

GOVERNMENT CONTRACTS — HUAWEI

635. Hon CHARLES SMITH to the minister representing the Minister for Transport:

I refer to an announcement on 6 July by the Chinese state-owned telecommunications company Huawei that it had been awarded the contract to build and maintain the radio systems to deliver voice and data services across Perth's rail network. According to its 6 July media statement, Huawei will deliver the \$136 million project on behalf of the Public Transport Authority as part of a joint venture with UGL.

- (1) Why was there no official state government statement relating to this significant contract on either the WA government media statements website or the Public Transport Authority website?
- (2) Given that the government's own cabinet handbook states that politically sensitive and policy issues with significant financial implications usually require cabinet approval, why was the decision to award the \$136 million contract to Huawei, a company that has been red-flagged by Australian and other western intelligence agencies as a security risk, not referred to cabinet?

Hon STEPHEN DAWSON replied:

I thank the honourable member for some notice of the question.

- (1) The contract award announcement for the radio systems replacement project was made on the Tenders WA and Public Transport Authority websites on 6 July 2018.
- (2) Cabinet approval for the radio systems replacement project, including funding, was given in the 2015–16 budget process and was reviewed and endorsed by cabinet in subsequent budget processes.

The PTA undertook the procurement process to award the contract, calling for proposals and tenders and undertaking the appropriate due diligence and probity processes, whilst keeping the Minister for Transport informed as required. This process included seeking and implementing cybersecurity advice from experts, including the relevant commonwealth agencies.

The contract was awarded to the joint venture selected by the PTA's procurement process without the selection being endorsed by cabinet, consistent with what has been the usual practice of the PTA under its legislation since its establishment in 2003.