

GOVERNMENT CONTRACTS, FEES FOR BEING ON PANELS

1396. Hon TOM HELM to the Minister for Transport representing the Minister for Services:

- (1) Can the Minister for Services confirm that contractors registered under panel contracts as preferred suppliers to Government departments will now be required to pay a fee to continue on those panels?
- (2) If yes
 - (a) how is the fee to be calculated; and
 - (b) why is it necessary to charge the contractors a fee for a service which was initiated by one Government department as a cost-saving service for other departments?
- (3) Can the Minister confirm that contractors have been advised to increase their fees to Government departments to cover the fee for being on the panels?

Hon M.J. CRIDDLE replied:

- (1) I assume the member is referring to the Contract and Management Services (CAMS) panel contract for public relations, marketing and marketing communications services on which a fee is proposed.
- (2)
 - (a) Two options are under consideration:
 - (i) a \$75 annual fee per sub-category; and
 - (ii) a fee based on 0.75% of turnover achieved by the contractor under their contract.
 - (b) The fee is necessary to partially recover some of the costs associated with the development, management and marketing of this highly resource intensive contract. There is a direct benefit to contractors in terms of the additional marketing and promotion effort undertaken by CAMS in relation to this contract. The value of this exposure far outweighs the cost and is considerably cheaper than what contractors could arrange in their own right.
- (3) Contractors may elect to increase their fees. However, it is expected that normal competitive market forces will ultimately determine the extent of any increases.