



Speech by

Hon. J. ELDER

MEMBER FOR CAPALABA

Hansard 9 November 1999

MINISTERIAL STATEMENT

APEC Technomart

Hon. J. P. ELDER (Capalaba—ALP) (Deputy Premier and Minister for State Development and Minister for Trade) (9.45 a.m.), by leave: I rise to inform the House about the events surrounding the APEC Technomart, which was to have been held on the Gold Coast last week. The Queensland Government was first approached in the dying days of the Borbidge/Sheldon Government, which provided in-principle support for the technomart.

Opposition members interjected.

Mr ELDER: They cannot help themselves.

As a new Government, we were approached by the principals of PacRim for confirmation of support.

Opposition members interjected.

Mr SPEAKER: Order! We will hear this statement. I warn all members.

Mr ELDER: At that time we identified that one risk was the potential failure of the event due to poor organisation and a correspondingly low number of acceptances. The organisers were, however, able to point to experience in organising large and relatively complex events such as the Masters Games. Notwithstanding this, funding was approved on the basis that sponsoring departments would need to closely monitor progress made in arranging the event over the period leading up to the event. Consequently, an interdepartmental working group was formed to monitor preparations, coordinate the Government's input and ensure that the organisers provided an appropriate profile for the State Government as a major sponsor.

Mr Grice interjected.

Mr SPEAKER: Order! The member for Broadwater will cease interjecting.

Mr ELDER: Accordingly, the sponsorship agreement was settled with PacRim on 2 November 1998 settling the arrangements for sponsorship, and the interdepartmental working group was subsequently formed. The management committee of PacRim include a significant number of creditably experienced and reputable business people. They included Lorraine Martin, Peter Fisher, Robin Rust, Paul Rodgers and Phil Curtis. It is also notable in this regard that Technology 99 had received the status of endorsement by APEC which involved 21 member economies in the Asia-Pacific region—a status that had been facilitated by the Commonwealth Government. The Commonwealth Government accordingly was the principal sponsor, providing direct support of some \$260,000 as well as substantial indirect support. The Commonwealth support included funding the conference and conducting a business matching program.

The Queensland Government shared sponsorship with the Commonwealth Department of Industry, Science and Resources, the Courier-Mail, Griffith University, Boeing, Gold Coast City Council, Metromedia Technologies, Bond University, the University of Queensland, Uniquist, Queensland University of Technology, AMCHAM Australia, Fisher Adams Kelly, Wilson HTM, Qantas, Info Salons, On the Net and Auslink Technologies.

In view of the substantial commitment by the State and the importance of this event to the business development of Queensland, the Department of State Development placed management

responsibility for the project and the conduct of the interdepartmental working group in the hands of a deputy director-general of the department, Mr John Carroll, who was considered to have the appropriate experience and status to make sure that this project was a success. Considerable human resources from the Department of the Premier and Cabinet, the Department of State Development and the Department of Communication, Information, Local Government and Planning were dedicated to supporting the organisation in the interest of ensuring maximum participation in the event and maximum benefit for Queenslanders. This support included monthly—or more frequent—meetings of State officials with the organisers to monitor progress. Often these included representatives of the Commonwealth and the Gold Coast City Council; the assistance of State-based and overseas offices—regional, head office and international—to the conference organisers to access the domestic and international business community; assistance in identifying world-class speakers; and assistance to the organisers and the Commonwealth in developing the business matching program.

The responsibility for staging the event and managing the registration of delegates lay, however, with PacRim and its contractors. By mid August, however, Queensland Government officials had begun to develop some concerns about the level of delegates that seemingly were registered. This concern arose as a result of inquiries about specific businesses which had registered with the conference for the purpose of achieving the business matching program.

Consequently, the department initiated the following actions. Firstly, Mr Carroll wrote directly to the event chairman of PacRim, Mr Peter Fisher, requiring advice on confirmed delegates and anticipated numbers. This correspondence was never answered. Secondly, the matter was immediately raised with the project director, Ms Judith Maestracci, both informally and in the context of regular meetings, including officials from the Commonwealth and the Gold Coast City Council, who consistently dismissed concerns based on the view that the usual practice was for delegates not to register until the last two weeks prior to the conference.

Thirdly, the matter was raised directly with a senior official from the Department of Foreign Affairs, who did not advise of any concern on the part of the Commonwealth. Fourthly, the matter was raised with officers of the Commonwealth Department of Industry, Science and Resources, who corroborated Ms Maestracci's analysis that it was to be expected that delegates would not register until the last fortnight prior to the conference. They pointed to their experience of a similar event in South Australia to support this view.

Nevertheless, Queensland officials continued to pursue this issue regularly and often with the project director and at project working group meetings with PacRim representatives. To illustrate the nature of the response that was typically received, I will quote from the PacRim project office report of 28 September 1999 to the weekly meeting of Government officials. It states—

"With less than 5 weeks to go until the event, we are pleased to report there has been a major increase in bookings/confirmation of both exhibitors and delegates. Reports for both groups have been provided. We anticipate the major numbers of conference and seminar delegates will register 1-3 weeks prior to the event. Confirmation of exhibitors is being received at 3 or 5 each day.

We propose that we continue our weekly meetings—"

this was Tuesdays at 10 a.m.—

"with you, senior representatives of the three levels of government. Our consultation process has increased dramatically with all event commercial partners looking to maximise their involvement in the event.

The project office is working to capacity. This will no doubt be the case until the completion of the event. Our outside consultants, Global Events and Marketplace Communications, have employed additional staff to commit much resources to operational aspects of our event.

As an indicator of the current level of activity we are currently receiving over 100 e-mails each day and sending over 300 messages, and this is in addition to a large volume of faxes and letters. We anticipate this volume of communication will increase consistently up to the event."

Indeed, the continued pursuit of this matter with the project office by Queensland officials was met by accusations that the Government was demonstrating a negative attitude towards the conference. As concerns heightened towards the latter part of October, Government pressure was increased on the project office for advice on registrations. This resulted in the following fax being sent to the Department of State Development on 25 October—

"Further to your phone call this morning for John Carroll—bottom line is over 3000 current registrations. Forecast of registrations based on written confirmation or estimates by associated events organiser. Please note this does not include our forecast for paid conference, seminar delegates and day visitors that are being received in increasing numbers on a daily basis."

Importantly, at no stage did the project office or the management committee of PacRim ever concede that there was any basis to any Government concerns. Indeed, they directly dismissed them and supplied what appears to be highly misleading advice on delegate numbers. Certainly until Thursday, 28 October they gave no indication whatsoever that there was any risk of the conference not proceeding or financially collapsing.

It was not until late on Thursday evening, 28 October that my office received advice from Mr Peter Fisher of PacRim that the conference was experiencing financial difficulties. Apparently the Commonwealth had received advice earlier that day. I was told on Friday, 29 October and immediately attempted—unsuccessfully—to contact Mr Fisher and subsequently—successfully—Ms Maestracci. Ms Maestracci assured me that the delegate numbers were continuing to flow in. The problem, she suggested, was at worst a cash flow problem and she indicated that she and the management committee of PacRim would be prepared to put forward their own personal funds to ensure that the conference proceeded. Following this conversation I told her that, in view of the Government sponsorship of the project and its significance to the State's reputation, the Department of State Development would be engaging a firm of accountants and special conference advisers for the purpose of investigating the issue with PacRim.

The management committee of PacRim for the first time cooperated with the Government and its representatives in establishing the registration numbers. Later that day—on Friday, 29 October—the Government was informed by Peter Fisher that four members of the management committee of PacRim had resigned, leaving only himself as the sole remaining committee member, together with Ms Maestracci as project director.

Having sorted through the detail of much of the documentation by early Sunday morning, the organisers believed that the conference could be maintained through a rescue package that would involve \$200,000 being raised in equal shares by the ex-members of the management committee and the project director of PacRim and up to a maximum of \$300,000 in enhanced sponsorship to meet certain specific costs that were unavoidable if the conference was to continue. This support would be on the basis of back to back contracts and could involve no benefit being received by PacRim, its current or former management committee members or staff. It would only be used for contractors who were necessary to ensure that the event could proceed rather than abort on that day.

Formal documentation was prepared and settled between Government lawyers and PacRim lawyers, and it was our understanding that the agreement would be signed early on the morning of 1 November 1999, the day the conference was due to start. However, this document was never signed.

On the afternoon of 2 November we were advised by Paul Rogers that the management committee intended to apply to the court to appoint a provisional liquidator to PacRim's assets after a further accountant's report regarding its position revealed that its financial problems were worse than originally thought. It was confirmed on the same day—last Tuesday, the second day of the conference—that the current and former members of the management committee and the project officer did not intend to sign further sponsorship agreements.

The Government subsequently acted swiftly to attempt to salvage any parts of the remaining sessions of the conference where it was possible to do so. This involved running our own venture capital conference, which proceeded the following day after receipt of confirmation from PacRim that they had abandoned the conference and were happy for us to take it over. This turned out to be a highly successful event, with some 140 delegates attending to listen to world leaders in the field and considerable business being transacted as a result. The aviation industry forum and the Technology Park and Incubator Association meeting also went ahead.

Both the Premier and I have reacted quickly to meet and entertain as many of our overseas visitors as possible, including the Russian and Chinese delegations, and Government officials have made contact with and accommodated the interests of countless others. All levels of Government have offered to continue facilitating business matching beyond the activities of this week. This has been welcomed by many of the exhibitors and delegates who have been included in the follow-up contact program.

In summary, we do not walk away from the fact that when the event was in trouble our instinct was to try to save it, not scuttle it. Had we taken no action at all, it is highly likely that the event would not have even opened. While the events of last week may have damaged us, it would have been significantly worse for the State's reputation if hundreds of exhibitors and delegates had arrived on the Gold Coast to find only locked doors at a venue where they were expecting a conference.

We worked hard to support this event, to manage the risks associated with it, to respond to the situation as it unfolded and to manage the implications on the people affected as they were identified. In this regard, I would also like to acknowledge the helpful role played by the Gold Coast City Council.

Only the Commonwealth failed to rise to the occasion—the primary sponsors who facilitated the status afforded by affiliation with APEC and who were as briefed as we were on this issue. The Federal

politicians in particular ducked for cover. Despite the fact that both the Minister for Science, Industry and Resources and the Minister for Employment Services spoke at the conference—Tony Abbott actually opened it, while Nick Minchin spoke at the State Government organised conference on venture capital—and both these men were fully briefed on the events surrounding the collapse of the conference, the Commonwealth has taken no responsibility and seems to have been happy to abandon the people of the Gold Coast and international visitors.

I wish to conclude by stating that in no way have these events diminished the Government's commitment to the future of technology-based industry in this State, the importance of growing access to venture capital or the Gold Coast as a destination for conferences and conventions. Indeed, we will increase our efforts to do so and to do more. The business community on the Gold Coast knows full well that it was this Government which pitched in to help when things went wrong and it was members opposite who got in the way.
