

BELMONT CITY COUNCIL, LEGAL WORK

**1276. Hon JIM SCOTT to the Minister for Local Government and Regional Development:**

- (1) Are local governments required to put contracts for goods and services out to tender when the contracts involve substantial amounts; and, if so, above what value must contracts be tendered?
- (2) What was the total value of legal services provided to the City of Belmont by McCloud and Associates in representing the city at the authorised inquiry under division 1 of part 8 of the Local Government Act?
- (3) Was this legal work put out to tender by the Belmont City Council; and, if so, when and where was it advertised?
- (4) If not tendered and if the cost exceeds the allowable amount, will the minister investigate this matter and will he report what action he takes to the House?

**Hon TOM STEPHENS replied:**

- (1) I am advised that it is when the contract is or is expected to be worth more than \$50 000.
- (2) The department has been advised that up to May 2003 the City of Belmont spent approximately \$170 000 on legal representation.
- (3) No.
- (4) No. I am reading this answer out for the first time. The member is asking me will I investigate -

Hon Peter Foss: It sounds like you are reading for the first time.

Hon TOM STEPHENS: I am. However, against that backdrop, the advice is no. I cannot say whether that will be my final position on the matter.

The Department of Local Government and Regional Development has examined this matter and has concluded that an investigation is not warranted. When the inquiry was announced, the City of Belmont did not expect the contract for legal services for the inquiry to exceed \$50 000. In these circumstances, it was not obliged to call tenders. The city provided documents to the department indicating that it had spent approximately \$170 000 on costs associated with legal representation. The department is aware that, at the time the inquiry was announced, the city did not expect that the contract for the legal service would exceed \$50 000. Under those circumstances, the city was not obliged to go to tender, as it had no expectation that the fees would exceed \$50 000. This was supported by the City of Belmont's budget provisions for the services being initially set at \$25 000.

Hon Jim Scott: That is a convenient way of getting out of doing what you are supposed to do.

Hon TOM STEPHENS: I hear the point. Having entered into a contract, the city was not required under the tender regulations to reconsider this position when its payments later exceeded this amount. It may be considered relevant that in this situation the city had engaged a legal firm to represent its interests. It may be argued that to disengage the legal firm at a later stage and seek tenders may have impacted adversely on the provision of legal services to the City of Belmont. I do not know whether anyone has argued that way. I am well positioned with the department to have Cheryl Gwilliam, the former Chief Executive Officer of the State Supply Commission, as its director general. I will refer to her the member's question and my response, and if I obtain any further advice I will let the member know.