

**BUY LOCAL POLICY - JOHN WILLCOCK COLLEGE**

*Urgency Motion*

**THE PRESIDENT (Hon Nick Griffiths):** I received the following letter this morning -

Dear Mr President

Pursuant to Standing Order 72 I intend to move that the Council consider, as a matter of urgency, that the State Government's Buy Local Policy is flawed and does not benefit regional businesses, with particular reference to the tender and selection process for the provision of computers to John Willcock Senior High School.

Yours Sincerely

Hon Murray Criddle

The member will require the support of four members in order to move the motion.

[At least four members rose in their places.]

**HON MURRAY CRIDDLE (Agricultural) [3.40 pm]:** I move the motion.

I thank members for their support. This motion arises from a series of approaches I have had from a number of people across my electorate, particularly in the mid-west, in which people have shown various expressions of interest. Some people have been very upset and some people have been downright angry. The fact is that this process has affected a local company. Mitchell and Brown is a local Geraldton company that has been operating in connection with computers for something like eight years. It has gained a well-respected reputation in the area. It has put in tenders on a number of occasions concerning the supply of various products to local communities and, in particular, the supply of computers to schools. It has come out of that process very disappointed. It has provided services to schools and has gained a very good reputation in that regard. Having spoken to the proprietors of the operation - in particular, Mr Mitchell - and having been approached by the Chamber of Commerce and Industry in Geraldton, I have been asked to put forward the case that the company is not being heard.

The tender with the Department of Education and Training was for the provision of 700 laptop computers. The company that won the tender process supplied the computers from the same group that Mitchell and Brown is associated with; that is, Apple computers. There is no basis for the belief that there is any variation in the price for which the computers were purchased from the company. The variation was in the price that was given by Mitchell and Brown and the price given by Winthrop Australia, in this case with regard to supply. This is not rocket science; this is about supplying computers. There is nothing technical about it; it is about supplying computers and some servicing of those arrangements. It is just like a car: a car is supplied and it is serviced. There is no unusual event here.

The tender went before a three-person panel. Initially, the first decision put before Treasury was rejected. The panel was asked to look again at the tender, and it came back with the same decision. The tender closed on 7 September 2006. I have a raft of emails sent backwards and forwards from the people who ran the tender and from Mitchell and Brown, and, in particular, Mr Barry Mitchell, with regard to a finalisation of the tender. That period covers five months. School commenced on 1 February 2007, but the announcement about the tender was made only in January. It was an unofficial announcement; it was not the final announcement. Mitchell and Brown found that it had lost the tender. Not only had it lost the tender and the process was delayed, but also students did not receive the computers until just recently - at the end of March. The students lost the opportunity to use the computers through first term. On top of that, there was a \$500 000 inducement for the government to run with the tender in allowing the students to have free access to the Internet which, in my view, was an enormous incentive for the students and the school. That went by the bye.

Mitchell and Brown represented the only local tender for the contract. In fact, the company did not make the list of three tenderers who were allowed initially to proceed with the tender. It was advised that it did not fill out its tender documents as well as it should have done. People in Perth have regular access to tenders. Tenderers in Perth go through the process quite a few times, and they are well and truly aware of the way in which a company approaches a tender system. The local Geraldton company was \$50 000 under the tender price. If that is added to the buy local compact, the difference would have been \$100 000. However, the cost of the batteries would have reduced that margin to about \$70 000. As such, the local company provided a substantial advantage. On top of that, the Internet access was another incentive to go with the local company, which did not get into the final three that were considered. Of course, that meant that the company was not able to finalise and clarify some of the issues that were raised in the tender document. The company was knocked out before it was able to

put its proposal and to finetune it to the tender committee. That is something about which people in the country have an axe to grind. The company should have been in the last three to be considered.

As I said, Mitchell and Brown is a well-recognised company. It employs in excess of 50 local staff. It has supplied the school with hardware and services for about 10 years. It is very well respected and has done extremely well.

Some of the feedback received by the company has been mind-boggling. As a result, I was asked to put forward some questions. I forwarded the questions to the government earlier so that it had the opportunity to come back with some answers so that local people can understand why the process has gone awry. I have been asked by the Chamber of Commerce and Industry to put forward queries. First of all, I will outline the Buy Local policy; it states -

**Government agencies must maximise the use of competitive local businesses in goods, services, housing and works purchased or contracted on behalf of government.**

**Industry Development**

Government agencies must consider local content in bids and the potential for local industry development and employment creation through government buying.

**Hon Peter Collier** interjected.

**Hon MURRAY CRIDDLE:** I will go right through it because it will be explained.

It continues -

Purchasing decisions must be undertaken in accordance with specific industry development initiatives.

**Accountability**

Chief Executive Officers must implement arrangements for purchasing and contracting that facilitate supply relationships with local businesses.

This covers Hon Peter Collier's point -

**Planning and Practice**

Government agencies must explore the capacity of local businesses to meet supply requirements. Benefits from purchasing locally are to be recognised in value for money assessment.

I pointed out the issue connected with value for money earlier. There would have been a quite substantial benefit to the school if the tender had been successful. It might have allowed the school to employ a few more teachers. The policy continues -

**Government Preferences**

Purchasing decisions must be undertaken in accordance with specific initiatives of the Government that give preferential consideration to local businesses.

The company did not even make the last three! It continues -

**Private Sector Providers**

Government agencies in selecting private sector providers to deliver service outcomes on behalf of government must ensure that local business opportunities are maximised.

As I said, they did not make the last four. No wonder these people were starting to ask a few questions. As I pointed out earlier, these are the questions that local people want answered. The document reads -

1. In accordance with the Buy Local Policy, It is a requirement of government departments to "Explore the capability of local businesses to meet requirements and ensure that quotations and tenders are designed to accommodate the capabilities of local businesses"

There was no contact with local businesses in respect to this tender before it was released.

*What did the Education department do to meet this government requirement? Is the State Supply Commission satisfied that all conditions of the Buy Local Policy have been adhered to in the preparation and issuing of this tender specification and documents?*

2. We understand that there was an additional 35 computers ordered for the teachers outside of this contract, but was subsequently tacked on to this award tender.

*Why was this added after the tender?*

*Why wasn't this treated as a separate tender?*

*Were local businesses asked to quote on this?*

3. We understand that the award of this tender was supposed to be before the beginning of the school year this year, however the students as of beginning of March 2007, still had not received their laptops.

*Tenders closed 7<sup>th</sup> September 2006, what was the delay in appointing the successful tender?*

*When did the children receive their laptops?*

This company had a person employed on standby ready to do the work in the school. That person was kept on for some time before he was shifted to another job when the company realised that the process was just taking too long. That was another expense for the company. The document continues -

4. At an onsite pre-tender briefing it was communicated that additional value added services such as internet connection would be considered favourably in this tender. Mitchell & Brown offered \$500,000 of FREE internet service so that each student could receive their own dial up account so that no student would be disadvantaged by not having internet access at home.

In Geraldton in particular that is very vital for some of those young children. The document continues -

*Did the winning tender offer this?*

*Aren't the kids disadvantaged by appointing this tender to a business not offering this value added service?*

5. *Why is price NOT included in the short listing criteria for tenders?* Mitchell & Brown were \$50,000 lower than the successful tenderer, and that's without including the regional price preference.

6. In the tender debrief, it was communicated that Mitchell & Brown only scored 7/9 for the local business component.

*How is this calculated when Mitchell and Brown are a wholly Geraldton business?*

7. The successful Tenderer has won the business based on the answers to criteria questions that satisfy the evaluation committee. The successful Tenderer has mentioned that they will utilize the services of a local computer company to service the contract and will meet service level agreements. This approach has been used before by Perth based businesses, only for them to turn around at a later date and not use the company they nominated in the tender.

*What measures are in place to ensure that the successful tender stays true to their submission?*

That did not happen previously. The previous tender was not won by Mitchell and Brown, but that company did a lot of the maintenance work. The document continues -

8. What role did the department of Treasury and Finance (DTF) play in overseeing the award of tender?

*Was DTF completely satisfied with the tender evaluation and award of tender?*

I have already pointed out that that particular tender was rejected in the first instance by the Department of Treasury and Finance, so there are some questions to be answered there. The document concludes -

8. Who is responsible for acceptance and signing off of the evaluation report?

This local business has obviously been disadvantaged. Since this issue has arisen, people have come to me and said that Mitchell and Brown is not the only business in regional Western Australia to have suffered this fate. I point out to the government that if it is to put in place local buying compacts for people in the country, it must go through a process that enables those people to get involved in the actual tender process. I am talking about being the last ones in the pack. Enormous benefits can accrue for local people in the areas of employment and so forth. Employment in Geraldton is very healthy at present, but other sectors could have received an advantage from this process, particularly children. I can think of many children who would have really enjoyed access to the Internet - it would have been an enormous benefit - but it does not seem to have been considered in this tender to the extent that it should have been. People need to understand the local issues, and they should be translated into the final decisions in the way tenders are settled so that local people can become involved in the outcome. Otherwise, we will not be able to get this tender process started in the country. Nobody is presently involved in the process as far as it goes.

**HON BRUCE DONALDSON (Agricultural)** [3.55 pm]: I support 100 per cent the motion moved by Hon Murray Criddle. I was disgusted when I heard about this matter and read some of the headlines in *The Geraldton Guardian*, along with some of the information sent to me by a number of people in Geraldton and the mid-west region who are very unhappy about the circumstances. Hon Murray Criddle has spelt out the issue very well, and it will be very interesting to hear the answers to his questions from the parliamentary secretary to determine what has actually happened. It is quite disgraceful, and the two ministers involved should be setting up an inquiry to find out whether the government's policy is being carried out. I hope that the parliamentary secretary is about to make some announcement on that aspect. I am sure the government does not want to see the kind of headlines that this issue is attracting, because it has been a strong supporter of the mid-west region.

It is not as though the tendering company was a fly-by-night operation. It is a highly reputable company in Geraldton. Some of the extra services it was prepared to supply were a great credit to the company. As Hon Murray Criddle said, a number of young people in the Geraldton region would welcome Internet access. Not everybody is enjoying the wealth that most Western Australians are experiencing, and the costs of education are very high. Many children could be disadvantaged. Even if the tender were equivalent to those of other tenderers, the contract should have gone to Mitchell and Brown. The after-sales service is very important, because computers unfortunately have a very bad habit of breaking down. I can remember some tenders that were let some years ago to replace tap washers in schools in the central and eastern wheatbelt. People were driving from Merredin to, say, Wyalkatchem or Koorda to put in tap washers. The local plumber was not allowed to do it because he did not have the contract for the maintenance. To me, that was just a colossal waste of money.

I have great respect for Shane Hill, the member for Geraldton in the Legislative Assembly, but I saw a headline in *The Geraldton Guardian* on Monday, 9 April that read "Hill defends tender loss". The article stated that he was disappointed, but satisfied with the process. As a member of the other place, he has been a great advocate for Geraldton and he is respected for his involvement with and support for the Geraldton community. Therefore, I thought he would have come out swinging. When I next see him, I will remind him of where he normally stands. What worried me more than anything else was the part of the article that stated -

The Deputy Director General for the Department of Finance and Administration, Peter McCaffery, would not comment on the Mitchell and Brown case, but said all tendering processes were conducted in accordance with State Supply Commission policies and rules.

I am afraid Mr McCaffery should be counselled and reminded of the government's Buy Local policy. Mr McCaffery needs to be reminded that he has not adhered to the government's policy in this instance and that he should not make similar comments in the future. If that is his attitude, I hope that we do not see him ticking off on any tender process in the future. He does not understand the responsibility of his position, which is to make sure that the government's Buy Local policy is adhered to. It is a horrifying story. I could not believe my eyes when I read the article in the press. I received a lot of feedback from people in the Geraldton region because of that article. I note that Hon Murray Criddle, Hon Peter Collier and one of my colleagues from the lower house, the shadow Minister for Small Business, Katie Hodson-Thomas, also commented on this issue in *The Geraldton Guardian* on 13 April 2007.

It is important to bear in mind what happens as a result of the glitches in the computers that have been supplied. Do representatives of the company fly or travel by vehicle from Perth or does the company contact Mitchell and Brown to have it rectify the problem? It would be a huge insult to that company if it was asked to do that. If I were a representative of Mitchell and Brown, I know what I would say.

I come back to what Hon Murray Criddle said about the tender process; that is, that Mitchell and Brown had not correctly filled out its application in the first instance. I do not know whether Hon Murray Criddle has a copy of that tender application, but if he has, he will see that it indicates that that claim is rubbish and that the company did fill out the tender application properly. I would be surprised if it did not.

The Mid West Development Commission exists to help businesses, promote industry and liaise between government agencies and proponents in that region. I understand it is a service that it should offer, and I will certainly inquire of the Mid West Development Commission whether it is prepared to assist a business in preparing its tender for a contract such as this. In the old days the commissions were simply advisory committees and they were toothless tigers. However, when they became development commissions, they were given teeth, and they are fairly well funded. One of their functions is to assist small business. Sometimes the commissions have tried to duplicate the services that local government provides. That is a waste of time and money.

I do not know whether Mitchell and Brown went to the Mid West Development Commission for assistance. However, a responsible business such as Mitchell and Brown should be identified by a group such as the Mid West Development Commission and the commission should have been prepared to assist the company in

preparing its tender application. It is important that a tender application has every “i” dotted and every “t” crossed. However, to use the fact that it did not as the reason it was not selected in the first three tenders is unbelievable. I do not know how naive the people making these decisions think we are. The matter needs to be inquired into.

I hope the parliamentary secretary will take this issue to the Treasurer and the Minister for Education and Training and that something is done about it pretty quickly. We should not be put in the position again of having to draw the attention of this house to another tender when we are trying to establish different areas. The Geraldton and Greenough area is now home to about 42 000 people. It has a very robust economy and outstanding small businesses that service a large hinterland. The only thing missing is two inches of rain, although that would not help the tender process.

I congratulate Hon Murray Criddle for moving this motion. It is a matter of urgency and I fully support his comments.

**HON KATE DOUST (South Metropolitan - Parliamentary Secretary)** [4.05 pm]: I am pleased to have this opportunity to respond to the matters raised by Hon Murray Criddle. He is a passionate advocate for the mid-west. I hope I have sufficient time to respond to each of the questions that he has put on the record today.

The Treasurer has provided me with information to respond to these matters and to reinforce that this government is always responsive to the needs and concerns of local businesses, particularly in the regions. I have spoken to the member for Geraldton, Mr Shane Hill, on a couple of occasions in the past few days and he has expressed his disappointment, to which Hon Bruce Donaldson alluded, that the local company did not get the tender. As a result of the member for Geraldton’s discussions with the Treasurer, Hon Bruce Donaldson will be pleased to know that the Treasurer announced this morning - the member for Geraldton, Mr Shane Hill, has already spoken to *The Geraldton Guardian* about the announcement - that a review of this tender will be conducted by the State Supply Commission. I hope that satisfies the member’s concern.

**Hon Murray Criddle:** No, it does not.

**Hon KATE DOUST:** It does not satisfy the member’s concern, but I hope that the responses that I will provide will go some way towards clarifying some of the matters he has raised.

The Treasurer has advised the member for Geraldton, Mr Hill, that the results of this review will be made available to the public. Members should be aware that there were 10 tenderers and that the local company and the successful company were not the only tenderers.

The selection group’s recommendation was based on the valuation, and the principal of the school was actually in that group and, therefore, was involved in making that decision. I know that concerns have been raised about whether businesses in regional areas are being considered for or are receiving the benefit of these tenders. I indicate that information is provided by the Department of Education and Training in its 2005-06 Buy Local report. That report indicates that an estimated 35 710 contracts were awarded for the supply of a service or construction activity or for goods to be used in the mid-west region. Of these, an estimated 31 393 were awarded to local regional businesses, and the value of these contracts was about \$7.5 million. This area is not being ignored. I understand that about 94.8 per cent of the total number of contracts for the mid-west region were awarded to local businesses and that the percentage of the total of these contracts was 96.1 per cent.

It is probably unfortunate on this occasion that this particular business did not receive the tender. However, based on the facts that I have given, it is evident that the businesses in the area are being successful in receiving contracts from the state government.

I will move forward to respond directly to the questions asked, because I have only a few minutes. Does Hon Murray Criddle want me to read the questions or will I go straight to the answers?

**Hon Murray Criddle:** No.

**Hon KATE DOUST:** In response to the first question, the advice provided by the Department of Education and Training is that it was aware of the capability of local businesses from the previous contract arrangements. For example, Mitchell and Brown has provided services to the department, John Willcock College and other mid-west schools over a number of years. Another business, Tarcoola Computers and Electronics, has provided warranty services for the John Willcock College notebooks under the previous contract, which was held by Apple Australia Pty Ltd. In addition, the department conducted a pre-tender briefing in Geraldton for all prospective tenderers to ensure ready access of local businesses to tender information. The state tenders committee of the State Supply Commission approved the procurement plan for this tender prior to issuing the tender. The Department of Education and Training also met with the Department of Industry and Resources before the tender was released to ensure that Buy Local policy terms were adhered to. It is anticipated that the

review that has been announced today will allow the State Supply Commission to be fully satisfied that the process was followed.

The response that has been provided to the second question is that this component was not added after the tender. The request for tender included a provision for additional notebooks for teacher use in the event that teachers wished to access notebooks in this way. This provision was included so that the same contract terms, warranty provisions and conditions would apply to the teacher notebooks, as they did for the student notebooks, to ensure that the standard operating environment was applied as specified, and to avoid multiple contractors, different warranty arrangements and added contract management effort.

The response to the third question about the closing of tenders is that, as with any tender of this size, there is a significant effort in ensuring all requirements are met and that the tender evaluation is diligent and follows acceptable practices. This tender required the assessment of responses to the qualitative requirements for each of the 10 tenderers, a technical compliance review, a financial analysis of each tenderer's pricing, the calculation of the total contract value, and an evaluation price using Buy Local policy regional price preferences, bench testing of notebooks, drafting of a recommendation report, and endorsement and approval by the Director General of the Department of Education and Training, the Department of Treasury and Finance and finally the state tenders committee.

**Hon Murray Criddle** interjected.

**Hon KATE DOUST:** Notebooks were to be delivered to John Willcock College by 10 April 2007. Hon Murray Criddle talked about that date or an earlier date.

The response that has been provided by the Department of Education and Training is that the winning tender from Winthrop Australia did not offer free dial-up Internet. In assessing tender offers, the capability to meet contract requirements is assessed, including the capacity to provide the service, the price and the risk. The tenderer representing the best value for money is then selected. The Mitchell and Brown response included dial-up Internet access but failed to demonstrate capacity to fulfil some base requirements of the tender. The added services offered were considered insufficient to overcome deficiencies in meeting core requirements. The response to the fifth question is that the evaluation price and qualitative scores were included in determining the short-listing of tenderers. The evaluation price is the price calculated by applying Buy Local policy regional price preferences and imported content imposts.

The response to the sixth question is that this criterion included four subcriteria. The Mitchell and Brown response to this criterion addressed only two subcriteria. I apologise for rushing, but I want to make sure that I give the member all of this information.

The response to the seventh question is that the successful tenderer's service levels and the management of subcontract arrangements will be monitored by the Department of Education and Training. Formal review of service delivery and warranty performance will take place during monthly contract management meetings with the prime contractor, which will include representation from John Willcock College.

The eighth question was divided into two parts. The response that the Department of Education and Training has provided to the first part is that the evaluation report was signed off by the following: the members of the evaluation panel, which is made up of representatives from the Department of Education and Training, including the principal of John Willcock College, and overseen by the Department of Treasury and Finance; the Director General of the Department of Education and Training; the general manager of strategic procurement services of the Department of Treasury and Finance; the state tenders committee of the State Supply Commission; and the State Supply Commission.

I have also been provided with further information from the Department of Treasury and Finance in response to the last part of the eighth question. The Department of Treasury and Finance's role was to provide an officer from the Office of Government Procurement to assist the Department of Education and Training in facilitating the evaluation process. The Office of Government Procurement officer was not a voting member of the evaluation panel and did not participate in making the value-for-money decision.

**Hon Murray Criddle:** Did they have a probity office?

**Hon KATE DOUST:** I am not too sure; I can find out for the member.

Also, following receipt of the Department of Education and Training's initial contract award recommendation, DTF senior management raised several issues with both the Department of Education and Training and the State Supply Commission surrounding the evaluation process and the application of the Buy Local policy. These issues were ultimately resolved to the satisfaction of the state tenders committee, which endorsed the Department of Education and Training's contract award recommendation.

I hope that has provided an appropriate response to the questions raised by Hon Murray Criddle and I thank him for asking those questions today.

**HON PETER COLLIER (North Metropolitan)** [4.15 pm]: I rise to support the motion and I commend Hon Murray Criddle for bringing it to the house's attention. I appreciate the comments that the parliamentary secretary has articulated, specifically on John Willcock College and the procurement plan for the tender process. Perhaps there has been a degree of progress, but the simple fact is that Mitchell and Brown did not get the contract, which is the important matter that needs to be identified in this instance. Ideally, we should be ensuring that the best process is followed in regional and remote schools and that the Buy Local policy is adhered to so that schools throughout the state are provided with products from their local areas in an efficient and capable manner.

This motion is - dare I say it? - in two parts. Certainly, Hon Murray Criddle and Hon Bruce Donaldson have comprehensively covered the second component on the provision of computers to John Willcock College. I want to deal in a more general sense with the Buy Local policy and whether it is flawed. I made mention of this matter a couple of weeks ago in regard to the federal Investing in Our Schools program. I would like to revisit that issue, as it is particularly pertinent to this motion. This motion deals with the tender process to ensure that the Buy Local policy is adhered to. As far as the Investing in our Schools program is concerned, it is definitely flawed. I identified a number of issues with the Investing in Our Schools program and the fact that the state government was taking out millions of dollars - I repeat: millions of dollars - in management fees from the Investing in Our Schools program. In the other place, the Minister for Housing and Works, Hon Michelle Roberts, responded to my comments. She said that my figures were flawed and she questioned whether or not I should still be in the classroom. I actually started teaching with Hon Michelle Roberts in my first teaching position at John Curtin Senior High School back in 1981. I have to say that she was a very good English teacher. I was a history and politics teacher. However, I believe that my figures are quite correct. I got those figures directly from the Minister for Education and Training. The Minister for Education and Training was asked a question on notice in the other place by the member for Vasse about how much had been provided to Western Australian schools under the federal Investing in Our Schools program. The response given by the Minister for Education and Training was that the collective amount was \$66.1 million: the first round was \$8.8 million; the second round \$25.6 million; and the third round \$31.7 million. The second question that the member for Vasse asked the Minister for Education and Training was how much had been taken by the Department of Education and Training for administration of grants provided under the federal Investing in Our Schools program. The response from the minister was that the Department of Education and Training takes no funds for the administration of the grants; however, a project management fee is payable with each project either to a private sector facilities manager for schools located in the Perth metropolitan area or to the Department of Housing and Works for schools located in the country. The response also said that for schools located in the Perth metropolitan area, the project management fee is 11 to 12 per cent of the project cost and the corresponding fee for schools located in the country is 17.5 per cent of the project cost.

At a very conservative estimate of 10 per cent, that would be \$6 million, which is below the 11 to 12 per cent in the metro area and 17.5 per cent in rural areas. The point, of course, is that the government's Buy Local policy has gone straight out the window, as schools do not get an option to buy locally. They simply do not get an option of which contractor to go with, because they must go with the Department of Housing and Works if they are in the country or with Spotless if they are in the city.

The Buy Local policy is absolute garbage. It does not operate adequately. Therefore, schools miss out. Dare I say it, but the most efficient or cheapest tender may not necessarily win the day. I identified a number of cases based upon information that had been provided to me from the parents and citizens associations across the state. This issue was raised at the Western Australian Council of State School Organisations conference in August 2006. I mentioned in a speech I gave a month ago that a delegate at that conference stood and asked why the state government was taking so much money in management fees out of the Investing in Our Schools grants. The then minister representing the Minister for Education and Training, Hon Norm Marlborough, received advice from a ministerial adviser that it was an administrative issue and the government would overcome it. It was not an administrative issue. The current Minister for Education and Training stated in the other place that it was a management fee of 11 or 12 per cent in the metropolitan areas and 17.5 per cent in rural areas. Rural areas are suffering as a result of management fees associated with the Investing in Our Schools program. At that conference, I took the time to speak to a number of representatives of P&C associations, and they reinforced the fact that it is costing the schools an enormous amount in management fees. The schools are missing out. The government can be precious about this all it likes, but the simple fact of the matter is that the schools are missing out. The tender process is flawed and the Buy Local policy is nothing but a fraud.

I mentioned a number of cases in my previous speech on this matter and I will now mention another. Schools came out of the woodwork after my speech. All the schools across the state were ringing me and *The West*

*Australian* saying, "What about us?" I will give members another example. An article in *The West Australian* on 12 April, under the heading "School caught out when quotes double", states -

A South-West primary school was forced to contribute more than \$10,000 of its hard-earned fundraising to pay for new playing courts after a Department of Housing and Works quote for the project exceeded the grant it was given by the Federal Government.

The Commonwealth gave \$130,000 to Augusta Primary School through its Investing in Our Schools Program and the school's P&C committee received a quote of \$64,000 from a private contractor -

Does that sound familiar? It continues -

to undertake the project, later amended to \$74,000 to include a hit-up wall.

But the P&C committee was told it had to obtain quotes through the department and was eventually charged more than \$149,000 for the project, \$19,000 more than their grant.

The State Government is under fire from Federal Education Minister Julie Bishop and the State Opposition for allowing the department and private contractors to skim millions of dollars from Federal grants to schools in management fees for projects such as air-conditioning, playground equipment and sports facilities.

...

The department takes a 17.5 per cent management fee on rural school projects while schools in the metropolitan area are slugged up to 12 per cent to pay for a private sector facilities manager.

In contrast, Catholic and independent schools applying for Federal funds keep the full amount, with neither the Catholic Education Office nor the Association of Independent Schools taking any of the money.

Augusta P&C president Georgina Thiele said she complained to the department about the final quote and later had management fees reduced down to about \$9,000, or 7 per cent, instead of the usual 17.5 per cent.

She said the school was unaware it had to go through the department and had initially sought quotes from private contractors to speed up the process.

"The cost of the courts under the private contractor were about \$74,000 and by the time DHW went through the tender process and we got the quotes back, it had gone to nearly \$150,000," she said.

"The private contractor was recommended to us by Tennis West and is a renowned court builder. He was going to co-ordinate all the contractors for us and he had the best price.

"Even though DHW reduced their management costs down to about 7 per cent of the total project cost, that is still a fair bit of money."

Other instances include Gnowangerup District High School, which got a grant of \$108 589 for air conditioning for the school. The management fee for the Department of Housing and Works was \$17 362. Leeming Primary School got a \$146 100 grant for small-scale extensions and refurbishments. The WA government was the project manager, through Infraser, and the project management fee was \$14 400, plus a \$15 500 consultancy fee. I could go on all day and mention different examples, but I will not bother because I have already mentioned a number of them in a previous speech.

I reinforce the fact that the tender process, in terms of providing the best outcome for education for our schools, is seriously in question. That has been identified today by Hon Murray Criddle and Hon Bruce Donaldson. Although I acknowledge the serious issues with regard to the tender process for computers at John Willcock College in Geraldton, if the surface is scratched, members will find that this issue traverses a raft of schools across the state. I seriously ask the question about the tender process for infrastructure projects and equipment projects in the public education system. I once again call on the government to investigate this matter to ensure that the tendering process ensures that public education is provided with the best possible conditions in terms of infrastructure and conditions.

**HON MURRAY CRIDDLE (Agricultural) [4.25 pm]:** I thank Hon Peter Collier and Hon Bruce Donaldson for their contributions. This is a very serious matter for those of us who live in regional Western Australia. This has stirred up a hornet's nest in Geraldton. The government has recognised that by bringing the review forward as a result of the protests of local people. It has become a very intriguing local issue. I was quite interested to hear that Mr Shane Hill was involved in getting this process up and running, when from the very beginning he said that he supported the process. It is well and truly documented in the local press that he supported the process. We have brought some of the facts to the surface and raised a number of issues. I have an email from a



local company pointing out to Mr Hill that the company was not happy with the way he approached this issue in the initial stages. I am very pleased to hear that these issues will be looked at. What I am not happy with is that another local company has missed out on a tender. That is a very serious issue, especially when talking about this particular tender.

The parliamentary secretary referred to the \$7.5 million worth of tenders and the 35 000 tenders sought. This is one of the big ones, and we do not have it in the country. A couple of other people from the country have told me about larger tenders that they have not got. I hope that the review has a good look at the process for giving local people the opportunity to tender for a project and to be successful, or to be in the final three or four at least. Those local companies should be able to ask direct questions if they do not quite get the initial tender document right. It seems to me in this case that in the initial stages there may well have been some slip-ups in the approach made by the local company. However, the other companies had the comfort, once they had been selected, of being able to right any issues in their tender documents that they might have got wrong. Had the local company been able to be accepted as one of the top 10 finalists that the parliamentary secretary mentioned earlier, it would well and truly have been able to put right any issues that it had missed out on in its tender process. That issue must be addressed. I hope that a probity officer was involved in this tender and that some checks were done. I am well and truly aware of the way tenders are run, having been a minister. One of the ways to ensure that the process was undertaken truly and fairly would have been to have somebody oversee the process.

I am thankful for the answers that the parliamentary secretary has given me, from the Treasurer. I would like to take up a number of issues. I will refer to an email that I got from Barry Mitchell that really disturbs me. It states -

Surely anyone with a slight understanding would not agree that paying \$50,000 more to a Perth company, giving up free internet accounts for each student for three years and going for a term without any student computers at all, is the best outcome.

The evaluation process you refer to which allowed this to happen, does not support local businesses and I don't care how many people sitting in different government offices in Perth say that the system is working, simply this result is proof that there is something drastically wrong.

Unfortunately I don't think anything will ever change unless someone in the procurement chain for government actually looks at what we are complaining about and admits that it could be done better. Everyone seems to spend far too much time defending the system, rather than having a constructive look at it and fixing the problems.

The managing director of this company also said that because he had spent so much time putting together this particular approach and this tender, he could not be bothered going through the process again and putting so much time into it in the future. That is a real indictment of the system. We should recognise that fact and try to overcome it. If the departments or this review committee have to go to Geraldton and sit down with these people to understand the issues - I understand that this company is not the only one; I have had other approaches - they should find out what is happening and make the opportunities available for local people.

Motion lapsed, pursuant to standing orders.