

FISHERIES PATROL BOAT AND TENDER RFT 121899

Grievance

MR SWEETMAN (Ningaloo) [9.39 am]: My grievance is to the parliamentary secretary representing the Minister for Fisheries and relates to the procurement of a 20-metre fisheries patrol boat and tender RFT 121899. The tender was handled by the Department of Contract and Management Services. Fisheries WA was represented in that process from the beginning until it was ultimately let in approximately mid May of this year. At the outset I want to make it very clear that I am not railing against the company that won the tender. It submitted a tender in good faith, like a lot of other tenderers, and it was successful. I do not believe that it has anything to answer for, because of its success, other than the fact that it does not appear to be the company that originally set out to tender for this patrol boat.

I do not want to rail against the agencies or the ministers, certainly not at this stage, because questions need answers. Those questions will determine where this issue goes from here. SBF Shipbuilders, which is based in South Coogee, submitted a tender for the supply of a patrol boat for a price that was approximately \$472 000 less than the awarded contract. That is significant. I can remember the great song and dance that was made in this place about Global Dance Foundation, during which the former Opposition claimed a similar amount was misappropriated or corruptly misspent. The signing off on this contract has lost at least that amount. Again, the argument will come down to whether the signing off on this contract at some \$2.3 million represents the best value for this State. SBF Shipbuilders has been in business since 1977. I understand it is based in the constituency of the member for Cockburn. Since that time it has handled contracts in excess of \$80 million. This company is not a fly-by-nighter. It is not an insignificant company. It is a company of significant financial resources and is able to do this job.

Interestingly, points were awarded during the tender evaluation for a company's proximity to Fremantle. One would assume that the five points that could be allocated for proximity to Fremantle port would have stood SBF Shipbuilders in good stead, at least in that part of the evaluation, whereas Geraldton, the site of the successful tenderer, is 400 or 500 kilometres north of that port. One can assume that the successful company did not receive any points under that criterion. Apart from the price of the successful bid, which was some 25 to 30 per cent higher than that of SBF Shipbuilders, when an exact evaluation of the comparative bids -

Mr McRae: What was the total value of the contract?

Mr SWEETMAN: The total value of the contract was about \$2.3 million. SBF Shipbuilders' tender was around \$1.8 million, nearly half a million dollars less. When a direct comparison is undertaken, comparing engines with engines and other components of the boat, a discrepancy in excess of \$400 000 is found. Was that taken into account during the evaluation process? I can tell members that in the awarding of points, by which tenders are assessed these days, there is often only a small allocation for price. When I looked at the evaluation process in this case, I found that no points were awarded for price. The points were awarded for a range of categories - financial competency, skills and experience, key personnel, relevance to requirements, proposed materials and methodology, and things like that. Price rates a mention but not in the section in which points for the tender are allocated. That is a corruption of the entire process.

Today's tender process is a bit like three people rolling out of the Subi pub, jumping in a taxi and telling the driver that they want to go home. The taxi driver asks where home is and those people simply say, "We will tell you when you are getting warmer." It does not matter how much the fare will be. They just meander their way around the city like a drunken duck through a cornfield and pick up the tab when they get home. That is the tender process. It was always meant to be the simplest and shortest route between two points. That was how the tender system was traditionally structured. The lowest tenderer was normally scrutinised. In the event that it did not scrub up against any of the criteria, the assessment panel or client had the right to assess other tenderers. This is an absolute corruption of the tender process. To my mind, it demonstrates a clear skew or bias to one of the tenderers.

I did not rush into this place to present the case on behalf of SBF Shipbuilders until it carried out some due diligence after it failed to win the tender. In other words, it asked the Department of Contract and Management Services and Fisheries WA why it was not successful. It comes back to a lot of unanswered questions, particularly in relation to Western Boatbuilders Pty Ltd. For the interest of the Parliament, Western Boatbuilders was formed eight days before the tender closed. Shares were issued four days after the tender closed. Who started the tender process? Was it Geraldton Boat Builders Pty Ltd? CAMS and Fisheries WA have said that Geraldton Boat Builders and Western Boatbuilders are one and the same. They are not. Geraldton Boat Builders had four directors. Only one of those directors has set up Western Boatbuilders. That raises significant questions. I will endeavour, on behalf of SBF Shipbuilders, to get some additional information from the minister, through the parliamentary secretary. One of the unsuccessful tenderers questions the substance - the

financial stability and structure - of Western Boatbuilders. Where is the company located? Why is Geraldton Boat Builders no longer in operation? I understand that Geraldton Boat Builders now operates in Singapore. There is something strange about the entire process. It requires clarification. On behalf of all the unsuccessful tenderers, I ask the parliamentary secretary whether he can answer some of these questions.

MS MacTIERNAN (Armadale - Minister for Planning and Infrastructure) [9.45 am]: I am not sure which parliamentary secretary is being asked to answer this grievance. I was asked to take it.

The **SPEAKER**: My understanding is that the parliamentary secretary to the minister concerned is the member for Cockburn.

Ms MacTIERNAN: The member for Cockburn is not the parliamentary secretary to the minister concerned. The minister concerned is the Minister for Works and Services.

The **SPEAKER**: Are you prepared to answer the grievance?

Ms MacTIERNAN: That is correct.

The **SPEAKER**: Is the member for Ningaloo happy to direct that grievance to the Minister for Planning and Infrastructure?

Mr Sweetman: Quite happy.

Ms MacTIERNAN: This matter comes under the responsibility of the works and services portfolio because it concerns a contract awarded by the Department of Contract and Management Services. That portfolio is the responsibility of Hon Tom Stephens.

I thank the member for Ningaloo for his grievance. He has raised valid issues and they require an explanation. I have been given certain information which might address some of the issues and which I am happy to relay to the member. The request for tenders was released on 16 December 2000 and closed on 15 February 2001. Five submissions were received. The tender evaluation was carried out by three officers from Fisheries WA and an officer from CAMS. All applicants were assessed against qualitative selection criteria, of which the member for Ningaloo is obviously aware. The specific criteria were weighted in accordance with their importance as perceived and agreed by the evaluation panel. Relative weightings for the way in which the contract was to be assessed were published at the outset of the tender process within the request for tenders. It is clear from the statement by the member for Ningaloo that it was public knowledge and that he had access to that information. Based on the evaluation panel's assessment, the conforming bid from Western Boatbuilders, a Western Australian company based in Geraldton, represented the highest rated assessment against the qualitative selection criteria, and demonstrated the best value for money. It was recommended as the preferred supplier.

The member for Ningaloo is right in that price was not taken into account in the basic establishment of those qualitative criteria. Price was not a consideration in the assessment of the degree to which a vessel met the specified tender criteria. Price was subsequently considered. In determining how the vessels ranked in meeting the requirements, price, quite properly, was not taken into account. When this formula was applied, the total weighted quantitative score for Western Boatbuilders was 83.89 per cent. The second highest rating tender was that of SBF Shipbuilders, which had a total weighted quantitative score of 57.78 per cent, which was more than 25 per cent lower than the Western Boatbuilders conforming offer. Therefore, there was a substantial margin of difference in the qualitative assessment of the capacity of the vessel to meet the requirements of Fisheries WA.

With that in mind, the panel then went on to the assessment of whether or not the significant difference in price - there is no doubt that the difference in price was significant - justified overriding the equally substantial difference in the qualitative performance of the vessel. In light of the fact that one of the key areas in which the SBF Shipbuilders' tender apparently did not perform so well, and, indeed, came in with a result that was less than satisfactory, was in the safety area, it was decided that the substantial differences in price did not outweigh the substantial difference in the qualitative performance.

Some issues have been raised about the nature of the successful company and whether or not it is a bona fide company. I do not think those issues have been substantiated.

Mr Sweetman: For the purpose of the evaluation, they had to be.

Ms MacTIERNAN: Had to be what?

Mr Sweetman: Taken into account.

Ms MacTIERNAN: No, I am not saying they were not taken into account. I said that I do not think there is any basis for the member's concern. Western Boatbuilders Pty Ltd owns and operates shipbuilding facilities in Geraldton. One of the directors and all the staff are the same people who were previously involved in a company known as Geraldton Boat Builders Pty Ltd. Basically, there has been a change of ownership of that business.

Mr Sweetman: There has been a complete restructure. Only one of the directors from the old GBB now remains.

Ms MacTIERNAN: I do not know what research the member has done on the other company, SBF; however, I have just done a search of the company, and I cannot even find out who are the proprietors of it because there has been, in terms of that registered business name -

Mr Sweetman: It has been around since 1977.

Ms MacTIERNAN: I ask the member to look at the documentation. There was a change of proprietors of SBF Shipbuilders on 28 September 2000. It has had a change of ownership.

Mr Sweetman: It was not until eight days before the tender closed, and the shares were issued four days afterwards.

Ms MacTIERNAN: There has been a change in the proprietorship of that business, just as there has been a change in the proprietorship of the other company. However, the key aspect in whether or not the successful company is sufficiently experienced to deliver this product is that all the design and construction staff - all the people involved in building the boats and delivering the product - have been with the business for many years and have had a very proud record with the vessels they have constructed. I do not believe that there is a legitimate concern. I acknowledge that there has been a change in the ownership and that the ownership now is not identical to what it was before.

Mr Sweetman: It is a different company.

Ms MacTIERNAN: It is different ownership of the business. Just as SBF has undergone a complete change in the ownership of its business, there has been a change in the ownership of this company. That is not unusual. One of the directors remains with the business. What is important is that, at the end of the day, the business has the staff, the key personnel, who have the competence to deliver this vessel to the required standard.