feasibility analysis did not adequately assess the personal credentials of Mr Reynolds in staging the event or the legal structure of entities

⁶⁴ Evidence, 2/7/97, p.12

⁶⁵ op. cit., p.11

⁶⁶ Evidence, 2/7/97, p.81

associated with the proposal. Instead, character references from a former Western Australian Premier, Sir Charles Court, and the Minister for Arts, the Hon. Peter Foss, both relating to an entirely different event, were highly regarded in assessing the credibility of the proponent. Mr Rees noted that:

The references were about his involvement with the Graduate College of Dance, which led us to believe that if he could run a private arts organisation and be successful, he had the ability.⁶⁷

- 3.35. WATC Chief Executive Officer, Mr Shane Crockett, stated in evidence that although the two references did not refer specifically to GDF, they did relate to Mr Reynolds:

In an event of this nature the individual is the critical component, and based on that high regard and the work he had done in the dance community, we felt that he could make this project happen.⁶⁸

- 3.36. Conversely, the Premier explained that he was aware of the Graduate College of Dance rather than Mr Reynolds:

The Graduate College of Dance was an organisation that I knew. I knew it had a terrific track record. I knew of the work of Terri Charlesworth and Mr Reynolds' wife, Colleen Reynolds, who had wonderful reputations in that area. My mother had been the patron of it for some years. When she passed away my father was the patron. A former leader of the Labor Party, Ron Davies, was on their board.⁶⁹

And further:

In all of my discussions with Mr Reynolds I have always worked on the assumption that the team in place promoting the graduate college was the same team supporting this proposal.⁷⁰

- 3.37. However, the Graduate College of Dance wrote to the Committee stating that:

The mention of his association with the College and the way it was reported in the press has left a wide impression that the College is intimately associated with the venture. Herein lies our concern.

Mr Reynolds resigned as Chairman of the Board some 12 months ago citing as one of his reasons his involvement with Global Dance. The Board knew nothing of his venture except in the broadest terms when he spoke of it in a casual way on one occasion, saying that "it was all tied up".⁷¹

- 3.38. There was an apparent lack of knowledge of Mr Reynolds in the Perth dance community. For example, the Executive Officer of Ausdance WA, Ms Jody Burton, had been involved

⁶⁷ Evidence, 2/7/97, p.15

⁶⁸ Evidence, 2/7/97, p.73

⁶⁹ Evidence, 15/8/97, p.4

⁷⁰ op. cit., p.35

⁷¹ Letter, Ron Swinney, Chairman, The Graduate College of Dance (WA) Inc. to Mr MW Trenorden MLA, Chairman, PAERC 12/11/97

in the Perth dance community from around 1985 but stated she had not heard of Mr Reynolds at the time:

In terms of the practising professionals with whom I deal, no. I did not know him and I was not aware of him.⁷²

3.39. There also did not appear to be any initial attempts by Eventscorp to clarify or conduct any checks on the entities associated with Mr Reynolds. In an official capacity, Mr Reynolds was Chairman of GDF, Director of Cedar Developments and Chief Executive Officer of Gilbert International.

3.40. The Committee understands that GDF was established sometime during 1994, although it was not officially incorporated until 1 June 1995. It was a non-profit body formed to 'foster greater world understanding-cooperation-friendship through the artistry of dance.'⁷³ It appears that the Foundation was formed solely for the purposes of staging the *World Dance Congress*, but was not going to manage the event. Rather, this would be subcontracted to an associated entity. In addition, GDF was not going to be incorporated until there was evidence of Government financial support for the event. Hence, Eventscorp and the WATC were not dealing with a recognised body or organisation, only a proposed not for profit organisation.

3.41. Cedar Developments Pty Ltd was first registered in 1976 with the principal activity of the company noted as "Trustee-Management Consultants". It was incorporated in Western Australia under Mr Reynolds' address. In the subsequent sponsorship agreement signed between the WATC and GDF, Cedar Developments Pty Ltd was referred to in the following way:

"Gilbert International" means Cedar Developments Pty Ltd ... who for the purposes, amongst others, of organising and staging the Event uses the business name "Gilbert International".⁷⁴

3.42. Gilbert International was officially registered as a business name on 20 April 1995, again with the principal place of business being the address of Mr Reynolds. Little seems to be known of Gilbert International prior to its official registration as a business name. However, correspondence from Mr Reynolds to the Premier as early as January 1994 had "Gilbert International" as the letterhead.⁷⁵ Indeed, the attachment to this letter specifically referred to "Gilbert International's 1995 World Dance Competition and Festival".

3.43. The interests of GDF and Gilbert International were different, as Mr Reynolds explained:

⁷² Evidence, 3/7/97, p.57

⁷³ GDF Promotional Material, *World Dance Congress 1996*

⁷⁴ 1995 Western Australian Tourism Commission and Global Dance Foundation Incorporated Sponsorship Agreement World Dance Congress 1997

⁷⁵ Peter G. Reynolds, Chairman, Gilbert International to the Hon. R.F. Court MLA, Premier, 5/1/94

Originally the project was to be put together by Gilbert International as an entrepreneurial activity, but very early on in the planning it became clear that if there were to be a reward for such a thing, it clearly needed to go to an organisation which supports dance. It was decided that the foundation had to be formed, for which the primary purpose - apart from any decisions it made in the meantime - was to use the money raised for spending on the common interests of dance, which its incorporation details declared. Consequently, ... it was clear that Gilbert International, that is to say me, had to be responsible for conducting the event. Global Dance Foundation, however, was a signatory to the agreement.⁷⁶

- 3.44. While GDF would stage the event, Mr Reynolds' budget had disclosed management fees would be payable to Gilbert International, totalling \$120,000. However, as Mr Reynolds stated:

Out of that, Gilbert International accepted \$35,000 and spent the other money on the project. ... The amount of money was \$120,000 and a reimbursement sum of \$90,000 was included in the budget, of which we drew only \$30,000, not \$90,000.⁷⁷

- 3.45. There appears to have been some uncertainty by Eventscorp as to which identity they were dealing with. Mr Rees stated in evidence that:

I cannot tell you specifically when the concept of the foundation was raised, but it was raised early. He always told us a foundation would operate the event and that the foundation had a wider brief that he felt would be for the cause of dance, but that it would also be the operator of this event.⁷⁸

However, confidentiality was initially with Mr Reynolds, not GDF:

It was on the basis that the confidentiality was with Mr Reynolds. ... He was supplying the information, so we assumed we were dealing with Mr Reynolds.⁷⁹

- 3.46. Initially, Eventscorp did not conduct a search of the director or shareholders of Gilbert International or Cedar Developments, as it was understood this had been done by Crown Law.⁸⁰ However, Mr Rees did note he was aware that these companies were associated with Mr Reynolds:

There was no doubt. I think he wrote to us initially on the letterhead of Gilbert International, because the foundation did not exist. Most of the correspondence would have been under Gilbert International's letterhead.⁸¹

Finding 8

⁷⁶ Evidence, 2/7/97, p.77

⁷⁷ op. cit., p.92

⁷⁸ Evidence, 2/7/97, p.15

⁷⁹ op. cit., p.17

⁸⁰ op. cit., p.16

⁸¹ ibid.

Mr Reynolds did not have experience in promoting and staging international dance events.

Finding 9

Eventscorp did not adequately scrutinise the personal and financial credentials of the personnel and organisations associated with the proposal.

Finding 10

The Global Dance Foundation was established by Mr Reynolds for the sole purpose of gaining government sponsorship funds.

Finding 11

The Global Dance Foundation did not seek incorporation until government financial support was evident. Because of this, the Government and its authorities were not dealing with an entity with any legal status.

MODIFIED IMPACT ANALYSIS

- 3.47. Despite Eventscorp's previous reservations, it continued to progress the proposal. However, the analysis relied on Mr Reynolds' figures without any attempt to verify them. Given that Eventscorp had had little experience with this type of event in the past, independent advice should have been sought. Mr Rees admitted in evidence that there was no independent verification of Mr Reynolds' database, largely due to the confidentiality restrictions:

We could not make an independent analysis because we were bound by confidentiality. We had to make a call. ... We had to make a decision on the knowledge available to us at the time, and that is what we used.⁸²

- 3.48. Despite the confidentiality restrictions, Mr Rees said it was felt the project was of merit and worth pursuing:

On that basis we continued with the analysis. If we had felt it was not worth pursuing, we would not have gone ahead with it.⁸³

82 op. cit., p.8

83 op. cit., p.9

- 3.49. Not only did Eventscorp have little experience with this type of project, but Mr Reynolds did not have much experience either in organising a large-scale dance event:

To my knowledge an event of this type has not been held before. ... The number of people was a guesstimate based on each facet of dance.⁸⁴

He gave an example of one of his guesstimates:

... probably about 80 different companies are involved in Spanish dance within and outside Spain. There would be very little reason to believe that, during August ... they would not find time to attend and make their own contributions to the future of dance, interested in dance as they are.⁸⁵

- 3.50. Mr Reynolds produced an economic impact statement for the event, anticipating that 5,550 delegates would generate \$19.38 million worth of economic impact. From this, Eventscorp carried out their own modified impact analysis and concluded that 4,400 delegates would be more achievable:

We were given his budget, which contained the figure of 4,400. We analysed that and felt that as a result of the convention component and the advertising expenditure in his budget - we modified that but it remained a significant advertising budget - and as he told us he had generated a significant database, we felt the 4,400 was achievable.⁸⁶

- 3.51. From their analysis, Eventscorp calculated an estimated economic impact figure of \$11.29 million, which Mr Rees subsequently reduced to \$10 million.

- 3.52. Mr Rees believed that this analysis would have been done at an early stage of the process, when Eventscorp was initially supplied with Mr Reynolds' budgetary figures:

We rebudgeted his budget. We pulled it back. We took the sponsorship out of it. We decreased the revenue and increased the expenditure. We still felt that the budget was acceptable on that basis. ... I reduced the registrants from 5,550 to 4,400.⁸⁷

- 3.53. Mr Rees added that they were used to people being optimistic and that it was not unusual to reduce someone's projections and numbers.⁸⁸ Indeed, they were:

... always dependent on the people who come to us for their analysis of how their event will be attended. We knew Mr Reynolds was Chairman of the Graduate College of Dance; therefore, he had a good understanding of the dance industry. He advised us that he had a large database, which he would be accessing, and that he had developed it over two years. Therefore, we believed he had the ability to be able to access the people. We also knew

84 Evidence, 2/7/97, p.80

85 *ibid.*

86 Evidence, 2/7/97, p.6

87 *op. cit.*, p.12

88 *op. cit.*, p.7

there was a large advertising budget to generate the numbers to come into this town. That is what we used.⁸⁹

- 3.54. When questioned whether any checks had been made to ascertain whether the 4,400 persons was a feasible figure, particularly with any dance agencies or the WA arts community, Mr Rees replied:

We were bound by confidentiality and were not able to talk to any members of the dance community.⁹⁰

Moreover, it was accepted that Mr Reynolds had a database, even though he admitted it was a year out of date, having been developed in 1994. Hence, all the latest information had to be acquired again.⁹¹

CONFIDENTIALITY RESTRICTIONS

- 3.55. The confidentiality restrictions imposed by Mr Reynolds on Eventscorp had a number of repercussions. The first was to prevent Eventscorp from conducting a thorough and critical assessment of the event proposal. Moreover, these restrictions were too easily accepted by Eventscorp, especially when they were so restrictive. As Mr Rees acknowledged:

In this situation we were advised that we could not disclose the concept to any other parties. It was reiterated a number of times; therefore, we had to respect that.⁹²

- 3.56. Likewise, Mr Harrison stated in evidence that:

We had confidentiality clauses in the Hopman Cup and other events, but they were nowhere near as restrictive as this.⁹³

- 3.57. Despite the confidentiality demands imposed by Mr Reynolds, the Committee has found no corresponding evidence of any officer accepting responsibility for them or even questioning their appropriateness. The only reference during this period to any formal confidentiality requirement was in the Eventscorp Board minutes of 10 October 1994, where Mr Crockett stressed to Board members the extreme confidentiality of the proposal.⁹⁴

⁸⁹ op. cit., p.8

⁹⁰ ibid.

⁹¹ Evidence, 2/7/97, p.91

⁹² Evidence, 2/7/97, p.9

⁹³ Evidence, 2/7/97, p.28

⁹⁴ Minutes of the Eventscorp Management Committee, 10/10/94

- 3.58. The extreme confidentiality requirements also resulted in Mr Rees working alone on the proposal during the initial feasibility period. It was explained in evidence that the normal feasibility study has input from a number of people, including the marketing manager, the event development director, the general manager and the commercial manager. As Eventscorp's then Commercial Manager, Mr Rod Martin, explained, 'Those people work together to provide a composite opinion for the whole feasibility.'⁹⁵ However, because of the confidentiality restrictions in this case, Mr Rees worked solely on the project; hence, those people who would have been normally involved were not included in the feasibility process.
- 3.59. However, Section 22 of the *Western Australian Tourism Commission Act 1983*, which relates to secrecy, already prevents officers from divulging confidential information. Hence, the Committee can see no justification why more officers within Eventscorp should not have had access to Mr Reynolds' information. In addition, where the level of confidentiality imposed by a project proponent restricts the ability of government to adequately assess a proposal, funding should be refused. This is in accordance with a recommendation made by the previous PAERC in its *Report on Western Australian Government Financial Assistance to Industry*. In relation to commercial confidentiality, it was recommended that:

No organisation seeking financial assistance shall be granted such assistance if it is not prepared to divulge the relevant information to the appropriate authorities.⁹⁶

Hence, it should be the responsibility of the agency, not the proponent, to determine the appropriate confidentiality requirements.

- 3.60. Confidentiality restrictions also prevented input by the local dance and arts communities, when such consultation should have been a major criterion for the project. The Committee believes that by consulting with key stakeholders, such as the local dance and arts communities in this instance, many of the issues and problems involved with this proposal might have been resolved sooner. (For further discussion on consultation with key stakeholders, see Chapter 4).

Finding 12

The imposed confidentiality restrictions removed from Eventscorp any ability it may have had to independently verify Mr Reynolds' claims regarding his databases and financial projections.

Consequently, the modified impact analysis carried out by Eventscorp was both unreliable and inaccurate.

⁹⁵ Evidence, 2/7/97, p.23

⁹⁶ PAERC, Report No. 31, p.76

Finding 13

The level of confidentiality required by Mr Reynolds was unjustifiable.

Recommendation 2

Where the level of confidentiality imposed by a project proponent restricts the ability of government to adequately assess a proposal, funding should be refused.

CHAPTER FOUR

DEVELOPMENT OF THE EVENT FUNDING PROPOSAL

INTRODUCTION

- 4.1. This Chapter examines the development of the event funding proposal and covers the period from September to December 1994. During this time, a proposed contractual position was devised in consultation with Eventscorp and Mr Reynolds which formed the basis of the draft cabinet submissions.

BACKGROUND

- 4.2. Discussions over the proposed basis of the sponsorship agreement began in September 1994 between Eventscorp and Mr Reynolds. While there appeared to be an initial sense of urgency in progressing the contract and preparing the draft cabinet submissions, it still took more than six months to finally execute the contract. The draft cabinet submissions were subsequently not referred to Cabinet, and the Treasurer, who was also the Minister for Tourism and Premier at the time, approved supplementary funding.
- 4.3. The WATC prepared two draft cabinet submissions, one recommending staggered payments with a review clause, while the other proposed an upfront payment. While the WATC favoured the former approach, Mr Reynolds insisted on an unconditional single payment. The ensuing stalemate over negotiations finally resulted in a meeting on 22 December 1994.

PROPOSED CONTRACTUAL POSITION WITH GDF

- 4.4. Mr Crockett took an active role in the event funding proposal from September 1994, when he attended a meeting with the Minister, Mr Campbell and Mr Reynolds. Mr Crockett noted in evidence⁹⁷ that Mr Reynolds had given the Minister the view that Eventscorp had been unduly slow in its process. As a result, the Minister asked Mr Crockett to look into the progress of the event and to make sure it went through its processes as quickly as possible. Mr Crockett added:

He [the Minister] certainly indicated to me that he wanted me to give it some priority.⁹⁸

- 4.5. Following this meeting, Mr Crockett felt that the proposal needed to get into the Eventscorp board process, as it had not been to the Board yet. As a result, they ‘... started to prepare the various documents to go forward to Eventscorp.’⁹⁹ This led to the

⁹⁷ Evidence, 2/7/97, p.68

⁹⁸ *ibid.*

⁹⁹ *op. cit.*, p.69

Eventscorp Board agreeing in principle on 10 October 1994 to submit by 14 October the Cabinet submission for supplementary funding for \$430,000, subject to the Commissioners' approval.

- 4.6. On 10 October 1994, Mr Crockett faxed Mr Reynolds a draft proposed agreement for the contribution of funds to the proposed *World Dance Congress*. This document was designed to '... outline in principle the intent and purpose of an agreement to form the basis of the Cabinet decision which will need to be taken to provide the necessary funds.'¹⁰⁰ This document contained the staggered payments and review clauses, which involved an initial payment of \$200,000 to be used to implement the marketing of the event, followed by a final payment of \$230,000 upon a successful review of the progress of the marketing campaign. Mr Crockett envisaged that should Cabinet approve the funding, a contract would be drawn up along the lines of the intent and purpose document, '... once Global Dance Foundation is incorporated.'

- 4.7. In reply, Mr Reynolds noted that the staggered payments and review clauses were unacceptable to him. With respect to the former he noted:

The full monies will be paid to the Foundation upon agreement being reached. It has already been made clear that the promotion and marketing is continuous.¹⁰¹

Mr Reynolds also said a review was not possible because:

An economic impact study would necessitate the Foundation providing access to its world data. That is not available to any Government or organisation.¹⁰²

- 4.8. On 13 October 1994, Mr Harrison wrote a memorandum to the Premier as a follow-up to the 12 September 1994 meeting and a subsequent meeting between Mr Crockett and Mr Reynolds on 21 September 1994. He explained that Mr Reynolds had requested several amendments, some of which were quite difficult to accommodate. Hence, the submission could not be acted upon until these problems were resolved, but he noted that:

The concept is of merit and worth pursuing based on the projections provided by Mr Reynolds. Unfortunately given the short time frame we are now faced with it is not possible to independently assess these projections.¹⁰³

¹⁰⁰ Facsimile, 10/10/94

¹⁰¹ Attachment to letter from Peter G. Reynolds, Gilbert International to Shane Crockett, General Manager, Eventscorp, 11/10/94

¹⁰² *ibid.*

¹⁰³ Memorandum, 13/10/94

- 4.9. Mr Harrison added that, '[a]n independent assessment would also be very costly and in essence Mr Reynolds has already undertaken this study.'¹⁰⁴ It can be assumed this referred to Mr Reynolds' letter of 7 September 1994, in which he responded to the second briefing note provided to him by the Office of the Premier:

A full financial feasibility ... was basic to determining consideration of this World Dance Congress. That feasibility, taking some 2 years in preparation and completed in January 1994 ...¹⁰⁵

- 4.10. Despite an inability to independently assess the proposal, Mr Harrison recommended that the concept be progressed in principle on the following terms and conditions:

- (a) Cabinet approves supplementary funding to Eventscorp for the project as Eventscorp does not have an existing budget for this event.
- (b) The funding is forwarded in two progressive payments. The second payment is contingent as [sic] a successful marketing campaign funded by the initial payment and a satisfactory resolution of the sponsorship potential of the event.¹⁰⁶

- 4.11. In Mr Harrison's view, this review would be a comprehensive feasibility study, in that should the campaign not generate sufficient interest, and hence potential attendees, the project could be cancelled at this point with a maximum cost of \$200,000. He added that this strategy was in line with the discussion the Premier had had with Mr Reynolds on 13 September 1994.¹⁰⁷

- 4.12. In effect, this "review" clause replaced the need for independent verification of the proposal's feasibility. As Mr Harrison acknowledged in evidence, '[a]lthough we did not wish to lose the event, we wished to have further checks on its feasibility.'¹⁰⁸ Indeed, it was critical for Eventscorp to be able to review the initial marketing of the event before the second payment, given the proponent's admission that overseas sponsorship was going to be required.

- 4.13. Given that GDF had no funds, other than the government's contribution, the sponsorship money had to be raised quickly and would need to be substantial. Mr Rees explained the thinking behind the recommendation to stagger payments based on reviews:

We try to risk manage that, and we are getting better at that. In this situation, we decided that we would recommend staggering the payments so that we would have the opportunity to see how the event was going before we would continue with the funding. We recommended that there be a review of the expenditure of the first \$200,000 to see how the

¹⁰⁴ *ibid.*

¹⁰⁵ Letter, Peter G. Reynolds, Chairman, Gilbert International to the Hon. Richard Court, Premier, 7/9/94

¹⁰⁶ Memorandum from Kevin Harrison to the Premier, 13/10/94

¹⁰⁷ *ibid.*

¹⁰⁸ Evidence, 2/7/97, p.32

marketing campaign had gone, to see whether the sponsorship was being raised, and to see whether there was a good feel for the proponents to participate.¹⁰⁹

Finding 14

The review clause favoured by the Western Australian Tourism Commission and Eventscorp was one of the few risk management mechanisms being pursued.

The review clause would not have afforded protection to the first moiety of funds committed, but would have enabled a performance based assessment before the second payment was made.

DRAFT CABINET SUBMISSIONS

4.14. WATC Commissioners were given the proposed cabinet submission by Mr Harrison on 11 October 1994. As explained previously, this submission advocated staggered payments of \$200,000 and \$230,000, with a review of the second payment after assessment of the initial marketing campaign. In this circular to Commissioners, Mr Harrison advised that:

- the Premier had requested that the WATC look at the prospect of WA hosting the World Dance Congress;
- Eventscorp had thoroughly analysed the proposal as presented to the Premier and had developed the cabinet submission to be presented to Cabinet for their approval of supplementary funding to be made to secure the event for Western Australia; and
- the Premier had requested that the issue be dealt with as soon as possible.¹¹⁰

4.15. A further meeting was held between Mr Crockett, Mr Reynolds and Mr Campbell on 18 October 1994 to discuss the terms of the proposed contractual agreement. However, there was still no resolution of the staggered payments and review clauses. Mr Crockett informed Mr Harrison of this in a memorandum dated 21 October 1994, adding that it was his understanding from Mr Campbell that the Premier wanted to see “both options”.¹¹¹ This apparently referred to the second cabinet submission which included the option of one single payment without review.

4.16. The WATC clearly preferred the staggered payments and review option, with the Commissioners endorsing the draft Cabinet minute on 21 October 1994.¹¹² Mr Harrison

¹⁰⁹ Evidence, 2/7/97, p.18

¹¹⁰ Memorandum, 11/10/94

¹¹¹ Memorandum, 21/10/94

¹¹² WATC Minutes, 21/10/94

reiterated the WATC's position in a memorandum to the Premier dated 24 October 1994. This option was contrary to Mr Reynolds' insistence of an upfront payment of \$430,000 with no review. In his memorandum, Mr Harrison advised that:

My recommendation is that this is not acceptable and that it is unreasonable to expect the State Government to contribute such a large sum of money with no guarantee of performance or the ability to review the performance of the campaign at set stages.¹¹³

4.17. In saying this, however, it was Mr Harrison's view that this action would result in Mr Reynolds taking the event elsewhere: 'Mr Reynolds has put his position as clearly being that should the Government not agree to the terms he is demanding, then he will look to other State Governments to host the event.'¹¹⁴ Nevertheless, Mr Harrison still advocated the staggered payments option.

4.18. Mr Reynolds' threats to take the event elsewhere effectively short-circuited further possible delays in the negotiation process. As the Premier stated:

The Tourism Commission favoured staggering the payments and making the second payment subject to a review of the marketing campaign implemented with the initial payment. However, it was always quite clear that this was unacceptable to Mr Reynolds and that it was very likely that Western Australia would lose this event to another State.¹¹⁵

4.19. The Committee is unaware of any attempt by the WATC to ascertain whether governments in other jurisdictions had expressed an interest in attracting this event. There is similarly little evidence of any attempt by the WATC to determine the credibility of the threat to take the event elsewhere.

4.20. The PAERC has previously dealt with the issue of project proponents attempting to win government financial support by threat of taking the project to another jurisdiction. In the previous Committee's 1996 Report on *Western Australian Government Financial Assistance to Industry*, it was recommended that:

The threat of locating to another state or country should not be considered a valid reason for granting financial assistance.¹¹⁶

Finding 15

Threats by the proponent to take the event elsewhere should have been ignored.

113 Memorandum, 24/10/94

114 *ibid.*

115 Hansard Extract, 9/4/97, p.1463

116 PAERC, Report 31, Recommendation 10

- 4.21. The WATC had prepared two draft Cabinet submissions on the understanding that Cabinet approval was required for supplementary funding. Evidence given to the Committee suggested that the WATC was not aware that in this instance Cabinet approval was not necessary. Mr Harrison stated in evidence that he was surprised that the two cabinet submissions had not gone through Cabinet:

... it was normal for them to go through Cabinet. We were told Treasury had approved the funding.¹¹⁷

and that:

It is the first time I am aware of in which ultimately the submission did not go to Cabinet.¹¹⁸

- 4.22. However, Mr Harrison also admitted that it was the role of the Minister to take the submission to Cabinet if he wished.¹¹⁹

- 4.23. The draft Cabinet submissions referred to in Mr Harrison's 24 October memo to the Premier were not submitted to Cabinet. The Premier had the power as Treasurer under the *Financial Administration and Audit Act 1985* (FAAA) to authorise supplementary funds. As he stated in evidence:

It would have been normal for the Tourism Commission to put an application for supplementary funding to Cabinet, except when the Minister is the Treasurer, because I make the decisions in relation to supplementary funding. ... I received advice from the Treasury that supplementary funding was something that I had the authorisation to approve and I approved it.¹²⁰

- 4.24. Had the WATC known it was not necessary for Cabinet approval of the supplementary funding, this could have short-circuited the process in terms of time. Many supplementary funding applications are dealt with each year without Cabinet approval. Nevertheless, it is arguable whether a Minister, who is also the Treasurer, should be empowered under the FAAA to authorise supplementary funding for their own portfolios.
- 4.25. Where the Minister is also the Treasurer, applications for supplementary funding should go to Cabinet for approval. Indeed, the Committee notes that in the memorandum dated 8 August 1994 from Mr Campbell to the Premier, reference was made to the effect that the Cabinet Submission in its present form would have been rejected.¹²¹

Finding 16

¹¹⁷ Evidence, 2/7/97, p.34

¹¹⁸ op. cit., p.31

¹¹⁹ op. cit., p.30

¹²⁰ Evidence, 15/8/97, p.14

¹²¹ Memorandum, 8/8/94

While it is clear that the Treasurer is empowered under the *Financial Administration and Audit Act 1985* to authorise supplementary funding for his own portfolios, a conflict of interest exists in this power.

Recommendation 3

Where a Treasurer is also the responsible Minister, applications for supplementary funding for that portfolio should be submitted to Cabinet for approval.

REACTION AND COMMENTS BY KEY AGENCY STAKEHOLDERS

- 4.26. As discussed in Chapter 3, confidentiality restrictions prevented input by the local dance and arts communities, when such consultation should have been a major criterion for the project. An attempt was made by Eventscorp to involve the Department for the Arts in the conduct of a feasibility study for the proposed *World Dance Congress*. On 24 October 1994, Mr Rees had met with Department for the Arts staff to discuss such a study. In a letter to Mr Rees on the same day, the Department for the Arts Executive Director, Ms Andrea Hull, advised that the Department for the Arts had provided “in principle” support for the study, ‘... on the basis that the Western Australian dance community is consulted and that it provides long term benefits to dance development in this State.’¹²²
- 4.27. However, no consultation was carried out because of the confidentiality restrictions imposed by Mr Reynolds. Hence, confidentiality continued to impede proper verification of the process. In evidence, Mr Crockett stated that although he was not sure who was consulted in the development of the feasibility, he understood from the confidentiality conditions placed on the event development manager that advice on the feasibility study was not sought from the Department for the Arts.¹²³
- 4.28. In a subsequent memorandum of 4 February 1997 to Ms Wayman, Mr Rees discussed a recent meeting he had had with Dr Seares about the World Dance Congress. Dr Seares had felt ArtsWest could be very useful to Eventscorp in the feasibility process and had hoped they would consult with ArtsWest on potential arts projects. Mr Rees noted:

I advised her that this particular project is not what we would call a “normal” project, and in most other situations, we would discuss projects with them.¹²⁴

¹²² Letter, 24/10/94

¹²³ Evidence, 2/7/97, p.53

¹²⁴ Memorandum, 4/2/97

4.29. Comments made by Treasury with regard to the draft cabinet submissions questioned the validity of government financial support based on the nature of the venture and the lack of accountability provisions. It appears that Mr Campbell had asked Treasury for urgent comments for discussions with the Premier on the proposal. In a confidential memorandum dated 1 December 1994 from Mr Robin Lynch, General Finance Division, Treasury to Mr Campbell, Mr Lynch commented on the proposed financial assistance for the *World Dance Congress*. He queried several aspects, including the following:

- it would appear to be a promoter seeking assistance rather than a recognised body;
- there would not appear to be a recognised body or organisation behind or interested in the congress, only a proposed not for profit organisation;
- what are credentials [sic] of Gilbert International and Peter Reynolds and what experience have they in this type of undertaking;
- the secrecy about the objectives of the congress and convention is disturbing;
- the “soft blackmail” of going to another State could really be a try-on;
- what justification is there for expecting 4,000 delegates to the congress when only 400 dancers will attend the competition—seems far fetched; and
- no justification/details have been provided for the income and expenditure projections—even though Eventscorp has modified the budget.¹²⁵

4.30. Mr Lynch recorded that Treasury supported the proposal for the payment in two moieties, with the second being made subject to a satisfactory review of progress.

4.31. Further comments on the proposal were provided by Treasury's then Assistant Director of General Finance, Mr Garry Hall, to Mr Campbell on 7 December 1994. Mr Hall highlighted the significant level of anticipated sponsorship required for the event, which amounted to \$625,000 from a number of governments around the world, in addition to \$430,000 sought from the Western Australian Government, \$625,000 from businesses world-wide and \$500,000 from various dance organisations. He advised that he was unable to support provision of government financial assistance to a promoter whose budget showed a net profit of around \$1.5 million:

Of prime concern to Treasury is whether a case has been justified for government involvement coupled with the unreasonable stance being adopted by Mr Reynolds in that the total amount of government financial support of \$430,000 is required upfront when his cash statement indicates a positive result and an eventual surplus.¹²⁶

4.32. Mr Hall added that Mr Reynolds' application for financial assistance from the government was difficult to support given the nature of the venture and the lack of accountability proposed in the arrangement. However, Mr Hall noted that given the benefits to Western Australian businesses, the government might consider two other options for providing financial support. The first was to underwrite the event to a maximum of \$430,000 subject to a pre-agreed budget between the government and the promoter, while the second option involved advancing money as seed capital/loan, to be repaid on the successful conclusion of the Congress and the event's budget being achieved.

¹²⁵ Confidential memorandum, 1/12/94

¹²⁶ Letter, 7/12/94

SUMMARY

- 4.33. It is evident to the Committee that the confidentiality restrictions imposed upon Eventscorp by Mr Reynolds directly contributed to the stalemate over the proposed method of payment. Eventscorp had been unable to conduct a proper feasibility of the proposal because of the confidentiality conditions; hence, it was keen to incorporate a review clause in the event funding proposal to take the place of a feasibility study. Indeed, three of the agencies involved in the process—Eventscorp, the WATC and Treasury—wanted a review before the second payment. By the same token, Mr Reynolds would not agree to such a review clause in the agreement.
- 4.34. Negotiations had reached an impasse by December 1994 and, given Mr Reynolds' insistence that the issue be resolved as quickly as possible, a meeting was called for 22 December 1994.

CHAPTER FIVE

MEETING OF 22 DECEMBER 1994

INTRODUCTION

- 5.1. The meeting of 22 December 1994 was a watershed, turning what had become a lengthy stalemate in negotiations into a proposal with \$430,000 of Government funds committed to the project. Within two weeks a Heads of Agreement was written and Eventscorp instructed the CSO to draft a sponsorship agreement.
- 5.2. The meeting was attended by the Premier, Mr Crockett, Mr Ray Hughes (Acting Under Treasurer), Mr Hall, Ms Jane Longton (Director, Overseas Representation and Tourism, Office of the Premier) and Mr Peter Reynolds.
- 5.3. This was the last time the Committee has evidence of the Premier having met with Mr Reynolds or WATC staff to discuss Government financial support for the event, prior to the signing of the agreement.

PURPOSE OF THE MEETING

- 5.4. It is unclear who initiated the meeting of the 22 December. However, the Committee understands the motivation for the meeting was the stalemate over the proposal that payments to Mr Reynolds be conditional on the WATC review of the marketing performance. As described in Chapters 3 and 4, the proposal leading up to December 1994 was marked by initial enthusiasm for the concept by Eventscorp followed by months of delays and difficult negotiations with Mr Reynolds. In effect, the meeting of 22 December was held to bring this phase to a conclusion.
- 5.5. In describing the process and the location of the meeting, Mr Harrison said:

It was negotiated at the meeting on 22 December at the Premier's office.¹²⁷
- 5.6. The Premier stated that:

The purpose of the meeting was to decide whether to go ahead and, if so, under what conditions.¹²⁸

¹²⁷ Evidence, 2/7/97, p.33

¹²⁸ Evidence, 15/8/97, p.23

- 5.7. Mr Crockett considered that the review clause being insisted upon by Eventscorp before making a second payment to the proponent was the stumbling block in gaining agreement and brought things to a head:

... it became a point of principal disagreement between the two parties, at which stage it was sacrificed to secure the event.¹²⁹

OUTCOMES

- 5.8. There were two major outcomes of the meeting:

1. The event would be supported by the Treasurer making \$430,000 available to the WATC; and
2. The review clause, which made the second payment to GDF conditional on performance, and previously insisted upon by the WATC, would be replaced by a clawback provision. The clawback provision was to be expressed as a refund to be payable to Government by GDF if the event did not achieve the numbers projected. The clawback provision was a substitute for the review clause, but one that was firmly based on the assumption that the event would achieve a significant level of support.

- 5.9. The Premier commented further about the meeting of 22 December that:

At that meeting the consensus was that we should proceed and go down the path of negotiating a contract whereby we would pay the funds but if he did not meet the numbers he had budgeted for, moneys would have to be paid back.¹³⁰

- 5.10. Mr Hall, when asked in evidence: “[w]as that decision arrived at in the meeting by consensus?”, described the outcome of the meeting as follows:

It was arrived at on the basis of listening to Reynolds' arguments for why it should occur. On hearing those arguments, the Premier found in favour of the event proceeding.¹³¹

ISSUES ARISING

- 5.11. The outcomes of the meeting had an impact on aspects of the effective and accountable expenditure of funds:

- commitments to the event by the WATC;
- subsequent contractual processes; and
- accountability for decision making.

¹²⁹ Evidence, 2/7/97, p.65

¹³⁰ Evidence, 15/8/97, p.5

¹³¹ Evidence, 3/7/97, p.10

Appropriateness of WATC Representation at the Meeting

- 5.12. The absence of Mr Harrison from the meeting of 22 December was not prudent given that he was the Acting Chief Executive of the WATC and it was to be the WATC who would have ultimate carriage of the agreement. Mr Crockett, as head of Eventscorp, an arm of the WATC, was the only officer from the WATC present.
- 5.13. In evidence to the Committee,¹³² Mr Crockett stated that he did not have the authority to reverse the position of the WATC. His previous advice to Mr Harrison was to have an arrangement based on staggered payments with a review option. Further, Mr Crockett explained that:

The reason for that was twofold: Firstly, it was a brand new event - it had never been conducted and so, to some extent, it is always an estimate because we have nothing concrete with which to compare this event; and, secondly, it was felt that once the initial marketing campaign was undertaken by reviewing at the end of that first payment, we would have a good idea of how accurate the projections were, given that we did not have another similar event with which to compare it.¹³³

- 5.14. It is clear from Mr Crockett's conduct in commencing drafting of a contract immediately after the meeting that he had accepted that a decision to fund the event without conditional payments, but with a clawback clause, had been made at the 22 December meeting. However, this revised position was not taken to the WATC Board until May 1995 when the contract was completed.

Finding 17

Mr Crockett's action to commence contract drafting with the Crown Solicitor's Office immediately following the 22 December meeting was inconsistent with his stated recommendation that a review clause should be tied to payments to the Global Dance Foundation.

WATC Obligations

- 5.15. The Committee has no evidence that the Eventscorp or WATC Boards made a decision to support the revised *World Dance Congress* funding proposal, immediately following the meeting of 22 December.
- 5.16. There were two aspects to the actions required of the WATC following the meeting of 22 December:

¹³² Evidence, 2/7/97, p.55

¹³³ op. cit., p.54

1. That the WATC should have realised that it still had an obligation to make its own decision about the merits of supporting the event; and
 2. That this should have been undertaken immediately following the meeting and not after months of contract negotiation, which gave the appearance of approval of the amended funding proposal.
- 5.17. The Premier stated in evidence to the Committee, that he did not consider the meeting of 22 December to be the final decision making process:
- ... a decision has been made to fund it, but they had to get the approval of the WATC. The WATC finally approves it. It signed the agreement. If it did not want to sign it, it would not have. It would not be held responsible for something it did not support.¹³⁴
- 5.18. The Premier's assertion that the WATC still had to make its own decision whether or not to sponsor the event, is supported by the supplementary information provided by the current WATC Chairman, Mr Kevin Carton:
- In summary, a decision was made at the 22 December 1994 meeting that a solution to the stalemate which had occurred was to replace the previously recommended review with a refund formula. From WATC's position, this recommendation was then taken back to the Eventscorp Board and WATC Board for their endorsement in the form of the contract, as per normal procedure. This contract incorporating the refund formula was approved by the Board of Commissioners on 4 May 1995.¹³⁵
- 5.19. The review clause was the major point of disagreement leading up to the meeting of 22 December. The decision to replace that clause with a clawback clause should have prompted an immediate referral to the WATC Board for a determination.
- 5.20. The Committee can find no explanation why contract negotiations were progressed to the point of signing some five months later. In fact, the matter was not determined until 4 May 1995.
- 5.21. This report has already established that GDF was an entity with no assets or track record, set up solely for the purpose of gaining financial support to get the event off the ground, (see Chapters 3 & 4). WATC opinion that the proposal required further examination has also been established.
- 5.22. This opinion led to Mr Harrison's recommendation to the Minister for Tourism accompanying the two draft Cabinet Submissions on 24 October 1994. These submissions

¹³⁴ Evidence, 15/8/97, p.32

¹³⁵ Letter, Kevin M Carton, Chairman, WATC to Mr M Trenorden MLA, Chairman, PAERC, 29/7/97

rejected Mr Reynolds' position that he get the funds unconditionally. The Committee questioned Mr Harrison's continued commitment to his draft Cabinet Submission position:

Mr GRAHAM: The fourth paragraph reads -

My recommendation is that this is not acceptable and that it is unreasonable to expect the State Government to contribute such a large sum of money with no guarantee of performance or the ability to review the performance of the campaign at set stages.

What changed your view?

Mr HARRISON: Nothing did.¹³⁶

5.23. The WATC should therefore have decided whether the clawback clause was an adequate guarantee of performance in lieu of a review and in spite of the facts that:

- the clawback clause did not apply to funds paid to Gilbert International;
- GDF had no assets;
- GDF had no cash reserves; and
- the clawback would be only invoked if the event is poorly attended. This circumstance would, paradoxically, limit the income available to meet the clawback provision.

5.24. The decision by the WATC Board of Commissioners on 4 May 1995 to approve the agreement be signed and for the Common Seal of the WATC to be affixed is the only confirmation that the WATC approved the revised payment process.

Finding 18

On the basis of the decisions taken at the meeting chaired by the Premier on the 22 December 1994, the Western Australian Tourism Commission made a decision to support the sponsorship funding of the Global Dance Foundation.

The formal decision by the Western Australian Tourism Commission was not made until May 1995.

However, Eventscorp proceeded as if a formal determination by the Western Australian Tourism Commission had been made on the 22 December.

At no stage in the intervening five months did the Western Australian Tourism Commission adequately review the decisions of the 22 December meeting.

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Evidence, 2/7/97, p.33

Adequacy of Documentation and Records of Decision Making/Lines of Authority

- 5.25. There was a lack of adequate documentation detailing the decisions of the meeting of 22 December and actions to follow. It is reasonable to expect that some form of official record should have been taken, particularly when the participants were aware that important decisions of financial support for the proponent were to be made.
- 5.26. Documentation detailing the line of authority for decisions made at the meeting was also absent. In hearings with key participants, the Committee attempted to establish how decisions were made during the 22 December meeting, particularly that of dispensing with the review clause:

Mr GRAHAM: The decision was made by whom?

Mr CROCKETT: In essence, the decision was made at the meeting of 22 December.

Mr GRAHAM: By whom?

Mr CROCKETT: It is difficult to say coming out of the meeting firmly who made that decision. ... It was agreed collectively that that would be the approach. My action from the meeting was to prepare a draft contract and to put that through the normal processes.¹³⁷

- 5.27. The Premier, in evidence to the Committee stated that:

There was general agreement within government that it was an event that we would like to support.¹³⁸

- 5.28. The Committee has no evidence that there was a general consensus within government. This is particularly so given that the proposal to support the event did not go before Cabinet.

There is contradictory evidence as to whether the Premier was made fully aware of the concerns or conditions placed on support from relevant agencies. These concerns and conditions did exist:

- The WATC, as indicated in its October draft cabinet submission, and 24 October memo from Mr Harrison, was only willing to support the event subject to further feasibility and review of the marketing progress;
- Two weeks prior to the 22 December meeting, Mr Hall signed a letter on behalf of the Acting Under Treasurer, in response to the economic projections provided by Mr Reynolds for the event¹³⁹;

¹³⁷ Evidence, 2/7/97, p.55

¹³⁸ Evidence, 15/8/97, p.4

¹³⁹ Letter, Acting Under Treasurer to Mr D Campbell, Principal Policy Officer, Office of the Premier, 7/12/94

In evidence to the Committee, Mr Hall explained that the “bottom line” of the letter was that Treasury could not support Government funding an event showing a \$1.5 million profit for the promoter. In addition, Treasury doubted that the overseas sponsorship required was achievable and had concerns about the “accountability” of Mr Reynolds in the proposed deal¹⁴⁰; and

- The Department for the Arts did not agree to support the event. In October 1994, Ms Hull replied to Mr Rees confirming that the ‘Department for the Arts provides “in principle” support’ for a feasibility study ‘... on the basis that the Western Australian dance community is consulted and that it provides long term benefits to dance development in this State.’¹⁴¹

Finding 19

There is little evidence to support the Premier's assertion that the event had general support within government.

Finding 20

The Premier's Office sought the concerns of the relevant agencies regarding the *World Dance Congress*.

Finding 21

The Premier should have been aware of the concerns or conditions placed on support for the *World Dance Congress* by the relevant agencies.

5.29. A number of anomalies occurred after the meeting which were unhelpful to the process. These might have been avoided had a better record of decisions been kept:

- the CSO on advice from the WATC, immediately commenced drafting a sponsorship agreement, before the WATC had made any decision to support the proposal;
- the first draft contract contained a review clause, making funding of the GDF conditional, contrary to the agreed position on 22 December; and

¹⁴⁰ Evidence, 3/7/97, pp.1-2

¹⁴¹ Letter, 24/10/94

- there was continued confusion over the Government's commitment to “host” the event, rather than simply “support” the event, fuelled by differing interpretations by Mr Reynolds and the WATC of what took place in this and previous meetings with the Premier.

Finding 22

Poor record keeping and inadequate documentation of decisions made at the 22 December meeting and previous meetings diminished accountability for those decisions.

Finding 23

The absence of adequate documentation meant that there was no clear critical path for the progress of the proposal.

Finding 24

The absence of adequate documentation and the poor record keeping led to disputes regarding the nature and the extent of the commitment of the Government to the proposal and the obligations of the proponent.

Accountability for Decision Making

- 5.30. The Committee acknowledges that the draft cabinet submissions prepared by the WATC did not have to go to Cabinet. Supplementary funding is approved by the Treasurer on application from the portfolio Minister. In this instance, the Minister was also the Treasurer.
- 5.31. It is the Committee's view, however, that one of the outcomes of the meeting of the 22 December was that the WATC interpreted the meeting's decisions as a de facto Ministerial direction to progress the agreement.
- 5.32. Mr Crockett progressed the proposal by requesting the CSO to draft an agreement with GDF.
- 5.33. Section 16 (1) of the *Western Australian Tourism Commission Act 1983* states that:

The Minister may from time to time give written directions to the Commission ... and the Commission shall give effect to those directions.

- 5.34. No written Ministerial direction was ever given by the Minister to the WATC. The WATC was therefore still charged with the responsibility for making its own decision to support the event or not and advising the Minister accordingly.
- 5.35. As the WATC had on-going concerns, but believed that the Minister was enthusiastic about the proposal, they should also have sought written direction, rather than progressing the agreement.

Recommendation 4

Where an Agency believes that its required and preferred course of action is contrary to the wishes of the Minister, then it should advise the Minister accordingly.

The Minister should provide a written Ministerial direction to the Agency if the Minister requires an Agency to follow a different course of action that it favours.

CHAPTER SIX

DEVELOPMENT OF THE SPONSORSHIP CONTRACT

ROLE OF THE CSO AND BASIS FOR THE AGREEMENT

- 6.1. Following the meeting of 22 December 1994, Eventscorp provided the CSO with the necessary documents to commence drafting the sponsorship agreement in late December.
- 6.2. The CSO regarded the contract as an agreement for Government to provide funding to get a “greenfield” project up and running. It was not regarded as a strictly “commercial” sponsorship. Evidence also suggests that a legal agreement was considered necessary to limit the State's exposure to the amount of sponsorship or funding.

PURPOSE OF THE AGREEMENT

- 6.3. There is a question of what purpose the contract was to serve. It was not clear that the payment would be part of a commercial arrangement in which the Government could be regarded as a commercial sponsor. Then Assistant Crown Solicitor, Mr Charles Murray, who was in charge of the contract process at the CSO, was asked whether the sponsorship was a form of grant or an investment to be protected.
- 6.4. Mr Murray responded in evidence that:

I do not think it is possible to fit it into any one category. I did not see it as a strictly commercial sponsorship of the sort that a shoe company, for example, would give to someone staging an athletics event, where the shoe company would provide product and money in return for specified advertising rights and exposure. As I indicated, my understanding of this arrangement was that to some extent it was initial funding to enable the proponent to get the event moving so he could look for further funding.¹⁴²

- 6.5. In response to the question of ‘why was the legal agreement necessary?’, Mr Murray said that:

The main reason for it was to limit the State's exposure to the amount of the sponsorship or funding. The Tourism Commission was very concerned - this question arose in previous dealings I had with the commission - that in no way should the State be seen as a participant in this event. The State was concerned that if the event proved to be a total disaster and ran up enormous costs or liabilities, no-one would come back to the State and say he lost money as a result of the event and he wanted compensation from the State. The State's first concern was to limit its exposure to the \$430 000 - full stop.¹⁴³

- 6.6. Evidence from the 22 December meeting and from the consistent position of the WATC in 1994, was that protection of the \$430,000 was a priority, just as much as the desire to

¹⁴² Evidence, 3/7/97, p.24

¹⁴³ *ibid.*

limit the State's exposure to \$430,000. Whilst Government funding of the event was committed in principle at the 22 December meeting, it was subject to a clawback in lieu of an adequate feasibility analysis being conducted prior to the payments. However, Mr Murray stated that:

... The question of the possibility of recovering funds if for some reason the event did not materialise or was not as successful as the proponent had said it would be was a lesser consideration. There was little discussion about the prospect of the event not occurring at all. The danger that was more anticipated was that instead of drawing X thousand participants, the event might draw only a much smaller number. ...¹⁴⁴

CONTRACT SAFEGUARDS AND RISK MANAGEMENT

Feasibility/Performance Reviews

6.7. At the meeting of 22 December, the provision which made the second installment subject to a review was abandoned in favour of a clawback arrangement. Despite this decision, the CSO's first draft included four payment installments which were subject to review. A review of the event management progress before subsequent payments was still seen as an important safeguard by the CSO.

6.8. Mr Murray explained in evidence that:

... the first draft provided for payment in four instalments. To my mind that was important because I believe, particularly with a non-profit organisation, that the important thing is to control the way the moneys go out. Once the moneys have gone out, it is extremely difficult to get them back. It is much easier to turn off the tap before then.¹⁴⁵

6.9. Mr Murray said that he was instructed to remove the review clause 'in March or April' 1995 by the WATC.¹⁴⁶ The Committee asked Mr Harrison what trade offs the WATC was seeking from the proponent in exchange for removing the review clause and expediting the agreement:

Mr GRAHAM: Do I understand it correctly that you said one of the pressures on the WATC to settle quickly with Mr Reynolds was to remove some of the confidentiality provisions that he put in place on the Government and the WATC?

Mr HARRISON: It would allow us to sign the contract and with his agreement we could investigate further the feasibilities.

Mr GRAHAM: Did you?

144 *ibid.*

145 *op. cit.*, p.25

146 *op. cit.*, p.26

Mr HARRISON: No, because we ran out of time. We ended up signing the contract in late May and the next payment was due in early July.¹⁴⁷

- 6.10. This timing resulted in the two payments to GDF being made in reasonably quick succession - one late in the 1994-95 financial year and one early in the 1995-96 financial year. The WATC, in effect, lost control of the way the moneys went out. Mr Harrison's evidence is that the WATC also lost the ability to further analyse the feasibility of the event between payments due to the delay in finalising the agreement.

Finding 25

A review clause was included in the initial draft Agreement, because the Crown Solicitor's Office believed it was an important safeguard.

This clause was replaced with a clawback clause on the instruction of Eventscorp in March/April 1995.

Finding 26

Delays in finalising the Agreement meant that the payments were made in quick succession, further restricting the ability of the agencies to analyse the feasibility of the event on an ongoing basis as the planning developed.

Contractual Obligations of GDF

- 6.11. In the first four drafts prepared by the CSO in January 1995, the agreement contained a clause 2.2(b), which stated that the WATC shall:

conduct a study at its cost as to the economic impact of the Event provided that GDF shall make available to WATC on a confidential basis all information in its possession or control relevant to the study.¹⁴⁸

- 6.12. The next major draft, number 5, was forwarded to Mr Crockett on 11 April 1995, almost three months after draft number 4. In that draft and the eventual agreement clause 2.2(b) simply read that the WATC shall:

conduct a study at its cost as to the economic impact of the Event¹⁴⁹

¹⁴⁷ Evidence, 2/7/97, p.40

¹⁴⁸ 1995 Western Australian Tourism Commission and Global Dance Foundation Inc. Sponsorship Agreement World Dance Congress 1997. (Drafts 1-4)

¹⁴⁹ The Committee is aware of the cumbersome provisions of Section 9 of the Agreement, which requires the WATC to give GDF notice of a request from the Minister for confidential information.

with no contractual right of access to relevant information held by GDF. Therefore, the final agreement diminished the WATC's ability to ensure openness from GDF.

- 6.13. In addition, the language used to describe the contractual obligations of GDF was made more ambiguous between the fourth draft and the eventual agreement. In clause 3.2 (c), in draft number 4, it was prescribed that GDF:

... shall secure sufficient Event Income in advance of the staging of the Event to ensure that it and the attainment of the Event Objectives are economically viable.

- 6.14. However, in draft number 5, clause 3.2, the word “shall” was replaced by the words “use its best endeavours” to describe GDF's obligations.

- 6.15. Contractual clarity and rigour would have better ensured GDF's realisation of its responsibility for the viability and propriety of the event.

- 6.16. Contractual disputes between the parties subsequent to the contract signing and payment of sponsorship funds and the failure of event management have demonstrated that the WATC should not have permitted such ambiguity in the contract. In January 1996, following months of ongoing contractual disputes, the CSO wrote to GDF's Solicitors detailing various WATC concerns with the event management. Mr Murray concluded the letter by stating that:

It may well be that GDF has contracted with Gilbert International for Gilbert International to organize, promote and stage the Event on behalf of GDF. The present agreement is however between GDF and WATC and GDF is directly responsible to WATC for the performance of its obligations ... The responsibility of the Board of GDF is to ensure compliance with the agreement not merely to monitor the performance of the agreement on GDF's behalf by Gilbert International.¹⁵⁰

Finding 27

Ambiguity and omissions in the final agreed contract diminished the ability of the Western Australian Tourism Commission to access information from the Global Dance Foundation.

Finding 28

The contract did not specify clearly the respective obligations of the parties with regard to the performance of their obligations.

¹⁵⁰

Letter, Mr Charles Murray, Assistant Crown Solicitor to Freehill Hollingdale & Page, Barristers and Solicitors, 4/1/96

WATC Board representation on the GDF Board

6.17. Clause 3.13 (a) of the final Agreement states that GDF shall:

... ensure that a Western Australian Tourism Commissioner or other representative of the Chairman of WATC, is appointed as a representative of WATC to the committee managing GDF's affairs with the same rights and powers as such a member as are held by all other members and with the right to report fully to WATC on all matters relating to the Event.

6.18. This measure was an inadequate substitute for a more vigilant approach to analysing the credentials of and linkages between Gilbert International and GDF. In evidence to the Committee, Mr Murray confirmed that it was a safeguard of very little value.¹⁵¹

6.19. In the Committee's view, WATC representation on the GDF Board was not an adequate substitute safeguard in lieu of proper feasibility, milestone review and open information processes. However, the clause clearly provided a mechanism of some value to potentially assist the WATC's risk management of the State's investment in the event.

6.20. WATC Commissioner, Mrs Ruth Harrison, was appointed as the WATC representative to the GDF Board in July 1995 and resigned in May 1997.

6.21. In evidence to the Committee, Mrs Harrison stated that she probably attended 'three or four' meetings of the GDF Inc. Board between October 1995 and January 1997. Mrs Harrison informed the Committee that such meetings were not held 'that frequently'.¹⁵²

6.22. Mrs Harrison was not sure of her status as the WATC appointment to GDF. Evidence to the Committee suggests confusion as to whether Mrs Harrison should have been a voting member of the GDF Board or if she was there in more of an observer role. Mrs Harrison stated that she did not vote on any issue.¹⁵³

Finding 29

It is clear that Mrs Harrison did not understand her role as a Western Australian Tourism Commission representative on the board of the Global Dance Foundation.

This rendered the clause relating to the appointment of a Western Australian Tourism Commission (WATC) Commissioner to the Committee managing the Global Dance Foundation's affairs ineffective in protecting the WATC's interests.

Consultation with the Arts community as a Safeguard

¹⁵¹ Evidence, 3/7/97, p.32

¹⁵² Evidence, 2/7/97, p.44

¹⁵³ op. cit., p.45

- 6.23. This report has already commented on the approach made by Eventscorp to the Department for the Arts in October 1994 (see Chapters 4 and 5). Department for the Arts support was limited to a feasibility study into the proposal, provided that the Western Australian dance community was adequately consulted.
- 6.24. Mr Harrison told the Committee that it was a condition of the draft Cabinet Submission that the dance community be consulted and a directive from the WATC Board instructed that there be consultation with the arts community.¹⁵⁴

The Committee has no evidence that consultation took place.

- 6.25. The WATC's acceptance of Mr Reynolds' excessive confidentiality restrictions led to the dance and arts community being shut out of any consultation.

Finding 30

It was a condition in the draft Cabinet submission that consultation take place with the dance community.

No such consultation took place.

The level of confidentiality required by Mr Reynolds restricted the ability of Eventscorp and the Western Australian Tourism Commission from consulting with the dance community.

Had the dance community been properly consulted they would have given a valuable perspective on the proposal.

LEGAL SCRUTINY

Application for Incorporation of GDF

- 6.26. GDF was not incorporated when the contract was executed on 26 May 1995.
- 6.27. It is a serious oversight for the WATC to have signed an agreement with GDF, when that entity was not incorporated. Five months elapsed from the time the in principle decision was made to proceed with contract negotiations through to execution, which should have been more than enough time to ensure that incorporation was in place. Mr Murray told the Committee in evidence that:

During the period from December until the time of execution I made reference to the need for the foundation to be incorporated. I was not in any way involved in its incorporation.

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Evidence, 2/7/97, p.42

The whole way through the project I envisaged it would be incorporated. I referred to the question in a number of conversations and in various correspondence.¹⁵⁵

- 6.28. In responding to further questioning on the issue of responsibility for the task of checking incorporation, Mr Murray stated in evidence that:

In this case, I believe that it was Shane Crockett's job.¹⁵⁶

- 6.29. Although the CSO informed Eventscorp of the need for GDF to be incorporated, it did not check this detail prior to the execution of the contract. Remarkably, the CSO, according to Mr Murray's own evidence, was not aware of the incorporation problem at the time of signing until 17 January 1997.¹⁵⁷

- 6.30. It was the responsibility of the CSO to check this detail. There should also have been an onus on GDF, in particular Mr Reynolds and his solicitor, Mr Peter Kyle, to ensure that they were aware of the legal status of GDF prior to execution.

- 6.31. The Committee wrote to the Ministry of Fair Trading on 2 September 1997 concerning the possible breach of section 44 of the *Associations Incorporation Act 1987*. In response the Acting Executive Director and Commissioner, Mr Mark Bodycoat said:

Inquiries were carried out with respect to a breach of Section 44 of the Act and those inquiries revealed a prima facie breach. The evidence suggests the Chairman, Mr Peter Reynolds and the Vice Chairman and Foundation Solicitor, Mr Peter Kyle, had breached Section 44 of the Act by signing an agreement on behalf of GDF prior to incorporation. ... However, whilst a prima facie case exists the matter was not proceeded with as I believe it to be a technical breach and no useful purpose would be served by taking the matter to court.¹⁵⁸

Finding 31

The Crown Solicitor's Office advised the Western Australian Tourism Commission of the requirement for the Global Dance Foundation to be incorporated.

However, if the proper checks had been made at the time, the course of events would not have been significantly altered.

¹⁵⁵ Evidence, 3/7/97, p.24

¹⁵⁶ op. cit., p.37

¹⁵⁷ op. cit., p.36

¹⁵⁸ Letter to the Committee, 12/9/97. The letter quoted Section 44 as follows: '“if a person carries on business or enters into a contract under any name or title of which “Incorporated” or any abbreviation of that word is the final word or abbreviation, the person is, unless incorporated under this Act or any other law, guilty of an offence.” Penalty: \$200.'

Finding 32

Mr Peter Reynolds and his solicitor, Mr Peter Kyle, were negligent in not confirming the proper legal status of the Global Dance Foundation at the time of execution of the contract.

Membership of GDF

- 6.32. There is doubt that GDF had the required number of members at the time of the application for incorporation, in accordance with the Act. Section 5(2)(b) of the Act states that there must be verification that the Association has more than 5 members at the time of application for incorporation.
- 6.33. It is reasonable for the WATC and the CSO to have assumed that the membership level of GDF was legal for the purposes of incorporation, based on the Ministry of Fair Trading's acceptance of this fact. The Committee questions the rigour of the Ministry's administration of the *Associations Incorporation Act 1987* and the adequacy of the Act itself.
- 6.34. In its letter dated 2 September 1997 to the Ministry of Fair Trading, the Committee also inquired whether GDF had five members when it applied for incorporation. Mr Bodycoat responded that:

Section 5(2)(b) of the *Associations Incorporation Act 1987* requires all applications for incorporation to be accompanied by a certificate given by the applicant which must, among other things, verify that the association has more than 5 members.

No reason has been provided to date to doubt this certificate and investigate the membership level of GDF at the time of its incorporation.¹⁵⁹

Finding 33

Contrary to Section 5(2)(b) of the *Associations Incorporation Act 1987*, and contrary to the certificate signed by Mr Reynolds under Section 5(2)(b), the Global Dance Foundation did not have more than five members at the time of the application for incorporation.

Mrs Harrison was not appointed until July 1995.

¹⁵⁹

ibid.

Recommendation 5

That the Minister for Fair Trading report to Parliament on the means by which procedures for verifying membership of associations applying for incorporation can be strengthened.

Checks on Credentials of Entities to Receive WATC Funds

- 6.35. Checks on the personal and financial credentials of GDF and its membership, associated companies and business names were inadequate. There was also inadequate consideration of the role of the various entities involved in the delivery of services. Mr Murray commented in evidence on Gilbert International that:

It was always my understanding that it was a subcontractor of Global Dance Foundation. ... I raised at one stage the question of why the contract was not directly with the entity that eventually seemed to be the one that would be doing the work.¹⁶⁰

- 6.36. Mr Murray told the Committee that on 4 January 1995 he wrote with these concerns to the WATC:

It is anticipated that management of the event will be by Gilbert International. If GDF is to be the proponent it should be incorporated in some way. Similarly if Gilbert is not yet incorporated it should be. What in fact is the purpose of GDF's intervention between WATC and Gilbert International?¹⁶¹

- 6.37. It is clear from Mr Murray's comments that the proposed arrangement appeared to be a commercial relationship between Gilbert International and the WATC, and intervening in this relationship was GDF. Gilbert International was to receive management fees for its activities. It would have been prudent to examine the degree of control that Mr Reynolds, as principal of Gilbert International, had over GDF.

- 6.38. These assertions were put to Mr Murray at the Committee's hearing. He replied:

That is true. That was partly the reason a tourism commissioner was placed on the board of Global Dance. That was the measure of control.¹⁶²

- 6.39. However, Mr Murray had also told the Committee that he thought WATC participation on the GDF Board to be an inadequate safeguard.

¹⁶⁰ Evidence, 3/7/97, p.30

¹⁶¹ *ibid.*

¹⁶² *op. cit.*, p.31

Finding 34

The credentials of the Global Dance Foundation and Mr Reynolds' companies were not scrutinised sufficiently. Had this occurred, Gilbert International and Mr Reynolds would have been made more accountable for management performance and reporting of the expenditure of funds.

DEED OF INDEMNITY BETWEEN THE WATC AND CEDAR DEVELOPMENTS PTY LTD (TRADING AS GILBERT INTERNATIONAL) TO BE PROCURED BY GDF

- 6.40. Clause 7.2 of the sponsorship agreement required that a deed of indemnity be entered into between the WATC and Cedar Developments Pty Ltd trading as Gilbert International. The deed was to indemnify the WATC from any actions brought against GDF or Gilbert International arising from the contract. The sponsorship agreement between GDF and the WATC was signed before the deed of indemnity, which was not signed until September 1995, some four months later. The deed was arranged by Gilbert International.
- 6.41. This delay was negligent because it financially exposed the State and Gilbert International was to be contracted by GDF to manage all aspects of the proposed event - organisation, promotion and staging (clause 7.1). GDF was, in effect, a conduit for some Government funds to go to Gilbert International as management fees.
- 6.42. Major disagreements developed between Mr Reynolds and GDF Solicitor and Board Member, Mr Kyle over the content of the deed. As solicitor acting for GDF in its agreement with the WATC, Mr Kyle drafted the deed on the basis of his understanding of the rights and responsibilities of all three parties: WATC, GDF and Gilbert International. In a letter to Mr Kyle, addressed to Kyle and Company, Mr Reynolds protested that the draft deed prescribed:

Further authority for GDF over Gilbert International in addition to those same responsibilities accepted by GDF ... *[in the agreement with WATC]*.¹⁶³

- 6.43. Mr Kyle resigned from the Board of GDF in August 1995 and Mr Reynolds engaged new solicitors to represent him in dealings with the WATC and CSO at around the same time.

INSURANCE PROVISIONS

- 6.44. Mr Reynolds was not insured as the “keyman” in event management, as he was required to be by Section 7(3)(b) of the contract in May 1995. Mr Reynolds' solicitor, Mr Peter Kyle, had assured the WATC that there would be no problem in Mr Reynolds, who was over 70 years of age, obtaining “keyman insurance.”
- 6.45. However, the WATC had to repeatedly follow up the absence of “keyman insurance” with Mr Reynolds for months after contract execution and after government funds had been expended.

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Letter, 21/7/95

Finding 35

Mr Reynolds breached his contract with the Western Australian Tourism Commission by not having the “keyman insurance” stipulated in the contract.

Finding 36

The Western Australian Tourism Commission should not have released funds to Mr Reynolds until he complied fully with the conditions of his contract with respect to “keyman insurance”.

NOTE

- 6.46. The Committee notes that an undated internal memo was written by Eventscorp's then Commercial Manager, Mr Rod Martin, listing many of the concerns that have been examined in this Chapter.
- 6.47. The Committee further notes that no action was taken on Mr Martin's concerns prior to the execution of the sponsorship agreement. However, the Committee was told by the WATC that a risk and contract management strategy and a risk and contract management checklist have since been developed and are operational. The checklist applies to all contracts in excess of \$50,000 and aims to ensure that certain procedures have been carried out prior to execution.¹⁶⁴

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Letter from Kevin Carton, Chairman of the WATC to the PAERC Chairman, 1/8/97

SCHEDULES**Schedule 1****WITNESSES**

DATE	WITNESS	ORGANISATION AND POSITION	PREVIOUS POSITION(S) HELD OR PORTFOLIOS (IF APPLICABLE)
2 July 1997	Mr Rod Martin	Risk and Contract Manager, Western Australian Tourism Commission	Commercial Manager, Eventscorp (at the time of the contract signing)
2 July 1997	Ms Linda Wayman	General Manager, Eventscorp (appointed 28/10/96)	
2 July 1997	Mr Mike Rees	Event Development Director, Eventscorp (from 16/11/96)	Event Development Director, Eventscorp (up to 9/7/95) Acting General Manager, Eventscorp (10/7/95-15/11/96)
2 July 1997	Mr Kevin Harrison	Commissioner, Western Australian Tourism Commission	Acting CEO & Chairman of the WATC (1/4/93-31/3/95). Acting CEO (to 23/2/96)
2 July 1997	Mr Kevin Carton	Chairman, Western Australian Tourism Commission (appointed 11/4/95)	
2 July 1997	Mrs Ruth Harrison	Commissioner, Western Australian Tourism Commission (from April 1995)	
2 July 1997	Mr Shane Crockett	Chief Executive Officer, Western Australian Tourism Commission (appointed 23/2/96)	General Manager, Eventscorp (up to 2/7/95) Acting Deputy Chief Executive Officer, WATC (3/7/95-22/2/96)
2 July 1997	Mr Peter Reynolds	Chairman, Global Dance Foundation Incorporated	

DATE	WITNESS	ORGANISATION AND POSITION	PREVIOUS POSITION(S) HELD OR PORTFOLIOS (IF APPLICABLE)
2 July 1997	Mr John Pritchard	Director General, Ministry of the Premier and Cabinet	
2 July 1997	Ms Jane Longton	Foundation Director, Art Gallery of Western Australia	Director, Overseas Representation and Tourism, Office of the Premier
3 July 1997	Mr John Langoulant	Under Treasurer	
3 July 1997	Mr Garry Hall	Assistant Director, Finance, Treasury	Assistant Director, General Finance, Treasury
3 July 1997	Ms Judy Eckert	Senior Assistant Crown Solicitor, Crown Solicitor's Office	
3 July 1997	Mr Charles Murray	Senior Assistant Crown Solicitor, Crown Solicitor's Office	Assistant Crown Solicitor (at the time of the contract signing)
3 July 1997	Dr Margaret Seares	Chief Executive Officer, Department for the Arts (from 1/7/95 to 30/6/97)	
3 July 1997	Ms Jody Burton	Arts Manager, Executive Officer, Ausdance (WA) Inc.	
15 August 1997	The Hon. R.F. Court, MLA	Premier; Treasurer; Minister for Public Sector Management; Federal Affairs	Treasurer (from 16/2/93) Minister for Tourism (from 25/1/94-21/12/95)

Schedule 2

Chronology of Selected Events	
<u>1993</u>	Letter from Mr Reynolds as Chairman of The Graduate College of Dance to the Premier seeking a meeting to discuss a 'Stars of World Ballet Gala' for the 21st Anniversary of the College.
3 August 1993	
9 September 1993	Letter from Mr Reynolds to WATC seeking financial support for 'Stars of World Ballet'. Attaches references from Sir Charles Court and Hon. Peter Foss, MLC, Minister for the Arts.
4 November 1993	Letter from Eventscorp to Mr Reynolds advising that the Stars of World Ballet Gala does not fit Eventscorp criteria.
<u>1994</u>	
5 January 1994	Letter from Mr Reynolds to the Premier re: proposal for staging a World Dance Competition and Festival.
17 January 1994	Memo from Ms Jane Tillson (Eventscorp) to Mr Crockett re- conversation with Mr Reynolds. Mr Reynolds had asked for information on Eventscorp criteria.
16 February 1994	Letter from Mr Reynolds to the Premier for the attention of Ms Jennifer Squires, Principal Policy Officer, re: confidential draft of letter to world artists and leaders.
2 March 1994	Letter from Mr Ellis Griffiths, A/Executive Director, Department for the Arts to the Minister for the Arts responding to a request to provide the Minister with advice on the merits or otherwise of State Government involvement in a World Dance Competition and Festival.
3 March 1994	Memo from Mr Rees to Ms Squires setting out Eventscorp criteria and that Eventscorp would be interested in looking at the proposal for a dance competition and convention.
March 1994	Meeting between the Premier and Mr Reynolds.
12 April 1994	Letter from the Premier to Mr Reynolds re- recent meeting where matters regarding dance facilities at Swanbourne Senior High School and the 1995 World Dance Convention were discussed. (see Chapter 2)
30 April 1994	Letter from Mr Reynolds to Mr Harrison confirming meeting arranged for the 6/5/94. Advises that he has set the event back one year to 1996 and that issues need to be resolved by June 1994.
6 May 1994	Meeting between Mr Reynolds and Mr Harrison.
27 May 1994	Draft memo from Mr Harrison to the Premier. Explains that Eventscorp will assess the project to ascertain how they may be able to support the event.

7 June 1994	Letter from Mr Harrison to Mr Reynolds requesting more information and asking him to meet Mr Rees and Ms Jane Tillson (Eventscorp).
27 July 1994	Meeting between Mr Harrison and Mr Reynolds.
30 July 1994	Letter from Mr Reynolds to Mr Harrison enclosing confidential summary.
4 August 1994	Meeting between Mr Reynolds and Mr Harrison.
8 August 1994 (see Chapter 3)	Memo from Mr Campbell to the Premier re- concerns about Congress and need for Treasury to handle rather than Eventscorp.
15 August 1994	Fax from Mr Reynolds to Premier re: urgency to resolve whether or not the Government will support.
7 September 1994	Letter from Mr Reynolds to the Premier responding to briefing notes given to him on 6/9/94.
12 September 1994	Meeting between the Premier, Mr Crockett and Mr Reynolds.
13 September 1994	Meeting between the Premier and Mr Reynolds.
21 September 1994	Meeting between Mr Crockett and Mr Reynolds.
10 October 1994	Fax from Mr Crockett to Mr Reynolds attaching proposed basis of an agreement.
10 October 1994	Minutes from Eventscorp Management Committee Meeting. Eventscorp Board agreed to submit by 14/10/94 the Cabinet submission for supplementary funding for \$430,000 subject to the WATC Commissioner's approval.
11 October 1994	Letter from Mr Reynolds to Mr Crockett re- proposed contractual position.
11 October 1994	Mr Harrison circularised a letter to WATC Commissioners with a proposed Cabinet submission. (see Chapter 4)
13 October 1994	Memo from Mr Harrison to the Premier re- advised course of action. (see Chapter 4)
18 October 1994	Meeting between WATC representatives, Mr Reynolds and Mr Campbell at which the terms of the proposed agreement were discussed.
21 October 1994	WATC Board of Commissioners endorsed draft Cabinet minute containing staggered payments.
21 October 1994	Memo from Mr Crockett to Mr Harrison re- meeting with Mr Reynolds on 18 October.
24 October 1994	Memo from Mr Harrison to the Premier re- draft Cabinet submissions. (see Chapter 4)
24 October 1994	Mr Rees met with staff from the Department for the Arts to discuss conduct of a feasibility study for the proposed World Dance Congress.
24 October 1994	Letter from Executive Director, Department for the Arts, Ms Andrea Hull to Mr Rees re- feasibility study.

1 December 1994	Confidential comments from Mr Robin Lynch (Treasury) to Mr Doug Campbell re- background on general policy of assistance to conferences. Comments on proposed World Dance Congress and queries several aspects.
7 December 1994	Memo from Mr Hall for the Acting Under Treasurer advising on Mr Reynolds' letter dated 7/9/94. (see Chapter 4)
22 December 1994	Meeting between the Premier, Mr Reynolds, Ms Longton, Mr Crockett and Mr Hughes and Mr Hall of Treasury. (see Chapter 5)
29 December 1994	Letter from Mr Crockett to Mr Reynolds re- Heads of Agreement based on 22/12/94 meeting.
29 December 1994	Letter from Mr Reynolds to Mr Crockett responding to meetings of 18/10/94 and 22/12/94.
<u>1995</u>	
2 January 1995	Fax from Mr Reynolds to the Premier re- follow-up to the meeting of the 22/12/94.
4 January 1995	Letter from Mr Murray (CSO) to Mr Rees enclosing preliminary draft sponsorship agreement (Draft 1).
5 January 1995	Letter from Mr Crockett to Mr Reynolds. Refers to quarterly payments/discussion of timing.
5 January 1995	Eventscorp sends Ms Longton proposed Terms of Agreement.
11 January 1995	Letter from Mr Murray to Mr Rees re: Draft 2.
12 January 1995	Letter from Mr Murray to Mr Rees re: Draft 3.
16 January 1995	Eventscorp sends Draft 3 of the contract to Mr Reynolds.
17 January 1995	Letter from Mr Murray to Mr Rees re: Draft 4.
22 January 1995	Letter from Mr Reynolds to Mr Crockett re- response to draft contract.
3 March 1995	Letter from Mr Crockett to Mr Hall re- required response on draft agreement.
10 March 1995	Letter from Mr Hall for the Acting Under Treasurer to Mr Crockett responding to a letter of 3 March. Questions the words "hosted by" the Government of Western Australia and asks whether Global Dance Foundation was now, an incorporated body permitting the advance of funds.
11 April 1995	Letter from Mr Murray to Mr Crockett re: Draft 5. Referred to the need for GDF to be incorporated before agreement could be finalised.
20 April 1995	Gilbert International registered as a business name.
1 May 1995	Letter from Mr Crockett to Mr Kyle (Mr Reynolds' solicitor) re: concerns about giving the WATC sufficient exposure and clause 3 (11) of the sponsorship agreement regarding indemnities/insurance.
2 May 1995	Letter from Mr Murray to Mr Crockett re- Draft 6.

4 May 1995	WATC Board of Commissioners resolved to affix the Common Seal to Sponsorship Agreement.
8 May 1995	Letter from Mr Murray to Mr Crockett. Mentions among other things that : “ I assume that GDF has been properly incorporated”.
12 May 1995	Minutes of meeting between the Minister for the Arts (Hon. P. Foss), Mr Reynolds and a representative from the Department for the Arts to discuss the World Dance Congress and other issues. Minutes mention that the Minister agreed to provide a letter of support that would be included as part of the promotional package for world-wide distribution.
23 May 1995	WATC send final contract to both Ms Longton and Treasury for approval.
24 May 1995	Letter from the Acting Under Treasurer to Eventscorp re- confirming that they are not aware of a reason why the document should not be executed.
25 May 1995	Note on a letter of the 23/5/94 from Ms Longton to the WATC advising that she sees no problems with the contract.
25 May 1995	Memo from Mr Harrison to the Premier seeking approval of request for supplementary funding.
26 May 1995	Sponsorship Agreement executed.
1 June 1995	GDF incorporated.
1 June 1995	Letter from Treasury recommending to the Treasurer that the WATC be given supplementary funding of \$215,000 for the first payment to GDF. (Recommendation was subsequently approved).
10 July 1995	Letter from Eventscorp to Mr Reynolds advising that Ruth Harrison was to represent the WATC on the Board of GDF.
21 July 1995	Letter from Mr Reynolds to Mr Kyle (Kyle and Company) re - deed of indemnity. (see Chapter 6)
26 September 1995	WATC and Cedar Developments Pty Ltd - deed of indemnity executed.
21 November 1995	Media Statement by the Premier re- staging of the World Dance Congress in August 1997.
27 November 1995	Memo from Dr Margaret Seares to the Minister for the Arts re: concerns from WA dance companies that they had not been involved. Mentions that she had arranged a meeting with Mr Reynolds to discuss several issues.
27 November 1995	Letter from Ms Jody Burton, Executive Officer, Ausdance (WA) Inc to the Premier re- concerns expressed by key professional dance/arts organisations.
<u>1996</u>	
4 January 1996	Letter from Mr Murray to Freehill Hollingdale and Page, Barristers and Solicitors re- contractual matters. (see Chapter 6)