

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

FIONA STANLEY HOSPITAL — SERCO CONTRACT

Standing Orders Suspension — Motion

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [11.36 am] — without notice: I move —

That so much of standing orders be suspended to allow the following motion to be moved forthwith —

That this house calls on the Minister for Health to apologise for misleading the public in relation to the content of the Serco contract signed by his government in 2011.

The opposition has taken the opportunity to move this motion at the earliest possible convenience, because we believe that it is important for the minister to come into this place and to explain his actions and comments in relation to explosive evidence that was put before the Education and Health Standing Committee yesterday. That evidence, from some of the most senior public servants in the Department of Health—the minister’s own department—put in very clear terms a contradictory set of evidence in relation to explanations around the Serco contract at Fiona Stanley Hospital. We have waited until 11.30 am to move this motion because the Minister for Health had a very important function at 10.30 am, so this is the first opportunity we have had to bring this matter to Parliament’s attention. I will pause for a moment to see whether the government is in agreement with suspending standing orders in such a way that would allow both sides 20 minutes to debate this issue. I see that the Leader of the House and the Minister for Health are nodding their heads in the affirmative.

MR J.H.D. DAY (Kalamunda — Leader of the House) [11.38 am]: With a significant degree of reluctance, the government will agree to the motion moved to suspend standing orders for a time-limited debate. I say with quite some reluctance because it seems that this tactic is being used by the opposition on a weekly basis. That is obviously up to the opposition, and it is clearly the case that if the government does not agree, the opposition can take up a lot of Parliament’s time arguing why the suspension of standing orders should be agreed to and why it is urgent. It is reality that oppositions, appropriately, can have a significant influence on the activities of a Parliament and the productivity of it, but this tactic is being used by the opposition far more than was ever the case, from my recollection, prior to the change in government in 2008.

I need to put on the record that if this exercise is used by the opposition on a continuing basis in the future and if it means that we are unable to progress through legislation in a timely way with adequate debate, it will clearly have consequences in that we will be sitting here much later at night on a number of occasions and maybe even sit on additional days, or we will need to force legislation through Parliament. In no way do we seek to restrict the opportunities for the opposition to raise issues in here. Normally there are three hours of private members’ business each week, an opportunity to move a matter of public interest each week, and question time each sitting day. There are lots of opportunities for the opposition to raise issues and to hold the government to account. I make those comments by way of background and to put things in context. We do not seek to hide from scrutiny in any way, but we need to ensure that the government’s legislative program is able to be dealt with in a timely manner to meet the commitments this government has made to the people of Western Australia and to ensure that there is adequate opportunity for debate on legislation.

Standing Orders Suspension — Amendment to Motion

Mr J.H.D. DAY: I move —

To add after “forthwith” —

, subject to the debate being limited to 20 minutes for government members and 20 minutes for non-government members

MRS M.H. ROBERTS (Midland) [11.39 am]: I support the motion to suspend standing orders and also the amendment moved by the Leader of the House. We are grateful that the Leader of the House has agreed to give 20 minutes to each side. I point out to the house that this is not something the opposition does lightly. If the Leader of the House would like to have fewer of these suspension motions, perhaps his ministers should not make so many misleading comments. It is a very serious matter when ministers mislead the community of Western Australia or this house. It is on that basis that a suspension of standing orders is warranted. Whenever we believe any government ministers mislead the Western Australian public, we reserve the right to suspend standing orders and deal with it.

Amendment put and passed.

Standing Orders Suspension — Motion, as Amended

The SPEAKER: Members, as this is a motion without notice to suspend standing orders, it will need the support of an absolute majority in order to succeed. If I hear a dissenting voice, I will be required to divide the Assembly.

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

Question put and passed with an absolute majority.

Motion

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [11.40 am]: I move —

That this house calls on the Minister for Health to apologise for misleading the public in relation to the content of the Serco contract signed by his government in 2011.

I cannot speak to the veracity of the motions that members on the other side of the house brought to this place prior to 2008, but I can speak to the veracity of the motions that we bring to this place because we are constantly confronted with the misconduct of ministers on the other side of the house. We are constantly confronted by a government running roughshod over the public of Western Australia, being indifferent to the truth and causing us to move to suspend standing orders to bring to the attention of Parliament the conduct of this government's ministers. In this case, we are particularly disturbed that a minister would go out in public and point blank contradict the legal documents before this place and the facts before the public, and accuse the opposition, media outlets and so forth of misleading the public, when it is clear that the minister is seeking to disguise the true state of affairs.

We know about the saga of the Serco Australia contract at Fiona Stanley Hospital. We have heard from the Public Accounts Committee about the dubious way in which the government put together the business case for outsourcing the contract for services at Fiona Stanley Hospital—the funny little way in which it organised for the Paxon Group to receive the contract to put the business case together. We saw the unusual way in which, ultimately, only two service providers tendered for the biggest contract in Western Australia's history—the \$4.3 billion contract to privatise hospital services at Fiona Stanley Hospital. Despite the fact that this huge contract hands over the running of our new flagship tertiary hospital, not a single aspect of risk in the operation of that hospital has been transferred from the state to the private sector. This is a very unusual contract because there is no upside. All we have heard from the government are assurances that ultimately it will save the public money over the 20-year life of the contract, yet in its first 12 months of existence we will pay \$118 million to the private contractor to run a hospital —

Point of Order

Dr K.D. HAMES: I do not believe the member is speaking to the motion. He is going through in detail the Serco contract and details around what Serco does and does not do under the contract, whereas the motion specifically refers to me misleading the public in relation to the contract signed.

Mrs M.H. ROBERTS: Quite clearly, the motion is a very simple one —

That this house calls on the Minister for Health to apologise for misleading the public in relation to the content of the Serco contract signed by his government in 2011.

Clearly, the content of the Serco —

Dr K.D. Hames interjected.

Mrs M.H. ROBERTS: It is a wonder the minister has not been called to order for interjecting while I am making a point of order.

The SPEAKER: Minister for Health!

Mrs M.H. ROBERTS: The content of the Serco contract is clearly part of the motion. Mr Speaker, that is simply my point.

The SPEAKER: I do not accept that as a point of order.

Debate Resumed

Mr R.H. COOK: The circumstances in which the government signed this contract in 2011 are very pertinent to what the minister has now claimed in misleading the public of Western Australia. That contract, as I have said, now has the government paying \$118 million to Serco to run a hospital without a single patient. The minister has misled the public by making claims about what is in the contract that he rushed to sign in 2011, and when I say "rushed", I mean that he gave the Department of Treasury but two weeks to review the single biggest contract in Western Australia's history.

On 12 April, *The Sunday Times* ran an article that reported that Serco would be stripped of its right to run patient administration and patient medical record services at the hospital. Remember, Serco will employ between 1 000 and 1 500 people at that hospital and, of those, about 250 to 300 would have been involved in the patient administration and patient medical record services. That is a significant part of the contract. That is not where Serco would get its margin, but it was a significant part of the services that it would have provided to the

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

hospital. It is a significant issue that the government should take this contract from Serco and say, “No, we don’t think you’re the people we want doing this. We don’t think we can trust you with this important information and this important patient-facing service” when the government has previously said that Serco was the company to run it. The fact that the government has taken this drastic step is a sign that the Serco contract continues to be bad for health and for Western Australian hospitals and patients. It has yet to provide one single ounce of budget savings to the government, yet we know through the information and communications technology debacle that continues at that hospital that it is likely that, because it has jammed a private sector operator into that space, there will be significant costs. This is another sign in the saga of the Serco contract for Fiona Stanley Hospital that it is bad for Western Australia’s hospital system.

The issue today is the honesty of the minister, who rushed into this contract in 2011 and crowed about how good it was for Western Australia but is now attempting to retrieve some semblance of respectability for the government’s privatisation policies and agenda, which, quite frankly, as we saw from the evidence presented to the Education and Health Standing Committee yesterday, his senior bureaucrats now say are bad for health. When *The Sunday Times* reported in April that Serco had been stripped of this particular service, the minister was scathing; he was indignant. He lambasted *The Sunday Times* and the reporter involved. He is reported as saying —

“*The Sunday Times* and the Opposition are trying to sell this as something being taken away from Serco that they had. That is not true. To strip something you have got to give it in the first place. That never happened and so nothing has been stripped from Serco”

Quite frankly, we now know that that is not the case. We knew it at the time because we have the contract. The contract states quite clearly in its very early pages that electronic records management services, health record management and clinical coding services are part of the contract. I have it here. Despite the fact that over a thousand entries in this contract were redacted by the government before it was made public, it is here in black and white; it is part of the contract. These were the issues about which the committee quizzed the minister’s director general yesterday. Let us be clear: the director general was in front of that committee yesterday to talk about patient safety, and in the name of patient safety the director general said that that particular service was stripped from Serco. It was stripped out of the contract to make sure that patient safety was guaranteed. If the minister does not believe us, in PerthNow yesterday the chairperson of the committee, the member for Eyre, was quoted as saying —

“It’s pretty clear from the evidence that they were within the facilities management contract albeit maybe some more rigour needed to be done in the detail, but they were in the contract,” ...

“Now what we asked is what caused that to be extricated from the contract; what were the concerns there and we were given the answer that there were concerns about patient confidentiality.

It is clear that this minister has botched the Serco contract for Fiona Stanley Hospital, and it is still clear that he misled the public when he said that the services were not in the original contract and they were not stripped from Serco. It is clear, from what *The Sunday Times* dug up and what the opposition claimed, that the services were taken from Serco. It is clear that the minister’s most senior public servants decided that it was important for patient confidentiality and patient safety that they were taken from Serco, and it is clear that the committee chairperson himself agrees with that. We cannot be any clearer. This minister misled the public about the conduct of his department in relation to the Serco contract. He must come into this place and correct the record; he must come into this place and apologise to the WA public for the debacle that is this Serco contract, and apologise to this place and to the public for attempting to mislead by saying that those services were never previously in the Serco contract. Clearly they were, and the minister must apologise and account for his actions.

MS R. SAFFIOTI (West Swan) [11.53 am]: This issue is yet another demonstration of what this government does when it has a problem—it covers up the real truth. When a cover-up is exposed, it tries to mislead and lie. When the lies are exposed, it says that the issue was a few weeks ago and to move on—that it has moved on. The government does this particularly on weekends; it covers up, misleads, and when we expose all the details, it says to the media to move on, that the issue was a couple of weeks ago and to look at something else.

Dr K.D. Hames interjected.

The SPEAKER: Minister for Health!

Ms R. SAFFIOTI: The government does this again and again. There have been too many cover-ups, too many lies and too much dishonesty, and it is slowly catching up with the government.

I was acting health spokesperson on the weekend in question, so I remember it very well. News broke in *The Sunday Times* that two key services had been pulled out of the Serco contract—health records management, and scheduling and billing. I knew that those two services were in the contract and I knew that for a number of

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

reasons. First of all, as a former member of the Public Accounts Committee, I remember that those two services were in the contract. Then, I double-checked the Department of Health's website just to make sure my memory was not failing me. I looked at its summary of the facility service management services contract. It stated —

Serco will be responsible for the provision of non-clinical services ...

The following 28 services will be provided by Serco at the Fiona Stanley Hospital:

...

8. **health records management and clinical coding ...**

...

23. **scheduling and billing ...**

Just to make sure I was not getting it wrong again, I went to the media statement issued by the Minister for Health at the time he signed that contract.

Mr D.J. Kelly: The same Minister for Health?

Ms R. SAFFIOTI: It was the same Minister for Health.

I did that just to make sure that those services were in the contract.

Mr D.J. Kelly: What's his name?

Dr K.D. Hames: Don't be a smart-arse.

Ms R. SAFFIOTI: The Minister for Health.

I did that just to make sure that those two services —

Withdrawal of Remark

Ms M.M. QUIRK: The Minister for Health used an unparliamentary term and he should withdraw it.

Dr K.D. HAMES: That is the true, Mr Speaker, I called the member for Bassendean a smart-arse and I withdraw.

Debate Resumed

Ms R. SAFFIOTI: Again, I triple-checked the media statement made in 2011 just to make sure that those services were in the contract, and yes they were. I checked the key performance indicators on the website, just to make sure I was not deluding myself, to see whether there were any key performance indicators to these services that were in the contract, and they were there. Not only were they in the contract, there were key performance indicators that had to be met because they were in the contract. Again, I convinced myself that these two services were in the contract signed by Serco. We understand that they might have been a bit different in their level of detail from some of those other services, but they were in the contract. I was surprised that night watching the news when I saw the Minister for Health look straight at the camera and say in respect of whether these services were taken out of the contract that that claim was actually inaccurate. He said Serco was never given those services and for something to have been stripped, it had to be given to Serco in the first place—and that never happened, so nothing had been stripped. I remind members that they were in the contract; they were mentioned in the media statement from the minister; they were in the summary published on the website; and there were in the key performance indicators for these services. Everything indicated these services were in the contract, but the minister looked straight at the camera and said they were never in the contract.

Dr K.D. Hames interjected.

The SPEAKER: Minister!

Ms R. SAFFIOTI: The minister said they were never in the contract. The next day, as reported in *The West Australian*, the minister said —

“It's not part of the signed up contract that they will do this,” ...

Yes, it was. The minister was then quoted in *The Australian* as saying —

“We're not taking anything away from Serco because it was never given to them in the first place,”

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

That was absolutely wrong. Yes, I acknowledge that the nature of those two services with the level of detail prescribed in the contract was different, but they were in the contract. Why did the minister mislead so much? The minister is now embarrassed by this contract because it has been unravelling week after week. It is absolutely clear that the government rushed to sign this contract to try to privatise the services. It might have been due to some sort of ideology, and it might have been payback to a particular union, but it is clear that the minister pursued ideology over public policy and the public good. That is what the minister did. The minister may laugh, but there is a reason. The week after the minister's comment, *The Sunday Times* went through all this and basically said that this was why the minister was spinning us out of control. It was put clearly: the services were in the contract and they were moved.

The minister can say that they were a bit different and that there was a lot of detail, but yesterday the evidence was clear. The director general of Health had concerns about these services being contracted out to the private sector—there is no doubt—and there was a decision made to pull them back in. That was the evidence given. The minister can say that not all the costing was in the contract and that it was unfunded, which it was—it is quite interesting that two services would be unfunded. The minister can debate all that, but the clear issue was that those services were in the contract. There were concerns about patient care and confidentiality, and that is why those services were drawn back. The costs may not be in the tens of millions of dollars, like the costs of many of the other bungles by the government. The costs may be smaller because of the types of services, but they were in the contract and a clear decision was made to vary the contract. We therefore ask the minister to stand and apologise. As I said, I do not know why the minister did not just tell the truth on that weekend. It is not a big financial issue retrospectively. It is an issue prospectively because the minister has hired 250 staff members at a cost of between \$14 million and \$18 million that we understand is not yet budgeted for. Retrospectively, it is not a big financial issue. I therefore do not understand why on that weekend the minister sought to cover it up. Did he think we would never figure it out? Did he think that no-one would ever figure it out? This is the system of this government—cover-up, be dishonest about the cover-up and then wait for a few weeks before we have the opportunity to expose it. What does the government do? It is probably backgrounding journalists by saying, “This is all done. Move on.” This is happening again and again.

As I said, we will go through this issue every time a minister stands in this house and misleads us because, honestly, people are sick of the dishonesty that this government comes out with time and again. Just be up-front. If it was not a big financial issue, why did the minister not say it? He could have said, “It was in the contract, we’re varying it.” If it was not a big issue, why did the minister not just say it? Why did the minister stand and say that it was not in the contract? It was in the contract. As I said, the minister can try to obscure these things by saying that it is not a big cost or it is not included in the \$4.3 billion, whatever he wants to say, but it was in the contract—admit it!

DR G.G. JACOBS (Eyre) [12.02 pm]: As my name has been mentioned a few times and as I am Chairman of the Education and Health Standing Committee, I would like to express some disappointment. As the Parliament is well aware, we have been through many weeks of examination of, if you like, the delays in commissioning of Fiona Stanley Hospital. We produced a report called “More than Bricks and Mortar: The report of the inquiry into the organisational response within the Department of Health to the challenges associated with commissioning the Fiona Stanley Hospital”. There are 44 findings in the report and three recommendations. I am disappointed that we now have an examination of this matter on foot, yet we are also having a debate and examination in Parliament.

When the Deputy Leader of the Opposition moved this motion, I thought that it almost certainly had the hands of the member for West Swan all over it. The member for West Swan is part of this committee. As an adjunct to this already completed report, there was an inquiry yesterday in and around the article that appeared in the press on the variation of the contract. The inquiry was proper, and I conceded as chairman that we should follow this issue, as a follow-up to our report. However, in those deliberations, the acting director general and the head of the commissioning of Fiona Stanley, Dr David Russell-Weisz, appeared before us yesterday.

Mr R.H. Cook: In a public hearing.

Dr G.G. JACOBS: It was a public hearing. I concede that it was a public hearing. However, the deliberations of the committee are ongoing, and the results of that and what we are going to say about that are still —

Point of Order

Mr W.J. JOHNSTON: Mr Speaker, the standing orders of the Parliament prevent the discussion of the deliberations of the committee in the chamber without the —

Mr M.J. Cowper: Precisely what you are talking about!

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

The SPEAKER: Member for Murray–Wellington, points of order have to be heard in silence. We will go back to the member for Cannington.

Mr W.J. JOHNSTON: The standing orders of the Parliament are quite clear. The deliberations of a committee are not to be disclosed to any person other than the committee. The member for West Swan never mentioned any matter that was subject to the deliberations of the committee. But the member for Eyre, from my understanding of his commentary, is making reference to issues that were raised in the deliberations of the committee, which would clearly be a breach of the standing orders and should not be permitted.

The SPEAKER: Member, you are entitled to refer to public documents such as a report, but not discussions within the committee.

Dr G.G. JACOBS: Thank you, Mr Speaker.

Debate Resumed

Dr G.G. JACOBS: I reiterate my disappointment in the fact that as an extension of our report there was a follow-up that I conceded we should do as a committee to look at the publicised —

Point of Order

Mr W.J. JOHNSTON: The member for Eyre has just said that he agreed that there should be a follow-up. That is clearly a reflection on the deliberations of the committee. Mr Speaker, can you not understand that he has reflected not on what occurred at the hearing, but on the decision-making process of the committee? It is not within standing orders for the member to make any reference at all ever to the deliberations of the committee. When he says, “I agreed that there should be a follow-up”, that is a reflection on the questions that were raised in the committee. He is not permitted to raise that in this chamber.

The SPEAKER: Member for Eyre, do not refer to any deliberations in the committee. Okay, carry on.

Debate Resumed

Dr G.G. JACOBS: Mr Speaker, the events of yesterday, obviously on the public record, were to examine the issue of the variations in the contract to components of health records and clinical coding. I am saying today that it is very disappointing for the member for West Swan to debate today some of those issues that are on the public record, yes, but in fact as a committee and as a committee chairman we have not resolved to land those as yet.

Point of Order

Mr W.J. JOHNSTON: Mr Speaker, I again draw your attention to the member’s use of the term “as yet”. That means he is reflecting on the deliberations of the committee. He is not permitted to do that.

The SPEAKER: Right; sit down, please, member for Cannington. Carry on, member for Eyre. I do not accept that as a point of order.

Debate Resumed

Dr G.G. JACOBS: I believe that the member for Cannington is trying to frustrate this process of what I believe was a fair, transparent and open process in the inquiry that has now been released. The events of yesterday on the public record were about the variations in the contract, and they were publicised in *The Sunday Times* and have been referred to. The events of the committee are on the public record and are there for all to see. I am disappointed that those events of yesterday are now part of a motion condemning the government and the minister—particularly the minister—on this issue. I would say that if I am fair and if members opposite were fair, they would let us as a committee run this process.

Mr W.J. Johnston: What process?

Dr G.G. JACOBS: The process of public hearings. There is an open hearing that the member has seen and that is in the public domain. For a member of the committee, when we are pursuing that matter, to then use that and to bring it here today, I think, is unreasonable, because we have produced a report that was accountable, was in fact fair and did examine the matter—and now the member is attacking the man.

DR K.D. HAMES (Dawesville — Minister for Health) [12.08 pm]: Mr Speaker —

Mr D.J. Kelly: This will be good!

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

Dr K.D. HAMES: Why don't you sit in your box!

I am very pleased to have this opportunity to talk about this matter. It has been a somewhat controversial issue, and the opposition has a history of raising issues that are being heard before committees, as the former member for Nollamara, in the middle of his previous inquiry into the same issue, brought forward the issue and made allegations in this Parliament. So, it is not without precedent.

Several members interjected.

The SPEAKER: Member for Mirrabooka, I am calling you to order for the first time; and, Minister for Health, for the first time.

Point of Order

Ms J.M. FREEMAN: The minister made a comment about the former member for Nollamara.

Dr K.D. Hames: Thank you, Mr Speaker. I apologise —

The SPEAKER: No—no thanks! Minister for Health, when I am on my feet and somebody is taking a point of order, I want it heard in silence.

Ms J.M. FREEMAN: The minister made an accusation about the former member for Nollamara. I am the former member for Nollamara and he has made an accusation against me, which I had nothing do with.

The SPEAKER: That is not a point of order, member for Mirrabooka.

Debate Resumed

Dr K.D. HAMES: The person I meant was quite clearly the former, former member for Nollamara, John Kobelke.

Ms J.M. Freeman: He is the former member for Balcatta.

Dr K.D. HAMES: I am sorry; I meant the former member for Balcatta. This is a critical issue and members opposite are attacking me for misleading the house; they need to give me a go at responding to it. I think that the people who are misleading this house are the members on the other side, and the shadow Minister for Health in particular—it is not me. I will go through some of the things that have been said by the member for Kwinana in particular, and other members opposite, that are patently and provably incorrect, and documentation given to the Education and Health Standing Committee has shown them to be incorrect. First, the member for Kwinana talked about \$118 million for Serco for the provision of services for a hospital with no patients. That is not true. That \$118 million is spread over 18 months and includes the opening in October, so it goes through to May next year. Members opposite know that. It is provable; it is on the record. It includes a time period and that \$118 million is over 18 months—the member for Kwinana has misled the house! That is number one. Secondly, he has misled the house on —

Several members interjected.

Point of Order

Mr J.H.D. DAY: This is a motion that has been moved that makes a very serious comment and assertion in relation to the Minister for Health and I think he has the right to be heard in almost complete silence.

Mr W.J. JOHNSTON: I think the Leader of the House has an excellent point. But, of course, the Minister for Health is not addressing the resolution, he is discussing the behaviour of other members. It cannot be a defence to say that other people have not done the right thing, and therefore he should be excused. He needs to explain whether he has told the truth or not.

The SPEAKER: There is no point of order.

Debate Resumed

Dr K.D. HAMES: The second area in which the house was misled in that speech—perhaps this is not the member's fault, although it has been proven to the committee already that it was incorrect—is about the contract being with Treasury for only two weeks. We tabled documents with the committee, which are now on the public record, showing it was with Treasury for six weeks, not two weeks. That is provably incorrect, as it was with Treasury for six weeks.

Several members interjected.

The SPEAKER: Order! Member for Willagee, I call you to order for the first time.

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

Dr K.D. HAMES: I refer to comments made by the member for West Swan previously, which other members have continued to repeat, about this so-called \$300 million-plus blowout for the provision of services. I have detailed to the house on numerous occasions that that is fiction and absolutely not true. I have detailed the areas where the funding came from and where it went. It is patently untrue for people to talk about more than a \$300 million cost blowout.

Then we get to the hub of the issue, which are the comments in *The Sunday Times* that I said Serco was stripped of the contract. I said publicly to the media that this was not true. I agree that I made the comments “To strip something you have got to give it in the first place.” In my view, the opposition is playing semantics with what it means to give a contract and whether someone has a contract or does not have a contract. I answered question without notice 457 from a member in the other place about whether this was part of the contract with Serco. My response was —

Yes health records management was in the original contract. However both the delivery methodology and costing of this service line was less developed than most other service lines in the original contract at the time of contract execution. The State always had the ability to deliver the service itself and this is what it has chosen to do.

I agree with the member for West Swan when she read out those things that were in the original contract, but it was not part of the cost of the contract. The funding for that part of the contract was left separate and out of the contract, because it was always part of the contract that the state government had the ability to take that over and do it itself. In fact, I have words from Serco that say the contract provided for continued service solution development and resolution once it had the necessary interfacing of information and communications technology strategy decisions. The state government was always in a position to make the decision about who would provide these services. The state government entered into the contract with Serco in 2011. At this time, the model of service delivery for health records and management of patient service was not finalised. That was a comment I received from the Department of Health and, in the words of the Serco representatives, that was not in the costings for the provision of the service, consequently it was not part of the value of the contract. That was the point I was making when I said that it cannot be stripped from Serco because it was never given to it in the first place. I have not said that it was not part of the contract, because the option was there; in fact, it was planned for Serco to undertake that part of the contract. But, as we got further down the track, it was left there for debate and no money was put in the contract towards it. It is not part of the savings that the government said were available for the contract going to Serco; we were developing that at a later stage. I got advice from the health department. It was not me saying, “I want to strip this away from Serco”, or “I want to give it to Serco”. Those contracts were developed by the health department and Treasury together. So, when those contracts were signed, it gave us the opportunity to do it ourselves. My health department people recommended to me that it not be awarded to Serco for a variety of reasons; and I gather that confidentiality was only a small part of that. There were a lot of reasons: staffing; it would work better and integrate with our systems; and the scope of the contract and the costs related to that. We made the decision that it would be better provided in-house. I would have thought the opposition would welcome that decision, because certainly the staff who are currently working at Fremantle and Royal Perth Hospitals who will now be employed as a consequence of that, I am sure, will welcome that decision. When I said “To strip something”, it was really those words that I was fighting against. The opposition was putting forward those words and, in fact, *The Sunday Times* put that forward and said it was stripped from Serco, so I quite rightly got up and said that it cannot be stripped from Serco because we had to give it to Serco in the first place. That does not mean that it was not part of the contract or —

Ms R. Saffioti: You said it was part of the contract!

Dr K.D. HAMES: It was not part of the contract that Serco had to get the service. It was part of the contract that the option existed for it to go to Serco; in fact, that is what was planned. I have said publicly that it was our intention for it to go to Serco. We signed the contract on that basis, but if it had been an absolute given and Serco was going to do it, then the costings would have been part of our negotiation and contract with Serco, which they were not. The cost is twofold, one of which is the cost of the provision of that service. The reason that service is not part of the contract is that it always will be provided under the cost of running the hospital, so part of the allocation of activity-based funding to the hospital includes the cost of running that service. It is the same cost whether it goes to Serco or whether it stays with the state. That money is included in the state government budget to run that service in the future; it was not given to Serco to do. Again, in response to this matter, I go back to the comments of Serco. It is not in the costings of the provision of the service and, consequently, is not part of the value of the contract. It was not stripped from Serco and it was not given to it as part of the contract that it was a certainty that Serco would do it.

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

In terms of costs, because it was included as something in which there was an option—in fact, what we planned for Serco to have —

Ms R. Saffioti: It is in the contract. You have said that.

Dr K.D. HAMES: I have not said that it is not in the contract.

Mr R.H. Cook: Yes, you did.

Dr K.D. HAMES: No, I have not. If I had a contract with the opposition, and the contract said, “I want you to write all my press releases from now on, but also we will discuss whether you write some other material for me as well, and we will decide later who does it and where the cost goes”, that would not be a variation.

There will be a very small cost, because Serco employed some people to develop that component that, as I said, in the original contract we were expecting Serco to do—developing up the plan—and there will be a very minor variation cost to the state government as a result. Again, I have said that in response to a question from Hon Amber-Jade Sanderson in the other place. My response was, “The contract conditions are not being changed.” The assertion of the opposition was that we were changing the contract conditions. The contract conditions are not being changed. Remember that the person who wrote this answer for me is the one who went before the committee on Wednesday and gave his response. My answer continues —

Rather an existing mechanism within the contract (namely Variation is being employed to decrease the scope of Serco’s obligations under the contract by removing health records management from Serco’s responsibility. Costs have not been determined at this stage but are expected to be minimal.

The opposition thinks it is onto a winner with this Serco contract because, through the member for Bassendean, it hates Serco with a passion, even though the Labor Party employed and contracted Serco when in government. The former Labor government went out and found Serco. Serco was not part of the previous government’s contract. It was the Labor government that initiated and established a contract with Serco in this state and the Labor Party that first entered into a contract with Serco. We had a good experience with Serco, and so did the Labor Party, otherwise we would not have continued the contract. We found it to be an excellent company that provides a good service to the state. The opposition is clutching at every straw to try to denigrate Serco, the government and me. Every time Serco goes before the Education and Health Standing Committee, straightaway the opposition comes rushing into this house, having a crack at me about something.

I have not misled the house. The opposition, particularly the comments of the shadow minister, the member for West Swan, misled the house far more than anything I could possibly have said. There has been confusion around the words and whether the service is in the contract or how much they are part of the contract. The difference of opinion about what “contract” does or does not mean is minuscule. What is important is that Serco was not funded to provide that service. The state government has taken over the funding of that service and that is the way it stands.

MR M.J. COWPER (Murray–Wellington) [12.25 pm]: I put on the record that I have not been a member of a committee for some time and have only recently joined the Education and Health Standing Committee. However, I recall from my time on previous committees that usually all members who participate in the committee process take a collegiate approach. I am somewhat concerned that the committee that I have just embarked on will be used for other than altruistic reasons. The purpose of committees is to put forward good policy in a bipartisan way to get the best outcomes for the people of Western Australia. If that is to be circumvented, we will have major problems in our committee system. If the committee system is to work properly, we need a certain amount of decorum and to observe the rules, as set by the standing orders.

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [12.26 pm] — in reply: I want to make one very clear point: this was a public hearing of the Education and Health Standing Committee in which the Minister for Health was contradicted by his most senior public servants, by the committee chair and by other people in the community. The minister has tried to play fast and loose with the truth in the media, but he says today that the service is not part of the signed-up contract.

Several members interjected.

Withdrawal of Remark

Dr G.G. JACOBS: The member for Bassendean used some unparliamentary language.

Mr D.J. KELLY: I called the Minister for Health a smart-arse, and I withdraw it.

Debate Resumed

Extract from Hansard
[ASSEMBLY — Thursday, 15 May 2014]
p3512b-3521a

Mr Roger Cook; Mr John Day; Mrs Michelle Roberts; Dr Kim Hames; Speaker; Ms Rita Saffioti; Ms Margaret Quirk; Dr Graham Jacobs; Mr Bill Johnston; Ms Janine Freeman; Mr Murray Cowper; Mr Dave Kelly

Mr R.H. COOK: The minister has said today that it is not part of the signed-up contract. I conclude the debate by quoting his comments in *The West Australian*, which state that it is not part of the signed-up contract that Serco will do this. He is either simply wrong or is misleading this place and the Western Australian public. He should apologise or he should be condemned.

Division

Question put and a division taken, the Deputy Speaker (Ms W.M. Duncan) casting her vote with the noes.

Bells rung and the house divided.

[Interruption from the gallery.]

The DEPUTY SPEAKER: Excuse me, visitors in the gallery should not be taking photos. Please put that camera away and resume your seats.

The division resulted as follows —

Ayes (19)

| | | | |
|-----------------|------------------|-----------------|-------------------------------------|
| Ms L.L. Baker | Mr W.J. Johnston | Mr M.P. Murray | Mr C.J. Tallentire |
| Dr A.D. Buti | Mr D.J. Kelly | Mr P. Papalia | Mr P.C. Tinley |
| Mr R.H. Cook | Mr F.M. Logan | Mr J.R. Quigley | Mr B.S. Wyatt |
| Ms J. Farrer | Mr M. McGowan | Ms M.M. Quirk | Mr D.A. Templeman (<i>Teller</i>) |
| Ms J.M. Freeman | Ms S.F. McGurk | Ms R. Saffioti | |

Noes (34)

| | | | |
|-----------------|------------------|--------------------|------------------------------------|
| Mr P. Abetz | Ms W.M. Duncan | Dr G.G. Jacobs | Mr D.C. Nalder |
| Mr F.A. Alban | Ms E. Evangel | Mr S.K. L'Estrange | Mr J. Norberger |
| Mr C.J. Barnett | Mr J.M. Francis | Mr R.S. Love | Mr D.T. Redman |
| Mr I.C. Blayney | Mrs G.J. Godfrey | Mr W.R. Marmion | Mr A.J. Simpson |
| Mr I.M. Britza | Mr B.J. Grylls | Mr J.E. McGrath | Mr M.H. Taylor |
| Mr V.A. Catania | Dr K.D. Hames | Mr P.T. Miles | Mr T.K. Waldron |
| Mr M.J. Cowper | Mrs L.M. Harvey | Ms A.R. Mitchell | Mr A. Krsticevic (<i>Teller</i>) |
| Ms M.J. Davies | Mr C.D. Hatton | Mr N.W. Morton | |
| Mr J.H.D. Day | Mr A.P. Jacob | Dr M.D. Nahan | |

Pairs

| | |
|------------------|-------------------|
| Mr P.B. Watson | Mr G.M. Castrilli |
| Mrs M.H. Roberts | Mr R.F. Johnson |

Question thus negatived.