

*Joint Standing Committee on the Corruption and Crime Commission — Fourteenth Report —
“Red Flags...Red Faces: Corruption Risk in Public Procurement in Western Australia” — Motion*

Resumed from 4 November on the following motion moved by Hon Stephen Dawson (Minister for Environment) —

That the report be noted.

Hon PIERRE YANG: On the last occasion that I had the opportunity to make a contribution on this report, I referred to the different types of corruption as stated in the fourteenth report of the Joint Standing Committee on the Corruption and Crime Commission. If I may, I will quickly refer to the types of corruption often found in public procurement. They include bribery, collusion, conflicts of interest and fraud. Today, I will turn to one of those types of corruption—that is, conflicts of interest.

We often hear that justice must not only be done, but also be seen to be done. It is also very important that the public service not only maintain its integrity, but also be seen to maintain its integrity and honesty. We have seen a number of cases in which people involved in the public procurement process decided to do certain things that were against the law or against the ethics required in their field.

If I may, I would like to refer to page 87 of the report. A statement made by the Public Sector Commission was —

Conflicts of interest arise when there is a conflict between the performance of public duty and private, or personal, interests. Conflicts may involve personal, financial or political interests and may be actual, perceived or potential. It is not wrong for an employee to have a conflict of interest; what matters is how it is managed. Conflicts of interest become a problem when an employee’s private interests influence their decision making at work.

Members may know that I was a councillor at the City of Gosnells a number of years ago. The city had a practice, which continues, for councillors to disclose their interests, such as proximity or financial interests, in agenda items before council meetings. Councillors were obliged to make disclosures before meetings because it is very important that local government decision-making be held to the highest standard. I am certainly of the view that it is important in every aspect of public life to ensure that disclosure requirements are met as much as possible and as often as possible.

I refer to an infamous case that happened in our state a few years ago—that is, the case of the North Metropolitan Health Service. It made the headlines as a lot of inappropriate activities had taken place. It did not take just one person to erode public confidence and cause financial detriment to Western Australian taxpayers; a number of people were involved in the process.

The Corruption and Crime Commission described how relationships between public officers and the contractors who were involved in that scandal were fostered and became conflicts of interest. The report states —

... the insidious nature of the conflict of interest that develops from allowing public officers to privately benefit is that a direct connection between a particular lunch date and a particular procurement decision is difficult to prove. The conflict of interest, once established in relation to a particular contractor, colours all decisions then made by the public officer.

As we can see, these incidents are hard to detect, but eventually the people involved get caught. It is disappointing that people in a position of influence and who make decisions are trying to benefit themselves instead of doing what they ought to do.

Integrity is very important in politics, the public service and the business world. I wish to draw from my experience when I was in the Australian Army. We had a saying: “You maintain your integrity or the Army will get rid of you.” The Army never fools around with inappropriate activities or conduct. It takes a very dim view of people who misbehave, especially when it comes to financial issues. From a personal perspective, I certainly observed that when people tried to take advantage of certain policies, the Army acted very quickly to ensure the integrity of the policy. For example, the Army’s employer support payment scheme provides employers with financial assistance when their employee, who is an Army reservist, has to go on duty or undertake training. There were cases in which people had set up a lawn mowing business, for example, just before they were deployed, and then made a claim under the self-employed category of employment support. The Army acted quickly and put in place more requirements of proof to ensure that people and businesses who deserved to be supported, were supported, and those who tried to con the system were weeded out. I certainly experienced that firsthand as I was deployed for about two months in 2016 and the documentation required was comprehensive. In the end, it is important for every organisation to ensure integrity within their systems.

The Joint Standing Committee on the Corruption and Crime Commission attended the eighteenth International Anti-Corruption Conference in Copenhagen in October 2018. It is a very good initiative to participate in these international conferences so that we can know about and learn from the experiences gained by other anti-corruption

agencies around the world in their efforts to counter corruption and ensure transparency and integrity in their systems. The Western Australian public is well served by the CCC.

The DEPUTY CHAIR: Members, I give the call back to Hon Pierre Yang.

Hon PIERRE YANG: It is important to have these exchanges and to learn from the best in the world. The Western Australian public is well served by this state's anti-corruption agencies. Certain members may have a different view, but I am of the view that this state has one of the best and most transparent systems, and our integrity in the public service is very good compared with that in many other states. Of course, there is always room for improvement.

It is important to look at these issues and I want to commend the members of the committee—Ms Margaret Quirk, Hon Jim Chown, who is on urgent parliamentary business, Mr Matthew Hughes and Hon Alison Xamon—for their hard work on the committee. I also note that the committee made a recommendation on conflicts of interest. It reads —

That the Premier, as Minister for Public Sector Management, take steps to ensure that public sector authorities are required to have in place a management plan which details how to handle a conflict of interest once it is declared. The management plan should detail clear and appropriate consequences for non-compliance.

I commend the committee for making such a recommendation because if a report states that a person should not do something, but it does not outline to them what the consequences will be if they do it, it is just a toothless tiger, to be honest. Measures have to be put in place so that people are fully informed and fully aware that if they do not do the right thing, justice will be served and they will be held accountable for their actions. I am pleased to see that the government's response to the report supports recommendation 9. It states —

All public sector bodies as defined by the Public Sector Management Act 1994 ... are required to have policies and procedures to deal with and manage conflicts of interest with consequences for non-compliance varying on a case by case basis depending upon the circumstances.

Conflicts of interests (including gifts and benefits) is one of the seven conduct areas that all public sector entities are required to include in their Code of Conduct ...

I am pleased to see that the government supports recommendation 9 of the fourteenth report of the Joint Standing Committee on the Corruption and Crime Commission: "Red Flags ... Red Faces: Corruption Risk in Public Procurement in Western Australia".

I wish to support the committee for the work it does. We live in a democracy that is guided by the rule of law, with a strong judiciary and parliamentary system. It is one of the best systems, if not the best system, that we, as a species, have ever developed. It is important that we maintain what we have and look at ways to enhance it. If we look at nations around the world, we can see that there are many things that we take for granted. The people of many other nations are still struggling to achieve a democratic system of government and a relatively corruption-free political system. A lot of people are still fighting for what we have enjoyed in this state for almost two centuries. The committee has not only a constant interest in ensuring the integrity of our public procurement process, but also a desire to maintain our system of government. I commend the committee's work in not only this report, but also many other areas. As I said, there is always room for improvement, and I certainly look forward to the committee producing other reports. I wish to conclude by again thanking Hon Jim Chown, Hon Alison Xamon, Ms Margaret Quirk and Mr Matthew Hughes for their work on the committee.

Hon NICK GOIRAN: It is no coincidence that moments after the Leader of the House tabled a few documents in response to last week's motion, we are now considering a report entitled "Red Flags...Red Faces: Corruption Risk in Public Procurement in Western Australia". Today is indeed a day for red flags and red faces for the McGowan government. What happened earlier this afternoon was absolutely outrageous. The Leader of the House, who should be setting an example to the other 35 members of the Legislative Council, thumbed her nose at an order made by the Council last week. That sets off a red flag for all members—a huge red flag. If members have had an opportunity to consider the documents that were tabled earlier this afternoon, they will see that the government has shown complete disregard for what was ordered by the Legislative Council last week—complete disregard. I have no doubt that there will be another opportunity to ventilate these matters. I understand why the McGowan government is red-faced and embarrassed by what has happened after the mixed messages that were sent by the Premier, the Chief Health Officer and the Deputy Premier, but that does not justify behaviour that could be described as corrupt. I note that this particular report is titled, in part, "Corruption Risk in Public Procurement in Western Australia". There is a huge corruption risk in Western Australia when a Leader of the House has such a contemptuous attitude to a Legislative Council order to provide documents. The order from the Legislative Council last week was not that a limited number of documents be provided. It certainly was not an order that just the advice received by the Chief Health Officer be provided; in fact, we wanted to know what advice the Chief Health Officer had sent to Mr McGowan and Mr Cook. But the Leader of the House disingenuously said this afternoon —

These documents include all the advice received by the Chief Health Officer and his staff within the dates stipulated ...

Did we ask to be provided with just the advice received by the Chief Health Officer? No, we did not. There is a huge corruption risk in Western Australia and it far exceeds public procurement in Western Australia. The chief corruption risk in 2020 is the McGowan government. The McGowan government is up to its neck in it! The Leader of the House showed such contempt for the Legislative Council—much like her leader, the member for Rockingham—that she tabled a mere few documents like this, which she described as advice received by the Chief Health Officer. It would probably take the Leader of the House quite a lot of time to read the documents that she tabled. In fact, it would be interesting to ask the Leader of the House, who, unfortunately, is away on urgent parliamentary business, whether she has had an opportunity to read these documents, because members will recall that last week she was very disparaging of other members and their capacity to read. Would it not be very interesting if the Leader of the House has not even read the documents —

Point of Order

Hon PIERRE YANG: I stand to make a point of order and I do so very, very reluctantly.

Hon Nick Goiran interjected.

The DEPUTY CHAIR (Hon Robin Chapple): Member, there is a point of order.

Hon PIERRE YANG: I have been listening very carefully to what Hon Nick Goiran has been saying. I understand that Hon Nick Goiran is—if I can say it colloquially—not happy with the documents tabled by the Leader of the House, but I wish to seek your guidance, Mr Deputy Chair, about whether there is relevance between the subject and the report that is before us.

The DEPUTY CHAIR: There is no point of order, but I point out that we are dealing with the fourteenth report of the Joint Standing Committee on the Corruption and Crime Commission, and I ask the member to try to bring his remarks back to the subject matter.

Committee Resumed

Hon NICK GOIRAN: It is again no coincidence that the government Whip is also red-faced at this time because of what happened this afternoon. I understand that Labor members will be deeply embarrassed by the performance of the Leader of the House. This sets off a red flag for me and it should set off a red flag for other members. As I said earlier, with all due respect to the government Whip, this is a corruption risk. Hon Pierre Yang will be very familiar with the report that is before us, the fourteenth report of the Joint Standing Committee on the Corruption and Crime Commission, because we have had two contributions from him about it this afternoon. He will be aware that the subject matter of the report is corruption risk in public procurement in Western Australia, and my point is that this is only the beginning. It is no wonder that there is a corruption risk in public procurement in Western Australia when the Leader of the Government in the Legislative Council behaves the way that she does and shows absolute contempt towards the Legislative Council. That is the red flag. Given that what happened this afternoon was so overt, it is understandable that government members feel red-faced. It is understandable that that would be the case. The contemptuous attitude could not have been more overt, but then the Leader of the House pretended to hide behind cabinet-in-confidence documents—give me a break! The whole point was to ascertain what kind of conversations were happening between the Premier, the Deputy Premier and the Chief Health Officer when they all ended up with red faces after that public hearing. We wanted to know what was happening. Were any documents provided today about the information provided to Mr McGowan or Mr Cook? From my quick assessment of the documents—because, believe it or not, the Leader of the House will be surprised to know that I do read—I have not been able to readily identify that. It strikes me that this information has been received by the Chief Health Officer and his staff—that is it. What has happened this afternoon is absolutely disgraceful. Red flags, red faces—you bet! Corruption risk? Absolutely. The chief culprit is the Leader of the Government in this place—one could say the prime and only suspect.

I would like to return to the specifics of this report. The Leader of the House assumes that members do not read the government responses to committee reports. The committee stated at the end of recommendation 3 —

The Minister should report to the Parliament on where compliance could be increased in its response to this report or within six months of the date of tabling of this report.

What did the government's response say? It said, in part —

Finance will investigate whether it is possible to ensure request documents remain public after contract award.

It is assumed that no-one will read that, let alone follow up on it. Will someone in the government let us know whether Finance has investigated? “Finance will investigate”—when? In the year 3000? This is a serious issue: “Red Flags...Red Faces: Corruption Risk in Public Procurement in Western Australia”. The Joint Standing Committee on the Corruption and Crime Commission, which consists of the very competent chair Hon Margaret Quirk, the very competent

member of the Greens Hon Alison Xamon and the very competent Hon Jim Chown, said in recommendation 3 that the government should provide this information. The government then proceeded to tell us that Finance will investigate. But that was the end of it; these things get shelved and gather dust. That is while the Leader of the House, who is away on urgent parliamentary business, assumes that people are not going to read any documents and continues to hide documents. That is what is going on here. The Leader of the House has the key to the safe and she is making sure that nobody can get to it.

The DEPUTY CHAIR: Time on that report has expired. Pursuant to temporary order 4, further consideration of that report is postponed to the next sitting.

Consideration of report postponed, pursuant to standing orders.