

JOINT STANDING COMMITTEE ON THE CORRUPTION AND CRIME COMMISSION

**INQUIRY INTO PUBLIC SECTOR PROCUREMENT OF GOODS AND SERVICES
AND ITS VULNERABILITY TO CORRUPT PRACTICE**



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 8 May 2019**

Members

**Ms M.M. Quirk, MLA (Chair)
Hon Jim Chown, MLC (Deputy Chair)
Mr M. Hughes, MLA
Hon Alison Xamon, MLC**

Hearing commenced at 10.19 am**Mr RICHARD SELLERS****Director General, Department of Transport, examined:****Mr PETER WORONZOW****Managing Director, Main Roads Western Australia, examined:****Mr PHILIP D'SOUZA****Acting Executive Director, Finance and Commercial Services, Main Roads Western Australia, examined:**

The CHAIR: On behalf of the committee, I would like to thank you for agreeing to appear today. I am Margaret Quirk and I am the Chair of the Joint Standing Committee on the Corruption and Crime Commission. I will introduce the other members of the committee present today: on my left is Hon Jim Chown, MLC, the Deputy chair; on his left is Hon Alison Xamon, MLC; and on her left is Matthew Hughes, MLA, member for Kalamunda. It is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament. Your evidence is protected by parliamentary privilege; however, this privilege does not apply to anything you might say outside of today's proceedings. Before we begin, do you have any questions about your attendance here today, or would you like to make any opening statements?

Mr Sellers: Thank you, but we do not have an opening statement. We are here to reply to questions. Pete might have a couple of introductory comments based on the questions you sent us and we have answered, but other than that, no.

The CHAIR: Maybe we will start with that. Thank you.

Mr Woronzow: I will be brief. There are just a few comments. Main Roads has had a long and successful history in purchasing and contracting. It is down to probably three main things. The first is that no payments can be made for works, goods or services unless a purchase order is raised. No one can make any payment unless the purchase order has been raised by a specialised purchasing officer. That is supplemented by a very complete delegation of authority. It starts with all contracts over \$500 000 have to be approved by the minister. It just cascades down. That delegation has a number of checks and balances. If people want to call tenders or award contracts, they need to go through a recommendation, review and approve process. The third pillar is that all our major contracts have been reviewed and in many cases put together by the State Solicitor's Office for over 10 years. They have been involved in providing advice on all our major contracts for over 10 years. The last pillar that has held us well, and we provided some information in our submission, is data analytics. We spend a lot of time and a lot of effort using external people, and internally, to review all our purchases—to examine that they are all as they should be. From the last meeting, I was just reflecting on a number of things we talked about. Those four things have held us in good stead.

The CHAIR: There are a couple of things there. The data analytics is effectively after the event.

Mr Woronzow: Correct, or through the life of a contract.

The CHAIR: Is that done by an external contractor?

Mr Woronzow: It is done both internally and externally. Our internal audit have some capability, but we have external people such as EY and others —

The CHAIR: Ernst and Young, for the purposes of Hansard.

Mr Woronzow: Ernst and Young and others, such as KPMG—we engage them on an ongoing basis to do that task.

The CHAIR: Have you any idea how much that costs the department annually?

Mr Woronzow: I might pass over to Mr D'Souza for this. He may have an idea.

Mr D'Souza: In terms of that form of engagement, it would be probably up to about \$50 000 to conduct.

Mr Sellers: Per project or?

Mr D'Souza: The analytics across the year, on an annual basis.

The CHAIR: With all due respect, I do not know that that buys you a lot of data analytics, frankly.

Mr D'Souza: Obviously, they have quite good techniques that they actually use. They already have the software in place, so it is just about establishing rules to run over one's data. When I talk about that, it might be picking up fields—about purchase orders, the vendor, the invoice, the amount—to be able to run the analytics across supplier payments, credit card transactions and payroll files. Payroll files is important, because it picks up on employees and sees whether there is a form of relationship to either where they live—the person—and the businesses. In terms of the smart technology that is there, it is not actually labour intensive, because it is all about running algorithms across your data.

Mr M. HUGHES: So the analysis is the issue. Who is responsible for that?

Mr D'Souza: Yes. In terms of the analysis, that does get handed across to Main Roads—across to, say, the finance team, the procurement team, as well as with the internal team, to actually conduct that analysis. If something has come up with, “Okay, let's have a look at these particular transactions. They seem to have brought up a flag or they may be false positives”, it is that investigation. That is all internal resourcing time, which is already funded.

Mr M. HUGHES: What is the frequency of that data gathering and analysis of the data?

Mr D'Souza: The frequency is effectively quarterly, but it is to cover the full financial year worth of transactions. For instance, you may conduct a review in February, but it is covering off from 1 July to the end of February to be able to make sure you have enough coverage over that particular financial year.

The CHAIR: Just going back to the issue about contracts over \$500 000 having the oversight of the minister, he or she is not going to be in a position to know, for example, that so-and-so's brother-in-law twice removed has some involvement or any of that stuff. You would have to agree that in terms of an oversight mechanism for corruption, that is very much dependent on robust advice or research from the agency itself.

Mr Woronzow: Sure. They are valid comments, but in the process of putting up to the minister to approve contracts of \$500 000, a certain amount of information is provided to the minister, such as what procurement process we have followed. Has it been open and effective? We provide details on prices of who we have shortlisted. Obviously, there are details of the recommendations. I take your point, but there is high-level information which the minister does see and gives her some comfort that we have been through a competitive process, or otherwise.

Hon JIM CHOWN: Commissioner, the buck stops with you, obviously, in these processes that are underway for items under \$500 000 or above. We have just heard from Mr Ross Emerson, an internal investigator with the health department—there has been some press about it—in regard

to department directors just ticking the boxes as such in regard to the procurement process they believed had been undertaken appropriately and they were not. What is your role and what is your oversight in regard to these processes that have just been explained to us, and how do you assure yourself that the processes are carried out appropriately, or do you just rely on information from subordinates?

Mr Sellers: Thanks for the question, member. My personal process in that does include discussions with Peter, but I do and have gone and sat on the steering committees for projects during their development. I talk to Peter and Phil and probity auditors about what is involved. There is a balance there. While I am not part of those individual processes, I go to and sit in as regularly as I can on projects of note and others just to get a sense of what is going on. Peter and his team have regular project downloads on how projects are going and what is involved in them. Again, I am an observer in those semi-regularly. You are right; there is an element of sitting with Phil or Peter or one of the project managers and having them explain the detail of it in a signing process, but there is also others where I get a sense of what is going on across the agency by sitting in on those monthly meetings or actual steering group meetings. For larger ones that even have been signed off by the minister and they are being oversighted by a group, say, NorthLink, I will be semi-regularly sitting in the project update meetings and getting my own sense of what is going on as well.

Hon JIM CHOWN: So you do not have any internal process in your office to check what you are participating in or receiving in the form of electronic paperwork?

Mr Sellers: Certainly, member. There are processes —

Hon JIM CHOWN: Because there are large amounts of money involved here.

Mr Sellers: Thank you. Are you ready for me to answer now?

Hon JIM CHOWN: Yes.

Mr Sellers: Clearly, there are processes that are set up through probity and other systems in the development of projects that are the checks and balances that I can ask questions about. Those processes are well documented. Some of them are in the files and things that you have seen. Yes, they exist and are there.

[10.30 am]

Hon JIM CHOWN: Has your office ever received queries or red flags from the procurement processes that are in place that you felt needed further investigation?

Mr Sellers: Just refreshing myself on what has been provided to the group before, there are a couple of examples where things have been raised with the agency and have been dealt with. In the text that has been provided, though —

Hon JIM CHOWN: Would you like to elaborate on a couple of those instances or examples?

Mr Sellers: Peter can talk to them; they are in the written form.

Mr Woronzow: Member, at the last meeting we talked about two examples, and as follow-up information we provided those details. I am happy to go through those again, if you would like me to.

Hon JIM CHOWN: Yes, just briefly.

Mr Woronzow: Just bear with me. There were two. The first example was a Main Roads officer. We became aware that he was procuring services from his father for technical engineering contracts over a four-year period. As part of our integrity framework, we require people to declare conflicts of interest, and, from memory, I think that register has got 46 currently, so we have 1 000 people,

of whom 46 have declared potential conflicts of interest. He did not do that. He was actually signing invoices to pay for the services for his father. We became aware of that.

Hon JIM CHOWN: How did you become aware of this?

Mr Woronzow: KPMG, through their data analytics, picked it up.

Hon JIM CHOWN: After four years of this person actually practising this? There is a time frame of four years you mentioned.

Mr Woronzow: We do mention a period of four years—2012 to 2016.

Hon JIM CHOWN: It is an awful long time before something is actually picked up.

Mr Woronzow: Sorry, member.

Hon JIM CHOWN: I am sure that you have an explanation for that.

Mr Woronzow: No, I am agreeing with you. That has gone on longer than I would have liked.

Hon JIM CHOWN: How would you address this time frame? Four years is not acceptable.

The CHAIR: From what Mr D'Souza says, each time KPMG comes and puts their algorithms over your system, it might be for a different thing, so is that the reason why it took four years—that they were not looking for that particular issue, say, in the three out years or whatever?

Mr D'Souza: This particular circumstance was, I guess, prior to some of the data analytics that we put in place. Just some of the other circumstances with this particular one was there was a particular senior manager who was in charge of this particular work. They actually retired and this work was handed down to the next person who came into that particular role, which was the person here. Where it was seen there was oversight because of the other senior manager, it was felt that the other senior manager may have actually engaged this particular contractor —

The CHAIR: Unwittingly?

Mr D'Souza: Yes. Through the investigation, which was actually picked up by staff—it was not KPMG.

The CHAIR: So it was a whistleblower.

Mr D'Souza: Yes. It was picked up by staff that this occurred, and that is when we actually brought in KPMG forensic to conduct a wider test. What we have done with this particular form of contract is that we have actually put in further data analytics on this particular contract, where these resources can be called from.

Hon JIM CHOWN: But the question still remains. What have you put in place to ensure that this is not repeated in the future or, in other areas of the Department of Transport, it is not a practice that is still underway?

Mr D'Souza: Okay. So, one, in terms of the data analytics, the work that is actually done in this particular contract, I have got a team that actually looks at all invoices that come in on this contract every month. They look at the works —

Hon JIM CHOWN: You have hundreds of contracts.

Mr D'Souza: Yes, but in terms of this particular one, there are work packages that are issued, and those particular work packages are actually analysed and reviewed by an independent team, compared to the business area that may be requesting the service. We have got that in place, so that is occurring every month.

The CHAIR: That was put in subsequent to this issue.

Mr D'Souza: Correct; it was. The other element is that we have actually rolled out accountable and ethical decision-making training. Since we last met, we have made sure of that. So there is mandatory training that has gone in place, and that is around our integrity framework, so it is picking up on conflict of interest, making sure that those declarations are there; stepping aside when there is a conflict that has been noted that may cause a bit of concern; a gifts and benefits register recording, and action reviews over those registers—not just someone records and does nothing. We actually do analytics over those particular two registers as well. We are changing culture, we are employing independent techniques to actually identify these things as early as possible, so prevention versus after the fact is what we are doing in this particular space.

Hon ALISON XAMON: Picking up on this issue of the conflict of interest and the declaration of gifts, I recall at the last hearing, when the question was asked about whether you had any recollection of problems around conflict of interest, the answer was no, which raises concerns in itself because it is unlikely that there would never be any unscrupulous conduct occurring. Apart from educating people about the importance of conflict of interest, what it actually means—it is often a very poorly understood set of principles—and the need to register gifts, what independent oversight are you applying to both of those so that you can also potentially pick up on people who are not doing the right thing and are not making the appropriate declarations?

Mr D'Souza: With that particular work, my legal and commercial services team actually perform a review over those registers to try and identify red flags, trends—anything that would cause some level of concern, if that was to occur. Previously we mentioned that there are things such as you might have a family member who works for a particular company, or it might be a shareholding or a landholding that is associated with a conflict of interest, so, one, it is making sure that those people, if there is a conflict, are stepping themselves outside of the procurement process and having someone else step in, and the other one is actually looking at those registers to go, “Hold on; is there a flag? Are we seeing some trends that say that this needs a change of behaviour?” In terms of changed behaviour, you have got to be able to speak to individuals and let them know, as we are saying, to help them understand a little bit further as to whether we believe something would be a conflict versus what they would interpret as a conflict.

Mr M. HUGHES: Can I ask a tangential question on this? It really goes to the point when contract specifications are being developed. I have in mind the recent renewal of the maintenance contract. This is the question: do you have any knowledge of a senior person within the department responsible for contract specifications in relation to the maintenance contract who subsequently left the department, Main Roads, to work for one of the successful tenderers? Are you aware of anything like that?

Mr D'Souza: We have people who move —

Mr M. HUGHES: Are you aware of a person responsible for the development of the contract specifications—a longstanding member of Main Roads—who, having completed that task, then subsequently went to work for the successful tenderer?

Mr Woronzow: No, I am not, but the process that we put in place to renew these long-term contracts—they are five-year contracts, they are third generation—we put together a senior team. We had an ex-regional manager, we had a senior contract manager and a senior member of our procurement team, who is now a manager of supply. That is the core of that team. It was supplemented by contract resources, but those Main Roads people that are the core, they are all still employed at Main Roads.

[10.40 am]

Mr M. HUGHES: So, there has not been any situation where that has occurred?

Mr Woronzow: Not in this recent round. If —

Mr M. HUGHES: To your recollection.

Mr Woronzow: On the previous round as well. As I said, the core of the team that put that together were three or four Main Roads people.

Mr M. HUGHES: If that were the case, would that alarm you?

Mr Woronzow: It could concern me if that move had happened through a tendering process.

Mr M. HUGHES: So just to be clear, then, to your knowledge, you are not aware of that?

Mr Woronzow: No, I am not.

Mr M. HUGHES: Is it something you could perhaps look into? It is in recent times.

Mr Woronzow: Yes, I can check. I am happy to check, but as I said, the core of the people were Main Roads employees. They were supplemented by consultants of contractors. If something like that has happened, I could only suggest that it could be one of those consultants of contractors, but the Main Roads people are still all employed in senior roles at Main Roads.

Mr M. HUGHES: So a contractor responsible for assisting Main Roads in the development of contract specifications may have gone to work for one of the successful tenderers, subsequently?

Mr Woronzow: I do not know.

Mr M. HUGHES: You do not know. Could we examine them?

The CHAIR: There are probably thousands of contracts. It may be something we have to correspond with you about.

Mr M. HUGHES: I am talking about a major contract for maintenance.

Mr Woronzow: Member, if there is some information, if you are aware of anything, that —

The CHAIR: We will undertake to maybe write you a letter rather than —

Mr Woronzow: Yes, and I am happy to investigate and respond, but as I said, the core team that are Main Roads people are still at Main Roads.

Mr M. HUGHES: Okay, thanks.

Hon JIM CHOWN: Commissioner, your full title, I think, is director of the Department of Transport—is that right?

Mr Sellers: No, it is director general of the transport portfolio.

Hon JIM CHOWN: Director general; thank you for the correction. Under that, you have subsequent departments of Main Roads and the Public Transport Authority?

Mr Sellers: And the Department of Transport; that is right.

Hon JIM CHOWN: The Public Transport Authority, do they operate under the same exemptions as Main Roads with regard to what they can actually procure, with a limit of up to \$500 000?

Mr Sellers: The simple answer, member, is: I am not sure. I would have to ask. The procurement that I work through with them, we are working through a much more traditional procurement process, but I am not game to tell you something I do not know.

Hon JIM CHOWN: Okay. So their procurement processes are not the same as Main Roads'?

Mr Sellers: Their procurement processes involve working with state solicitors, Finance, other parts of government, gateway processes and much the same elements as Main Roads, but Main Roads operates under a specific piece of legislation that allows them to do the processes that Peter just talked through. Peter, you can explain the nuanced difference there.

Hon JIM CHOWN: I always thought the PTA also had exemptions under the State Supply Commission Act, similar to the Main Roads commissioner —

Mr Sellers: That is what I am saying. I am not going to give an answer I do not know, so I will happily look into that. I am just not aware of the nuance there.

Hon JIM CHOWN: Okay.

Mr Woronzow: Member, if you like, I can answer that.

Hon JIM CHOWN: Yes, thanks.

Mr Woronzow: Both Main Roads and PTA follow State Supply Commission policies. We apply them to works, goods and services. Why Main Roads has to refer all potential contracts over \$500 000 to the minister is that we have a 1930s act. The PTA has more recent legislation that was put in place 10 to 12 years ago. Their limit is a lot higher.

Hon JIM CHOWN: Their limit is higher, is it? What is their limit?

Mr Woronzow: It is \$5 million.

Hon ALISON XAMON: Can I ask, in relation to the State Supply Commission registers you have previously advised that exemptions are documented and registered. Whereabouts is this register kept? Is it subject to any external oversight?

Mr D'Souza: The register is actually kept in our records management system, but the oversight of the register is through our legal and commercial services branch, which reports to me as the chief finance officer.

Hon ALISON XAMON: Are they publicly available, or are they able to be subject to public scrutiny at all?

Mr D'Souza: I would need to check on that.

Mr Woronzow: We can take it as a question on notice.

Hon ALISON XAMON: Yes, please. I interrupted you as you were explaining how the internal scrutiny operates.

Mr D'Souza: They are subject to the oversight, yes, of my manager, legal and commercial services, myself, the managing director, the Commissioner of Main Roads, if they wanted to have a look at the registers. It is subject, through the Commissioner of Main Roads, to our internal audit section, management review and audit, which reports effectively independently to the managing director and the commissioner. They have oversight of those as well as if the Office of the Auditor General came in—which they are in at the moment, looking at our controls and compliance for 2018–19—they have access to those.

Hon ALISON XAMON: Okay, so just confirming that it is largely internal, with the capacity for the Auditor General to be able to come in if they proactively seek that out, but otherwise—and we will receive your further advice about this—it is not necessarily open to further scrutiny, potentially?

Mr Woronzow: The only thing I could add is that that list be freely available to the Public Sector Commissioner or the Corruption and Crime Commissioner.

Hon ALISON XAMON: Again, though, that is on their initiative, attempting to gain our data.

Mr Woronzow: If they ask, yes.

Hon ALISON XAMON: Okay. The other thing I wanted to know is whether requests for variations are treated in the same way.

Mr Woronzow: Requests for variations—I spoke earlier about our delegation of authority manual, that —

Hon ALISON XAMON: I am actually pursuing the issue of internal and external oversight, and transparency.

The CHAIR: Without putting words in my colleague’s mouth, are they subject to the same level of rigour—I was going to ask this—or are they just effectively rolled over?

Mr Woronzow: No, in terms of variations, the delegation of authority says who can approve them. Some significant variations are left to my discretion if I want to ask the minister to approve them or not, but I am happy to table our delegation of authority, which might give the committee some insight in terms of the processes around variations. Somebody needs to recommend minor variations, another person needs to review, and a third person needs to approve, and that is on a staggered basis up to me.

Hon ALISON XAMON: Of course, the experience in other departments has been that when you have multiple contract variations, it can end up being a significant amount of money, so you can suddenly find that a contract is blown out by millions and millions, as has been the experience elsewhere. This is one of the reasons why the level of scrutiny is key.

Mr Woronzow: Again, I refer back to the delegation, which requires certain people to approve variations up to 10 per cent and staggered higher, so —

Hon ALISON XAMON: Can I just confirm: that is 10 per cent at a time, though, or are you saying that that is 10 per cent for the life of the contract?

Mr Woronzow: No, just for clarity, I am saying the first stage of the variation process is 10 per cent, then there is a process for cumulative variations up to a certain level.

Hon ALISON XAMON: What is that level, please?

Mr Woronzow: I would have to —

Hon ALISON XAMON: Because the cumulative variations, I think, really reflect a closer idea of exactly how much that delegation amount is.

Mr Woronzow: Sure. I suppose why I am hesitating is that without the delegation in front of me, we set that cumulative variation at different levels for different types of goods and services, so works contracts are different for consultants or for simple goods and services.

Hon ALISON XAMON: Chair, would it be possible for us to request that information on notice?

The CHAIR: Certainly.

Hon ALISON XAMON: Thank you. I would be curious to know —

The CHAIR: I think they might have found some additional information.

[10.50 am]

Mr Woronzow: This is semi-completed. It does not —

The CHAIR: All right. We might formally write to you and request that information.

Mr Woronzow: But happy to share. As I said, the delegation is cumulative, it is a one-off and there are different things for consultants, contract people, goods and services and —

Hon ALISON XAMON: Getting back to my substantive point originally, the way that Mr D'Souza was explaining, the first step of scrutiny is their processes internally. We, of course, have the external bodies such as the CCC, the Public Sector Commission and the Auditor General, who, by their initiative, can come in to oversight. But other than that, those variations of contract are not necessarily subject to public oversight or scrutiny; they are not made available anywhere.

Mr Woronzow: No, no, member —

Hon ALISON XAMON: Or do you need to take that on notice?

Mr Woronzow: That was from —

Mr Sellers: One of the other internal processes that was mentioned a bit earlier that involves us is those regular meetings where the project managers go through in a group and talk through their project variations that have happened, what the total costs are and the contingencies. That is a repetitive process where other project managers and senior officials in the Main Roads group are sitting, listening, watching and have the papers in front of them. While it has the checks and balances about the amount, it is also elevated in terms of other people who are not on the project listening and hearing about it and having an opportunity to provide comment and raise red flags.

Hon JIM CHOWN: In the procurement process and your internal systems, when you go above the cap—obviously, the Department of Transport has huge contracts out there at times, and major infrastructure projects—at what stage would you expect the government of the day to approve expenditure?

Mr Sellers: That is a very good question. It varies a little bit, depending on what the project is and what causes it.

Hon JIM CHOWN: Can I give you an example?

Mr Sellers: Please.

Hon JIM CHOWN: Car technology is evolving very quickly. There have been areas in the world where they have had trials. You may want to trial a driverless vehicle. You would pick out a road somewhere and put all the sensors in. That may cost hundreds of millions of dollars to do. At what stage of that process would you expect government approval or cabinet approval once you have put forward the proposal and the dollar figures? Would you do this before you released the tender?

Mr Sellers: No. Typically, the discussion would be early when we are working through a proposal like that. We would be talking to government about what the appetite is, because, obviously, we would have interaction on the streets. There would be a lot of other factors in it. Those styles of particular examples do not tend to lead, with the way technology is going, to huge expense on the road, but I understand what you are saying: if we were going to have to put in a large amount of expenditure on a trial for something, it would happen very early.

Hon JIM CHOWN: Or even implement one; that is just an example.

Mr Sellers: Let us say we were implementing something that had serious involvement for us, we would have very early discussions with the government of the day about what we are doing. If it was to do something like that, chances are we would be seeking money through a normal government process. That would be going through the economic review sort of process or cabinet to do that. Once it is signed off by the government of the day or cabinet, then if it is within the delegation, Peter or I would be doing the implementation, but the government of the day would know what we are doing probably because it involved a whole lot of extra money. On a lower level, where it might be a trial of a new treatment or something like how you do a road, that would be within —

Hon JIM CHOWN: That was just an example, commissioner. I was really trying to get at the dollar figure around where cabinet approval actually stepped into the process. Why did it not take place, in your belief, in regard to the \$200 million contract that was issued, supposedly, and approved by the PTA without going through the cabinet process or the ERA process? How do you feel about that?

Mr Sellers: Which PTA project are we talking about?

Hon JIM CHOWN: Sorry?

Mr Sellers: We are in Main Roads, and PTA —

Hon JIM CHOWN: I am talking about the Public Transport Authority's approval for Huawei. My understanding is that that did not go through the ERA process or the cabinet process, which is contrary to what you have just said.

Mr Sellers: No. There has been plenty of information provided on that. I will take on notice your particular nuance on it and see whether it has been answered in the stuff that has been provided by ministers and others. I am not going to enter into a political discussion about it, member.

Hon JIM CHOWN: No, it is not a political discussion —

The CHAIR: What is your understanding?

Hon JIM CHOWN: — this is a discussion about process. You have just said that in large contracts in regard to Main Roads—we have already established that under your remit, you have the Public Transport Authority. You would expect it to go through an ERA process or at least have cabinet approval before that expenditure or that project was put out to tender.

Mr Sellers: As I said to the member, there have been answers provided on numerous occasions on that, both in writing and through Parliament. I will take it on notice and give you a copy of them.

Hon JIM CHOWN: That is fine. I am talking about the process here, commissioner. Obviously, that was not the process that normally takes place.

Mr Sellers: The process for Huawei—this is going from my recollection; I do not have the procurement in front of me—it was certainly discussed with the government of the day about what the intent was. It is a radio replacement program.

Hon JIM CHOWN: We understand what it is.

Mr Sellers: It obviously engaged with broader areas across government for its involvement. The early engagement with the State Solicitor's Office was whether they wanted to be the lead in the legal side of it or they wanted to do it through one of their contract providers. All that happened. What is not normal about that, sorry?

Hon JIM CHOWN: I am just talking about the process in regard to government approval of hundreds of millions of dollars' worth of project before it actually went to tender and the approval of government. You have already stated—it is on *Hansard* now—that you would expect it to either go to the ERA or to cabinet.

Mr Sellers: And as I say, member, the answers have been given on that. I will check what the answers are and get back to you.

Hon JIM CHOWN: Thank you.

The CHAIR: Just generally on the State Solicitor's advice: they effectively, in the context of Main Roads, looked to see whether the contract is probably in standard form or they assist in drafting the contract. They are really looking principally at whether it complies with Main Roads' legislation.

Mr Woronzow: And more.

The CHAIR: What else are they doing?

Mr Woronzow: If I can elaborate?

The CHAIR: Yes; thank you.

Mr Woronzow: The relationship we have with the State Solicitor, as I have said, is they have provided contractual advice for over 10 years. Effectively, the State Solicitor provides in the order of two resources. Main Roads puts out a lot of contracts each year. The people from the State Solicitor's Office, besides doing those things that you talked about, for our large contracts, a lot of them, they a two-stage process. You might have an expression of interest—request for proposal stage. Over a period of time, they have drafted templates. Before we actually go to the market with an EOI or an RFP, we will ask the State Solicitor to review those documents to see that —

The CHAIR: EOI is the expression of interest; what is RFP?

Mr Woronzow: Request for proposal.

The CHAIR: Thank you.

Mr Woronzow: Sorry for the terminology. The State Solicitor's Office would check those expressions of interest—request for proposal documents as drafted by Main Roads are appropriate; that we have not missed anything, using a template. We would seek their advice right through the procurement process. When we get the expression of interest, the short-listing process, if there are questions by proponents regarding anything in the process, we would seek their advice. It is an iterative process right throughout those large contract procurement processes.

The CHAIR: They do not have formal instructions, for example, to look at areas in the contract or how it is going to be implemented that might expose or risk corruption more likely or might make implementation vulnerable to corruption?

Mr Woronzow: They have had an ongoing role. Recently, we sought their further advice about what we can do to improve our suite of contract documentation. They have drafted a number of clauses.

The CHAIR: Is that in the context of corruption?

Mr Woronzow: Probity, corruption, inappropriate use of supply processes.

[11.00 am]

The CHAIR: Mr D'Souza is nodding.

Mr D'Souza: Sorry.

The CHAIR: No, do not apologise at all. You are being helpful. Can you add to that, or is there anything else that you want to comment on?

Mr D'Souza: Yes. We are very pleased that we have worked with the State Solicitor's Office properly to put some of the first contract clauses into a contract around probity events. These probity events can include a number of different things, which Mr Woronzow spoke about: fraud and corruption, misconduct, not adhering to legislation—both state and federal—in that relation. Ethical behaviour is part of that, so the State Solicitor's Office has drafted that and we have applied it to one of our contracts. Our intention is to apply it further.

The CHAIR: Was there a particular catalyst that initiated this process—a particular contract or incident?

Mr D'Souza: I would say, generally, obviously, what has been happening in the public sector around fraud and corruption integrity. We often look to try to put in best practice in terms of what we do. For us, that is the driver.

The CHAIR: Some of the large roads projects are jointly funded by commonwealth and state. Does the commonwealth put in any additional probity requirements, or are there any special issues that you need to take into account to basically get the bucks from Canberra?

Mr Woronzow: Yes. Madam Chair, it gives me a chance to elaborate on the question that the member asked previously. Mr Sellers alluded to it. Basically, all of our large projects are jointly commonwealth–state funded. Because they are of such a quantum, all of those projects have what is called a project steering committee where the commonwealth will have a representative either attend by phone or in person at regular steering committee meetings where the procurement process is discussed prior to the contract for that project being put in place, but where, also, they have the opportunity on a monthly or bimonthly basis to be part and to be privy to the discussion about cost, time, variations, risks. Each of those projects has a risk register that is discussed at those steering committee meetings. I apologise for not mentioning it earlier. That is the other external review around procurement process variations. Those steering committees also have people attend at different times from Strategic Projects, from the Department of Finance, from Treasury and the State Solicitor's Office. We have a standing process where we invite people from those three organisations along. Then, to actually get funding released for those jointly funded projects, we need to put in what is called a project proposal report, where the commonwealth will only fund on milestones. We have to provide evidence that a project has reached, say, a 10 per cent milestone, or we put down the base course for a road project, before they will consider releasing money. There is that broader steering committee oversight for all our large projects.

Hon JIM CHOWN: Commissioner, in regard to these infrastructure projects, once the tender is approved and they are underway, how does the department ensure that they are to specification, that shortcuts are not taking place, and the actual tender is being carried out as per the contractual arrangements?

Mr Sellers: Thank you. Good question. There are a range of levels in how that is dealt with. Clearly, there is oversight from steering groups, but then there are project groups where senior skilled project people from Main Roads or, on occasion, a third party that we engage is oversighting some of the quality issues, and regularly in those processes—I will give Peter the chance to elaborate on it in a moment—where we might not have the expertise internally, we will engage and have a third independent party review the quality of workmanship and what is being done as that project is progressing. As I said, there is a range and Peter might want to expand on that.

Hon JIM CHOWN: Main Roads has some large maintenance contracts which go through a tender process and they are over a period of about 10 years, and over that period they multiply into many millions of dollars. How do you ensure that these maintenance projects, which are mainly on roads, of course, are done appropriately up to the requirements of the initial tender? We are talking about a 10 year period scattered throughout regional Western Australia. Obviously, there is an ability there for the winners of the tender to take shortcuts and put extra money in their pockets, which is a form of corruption under the procurement process.

Mr Sellers: Potentially.

Hon JIM CHOWN: Potentially, yes. But I would like you to answer as to how these checks and balances are put in place.

Mr Sellers: Thanks, member. It goes into the sort of detailed question that I will let Peter answer.

Mr Woronzow: Our long-term maintenance contracts—they are the third generation of contracts. We have recently retendered them and put this new generation in place. Effectively, they are schedule-of-rates contracts. There is a dollar amount —

Hon JIM CHOWN: What does that mean, Mr Woronzow.

Mr Woronzow: Sorry, member. I will elaborate. A schedule of rates means for a type of work such as potholing, there is a dollar amount in the contract. There is a large complex schedule that talks about all types of works contemplated under a maintenance contract—how much the contractor will charge—and that has been competitively tendered, so those rates have been set through a competitive process. Our people right throughout the regions—say, we want to do some maintenance work on a kilometre of road, they would specify what work is required to be done using that schedule of rates. The contractor and Main Roads will agree on the price of that amount of work. All our regional offices have what we call contract surveillance officers. They are people that typically, when we had a day-labour workforce, were the people who actually built roads. We have still got a body of those people with that experience spread right throughout our regional offices. As work on that kilometre of road is taking place, they will go out and inspect that the work is being done to a suitable standard—what we have specified. They are supplemented by—in some of our regions and in the metropolitan area, we have materials laboratories where we have got people that are trained in assessing if base course bitumen asphalt is being laid to our specifications. Those people would regularly be involved in assessing the work.

Hon ALISON XAMON: I wanted to ask about covert operations. At the hearing last September you talked to us about auditing and covert operations that occur when auditing anomalies are uncovered. How often are these internal covert investigations happening within your department?

Mr D'Souza: I think I do recall something on covert —

Mr Woronzow: I think I mentioned it too.

Hon ALISON XAMON: Do you undertake those internal covert operations?

Mr D'Souza: This might be triggered by a form of investigation potentially based on what has been brought to attention either through the Public Sector Commission or the CCC or something internally.

Hon ALISON XAMON: Or a whistleblower, potentially.

Mr D'Souza: Or internally, through a whistleblower. We will conduct, in accordance with our misconduct-type procedures, a form of covert investigation until such time one is ready to put—if there are allegations to be able to be put to a particular person.

Hon ALISON XAMON: My question was: how often are these occurring?

Mr D'Souza: It is in particular circumstances, if something is raised.

Hon ALISON XAMON: How many have occurred, for example, in the last five years or even the last 12 months?

Mr Woronzow: Member, I will try to answer and put it in context. Since we appeared here last, to my knowledge there have been two instances referred to us by either the public service commission or the Corruption and Crime Commission.

Hon ALISON XAMON: So they were not initially identified internally; they have been referred back to you to investigate.

[11.10 am]

Mr Woronzow: In terms of procurement in the time frame I am talking about—I think we appeared in—was it, March?

Hon ALISON XAMON: We are looking at procurement, but I am also interested in looking at it more broadly as well. I want to get an idea of the scope of capacity within the department in terms of undertaking those inquiries. You would be aware, of course, that it is in the interests of the committee to know the various oversight mechanisms that are occurring that can potentially pick up instances of corruption.

Mr Woronzow: Since we appeared here last in March, there are two procurement related ones that I am aware of that have been brought to our attention by external bodies. There has been in the order of five other matters that we have identified that we have either investigated internally or we referred on to the Public Sector Commission or the Corruption and Crime Commission. We are talking about, in the space of two or three months, seven instances.

Hon ALISON XAMON: Two of which are potentially procurement related.

Mr Sellers: Sorry, and the other part of the question, if I heard it, was: what is the internal capacity to do that? Peter has some internal auditors and investigators.

Mr Woronzow: Our integrity framework, which we have provided a copy of, sets out the process of where, who and when investigates these matters. That framework will set out if we believe that it is relatively minor, we will do an internal investigation using our manager legal and commercial services and our human resource people, with others involved. If it is more than minor, the framework will set out who we notify and who we would use to pursue those investigations.

Hon ALISON XAMON: Clearly, commissioner, I am presuming—correct me if I am wrong—that you would be made aware in the first instance from external bodies who refer back to the department for a subsequent investigation.

Mr Sellers: Thank you, member. Typically for a CCC, Peter or I will receive a letter—usually a rider comes from the commissioner and I pass it down.

Hon ALISON XAMON: I am curious to know also the point at which you would be advised when a covert operation is instigated internally. Are you made aware in all instances?

Mr Sellers: Not in all instances, member. Depending on what is being investigated, Peter and I meet weekly and go through a range of matters and if there is anything that has been raised that is potentially one that would be of a level that I need to talk about, we talk about it. In the two and a bit years that I have been discussing things with Peter, it would be a handful—five or six—of the internal investigatory matters that we have discussed at those weekly meetings.

Hon ALISON XAMON: Because, I suppose, I am reflecting that if I were in your position, and bearing in mind that you have responsibility for oversight of the entire agency, I would certainly want to know and be told what is going on.

Mr Sellers: Absolutely.

Hon ALISON XAMON: I am assuming that certainly when there needs to be a referral through to an external agency, you automatically provide advice. At what level of seriousness will you otherwise be informed?

Mr Sellers: Just to continue, the original question was: What happens? What is the process? When do I get told about it? For the initial investigation, as I said, five or six at that stage, were potentially on notice; I got told right at the start when they were starting to be looked at. Clearly, as investigations are progressing over a day or a week or whatever, they are looking for any issue in it that needs to be escalated, we talk about that, then there is an escalated matter.

Hon ALISON XAMON: What I am aware of is that it is one thing to look at individual matters that need to be escalated, but I am also concerned that you would need to be made aware if there seem to be systemic areas —

Mr Sellers: Clearly.

Hon ALISON XAMON: — that require improvement. Is there any obligation to at least make you aware in those instances what processes you have internally to ensure that you are being appropriately informed?

Mr Sellers: Thank you. It is a good question. On taking up this role, part of the process I did was meet with Phil and his equivalents across the agency and go through the delegations and referral and discipline processes that were available in each agency to give myself the comfort that they existed and I knew how they worked and when I would be involved in them. That is certainly my own —

Hon ALISON XAMON: It is your head on the chopping board in the end.

Mr Sellers: Sure. That is my own due process that I did. I sit in on various stages of audit processes across all groups. I meet regularly with the managing directors and semi-regularly with the executive team for each of the groups and work through issues.

Hon JIM CHOWN: Director, since the last time we had a hearing—correct me if I am wrong, Mr Woronzow—but is it five or seven instances that are under investigation by covert operations? Most of them the department became aware of through CCC or external bodies —

Mr Sellers: Two.

Hon JIM CHOWN: — highlighting an issue.

The CHAIR: Can you just clarify—two?

Mr Woronzow: Just to clarify there, two out of the seven were brought to attention by external bodies.

The CHAIR: You have previously advised this committee about those seven; is that correct?

Mr Woronzow: The discussion that we had and the information we provided related to two different matters. Since we have had the hearing, there have been another two.

Hon ALISON XAMON: There have been seven matters, two of which were procurement.

Hon JIM CHOWN: I am absolutely staggered that, as director of the Department of Transport and MRD and PTA, you actually are not fully aware of what is going on in regard to operations of alleged fraud or corruption within your department and you do not have your finger on it on a daily or weekly basis.

Mr Sellers: Member, the evidence that Mr Woronzow gave was that there are two on procurement and five others that related to internal investigations. Perhaps I will ask Mr Woronzow roughly what those are about, because the discussions that I have had with him are about some people-management issues and other things that are investigated internally. Perhaps he can give us a bit of clarity around that.

Hon JIM CHOWN: I opened up this conversation this morning in regard to this hearing and I asked you a question about your internal office processes to ensure that the audited arrangements, as discussed, were appropriate and you were comfortable with them or words to that effect. Now we find out that from your office —

Mr Sellers: No.

Hon JIM CHOWN: Can I finish, please?

Mr Sellers: Certainly.

Hon JIM CHOWN: We find out from your utterances here today in regard to the issues raised that you have quite a laissez faire process in your office.

Mr Sellers: No. Thank you for your opinion, member.

Hon JIM CHOWN: It is my opinion as per this hearing and I am more than happy to hear the processes that you have in place to ensure that you have your finger on the pulse.

Mr Sellers: Ready for an answer?

Hon JIM CHOWN: Absolutely.

Mr Sellers: Thank you. The two issues that Mr Woronzow raised were nature of procurement. We talked through how they come into the department and I see them on the way through and we talk about them. They are the procurement ones. Of the broader seven, a group of 1 000-plus people, every week there will be someone that has a bad day and makes some claims about their own work-related issues, and they get investigated internally. If those escalate, Peter raises them to me. The context of our discussion today has been about contracting and procurement and that is what I gave my earlier answers on.

Hon ALISON XAMON: Can I quickly ask about your capacity internally? It sounds as though a number of the internal investigations are really HR related. Am I correct in understanding that?

Mr Woronzow: You are correct.

Hon ALISON XAMON: That is obviously quite a different skill base in terms of internal investigations as opposed to the sort of internal, covert undertakings that you would require in order to look at issues around procurement. What sort of capacity do you have there, or is it the case that if you suspect there is a problem, you need to refer through to other agencies for further investigation sooner rather than later?

[11.20 am]

Mr Woronzow: You are quite right. A lot of those recent five have related to human resource matters. Just as an example, there was one that came in last week on some allegations made by an ex-wife of one of our employees about attendance at work and level of performance. That was clearly something our HR department worked on in conjunction with our IT department, where they can access logs of logging onto computers—when he has come and gone. We did a formal investigation, but I would class that as minor. It did not show any impropriety on behalf of that employee. Those five generally related to things that were HR-related of one magnitude or another.

Hon ALISON XAMON: What sort of capacity do you have for the sort of covert operation that we would anticipate you would require in order to investigation fraud or corruption around procurement matters, for example? Do you have any?

Mr Woronzow: In those cases, we have some capacity in internal audit. We have some capacity in our legal services branch.

Hon ALISON XAMON: It sounds like you are relatively dependent on the external agencies to undertake a lot of that activity. Would that be correct?

Mr Woronzow: Not strictly correct. In the example that we talked about, we gave some information previously at the last hearing. We engaged Ernst and Young, who are a forensic team, to do that investigation. In our integrity framework, there is some guidance about when and where Main Roads would do their own internal investigations around minor things. If they are more

complex, there is an onus on us to notify the Public Sector Commission and the Corruption and Crime Commission to let them know what we are doing. They will say that either we are doing something appropriate or not and they want us to do something else. If they are happy for us to continue on and we do not think we have the capability in-house, we use someone like KPMG or EY with their forensic team.

Mr Sellers: Just to add to that, sometimes the Corruption and Crime Commission will send us a letter basically saying, “Halt your internal process. We’re running our own process.” That happens occasionally.

The CHAIR: I want to ask a bit about whistleblowers and how they are handled. What is the system within the agency to ensure that they are not marginalised or it becomes career-limiting behaviour or that they are taken seriously?

Mr Woronzow: I might start and then pass over to Mr D’Souza who is in charge of the —

Hon ALISON XAMON: Mr D’Souza made the comments about culture before.

Mr Woronzow: You would have seen in the information we have provided that over the last few years, we have done training right throughout the organisation talking about exactly that—people’s ability to be whistleblowers and remain anonymous. There is a process that has been outlined—people are given training right throughout the organisation. If they have concerns, it outlines how they can raise their concerns anonymously. In that training is also information for people who do not feel comfortable about reporting things about operations in Main Roads and who they should report them to in other organisations. Phil, you have rolled out that training —

The CHAIR: Is that done in induction? How do you ensure that everyone is aware of that? Obviously, training cannot be rolled out to 1 000 employees all at once.

Mr Woronzow: As I said, Phil has been overseeing this whole process, but on induction, we have a program where every three years we require each employee to go through refresher training around integrity framework, which includes the whistleblowing.

The CHAIR: Mr D’Souza, do you want to amplify on that?

Mr D’Souza: Sure. First of all, when we spoke about culture and being able to make sure that people understand their responsibilities under the code of conduct, misconduct, integrity and their role as a public servant, they need to obviously have that awareness in the first place. Then you need to have that enforcement. We have chosen to put through mandatory training online. We have actually done physical rollouts with directorates and branches, but we have now chosen a form of online training, which is tracked in terms of who has actually completed that particular training. It is a case of having to complete all the modules within that online, what we call, accountable, ethical decision-making training.

Hon ALISON XAMON: What happens if people fail to complete the training?

Mr D’Souza: There will be a “please explain” and take it up, obviously, through their line management as to why that has not actually occurred. We will have that form of conversation.

The CHAIR: So are there any payroll or increment implications or something if they have not done it?

Mr D’Souza: At this point in time, no. However, the misconduct policy does allow for measures, depending.

The CHAIR: Who designed this package—this module?

Mr D'Souza: It was a combination of our legal commercial services area, along with our human resources directorate, with input from the finance team and procurement team around those sorts of things where fraud and corruption can potentially occur.

Mr Woronzow: I would just like to add to Mr D'Souza's comments on who has designed it. As Mr D'Souza said, we are currently, through the State Solicitor's Office, having Herbert Smith Freehills review that process to see if we have missed anything or it can be improved. We are currently putting it through external review by some acknowledged people in this space.

The CHAIR: I would like to ask all three of you something. A lot of your auditing and fraud prevention is effectively using IT or running the ruler across, if you like, balance sheets and what have you. But, of course, there is a human dimension to corruption. What is each of your understandings about the kind of individual that might be engaged in corrupt behaviour? As managers, what red flags do you look for?

Mr Sellers: Not within this current role, but towards the end of my time in the mines agency, we got some people that had been doing actual research on that as a topic come over and present to our executive and then put it down through the agency. My thinking around it was flavoured a bit by that discussion, where typically someone who is likely to undertake some sort of corrupt activity or fraud is not necessarily the one that jumps quickly to mind. Typically, they are people in the late 20s to 40s sort of age span. They are people that are typically very smart and conscientious and do good work and are in areas where they have relative autonomy or some control. For whatever reason, they see an opportunity and take it and move down a fraudulent path. That was, for me, part of understanding what was going on. But I think, more generally, the lessons that I have seen from corruption that has been undertaken and found and put through the courts are that there is a sequence of events that "Why does the person in the chair there have an antique car collection?"—things that are living outside their means. Maybe they had an inheritance. Those sorts of discussions quite often are had about someone who is found later to be right over the top, like the tech park issue that came through. For me, personally, someone who fits that earlier demographic I was talking about, who is a little bit more of a controlling person who does not like handing over their responsibility even when they go on holidays—that sort of stuff—kicks up flags for me. But I will let the other guys talk.

[11.30 am]

Mr Woronzow: Mr Sellers used the word "autonomy" and I agree with what Mr Sellers has said. I am very conscious that there are parts of Main Roads, especially the regional areas where we have regional managers, where some of those people, if left there over time, could develop a mindset that they are in control of a little fiefdom. Main Roads, for a long period of time, had a policy of rotating people through.

Hon ALISON XAMON: So you do not have that policy anymore? You have identified one of the flags, which has certainly been identified with us. Rotation has its benefits.

Mr Woronzow: We still endeavour to rotate people through roles every three years. In a lot of cases, we are successful, but with conditions of employment, EBAs and so on, it is becoming increasingly harder to rotate people around.

Mr M. HUGHES: Is that just outside the metropolitan area or are you talking in terms of —

Mr Woronzow: Outside the metropolitan area.

Mr M. HUGHES: What about within the, for want of a better word, main office structures? Do you have people occupying positions over a very long period of time?

Mr Woronzow: You are quite right. The comments I am making refer generally to outside the metropolitan area.

Mr M. HUGHES: But within the metropolitan area, you could have somebody who may have been occupying a position for the last 15 years?

Mr Woronzow: Yes, there are people in the organisation that are in that situation. If there are areas of concern, we audit.

Mr M. HUGHES: Can I come back to Mr D'Souza and your reference to the fact that you have online modules and people are required to undertake refreshers over a three-year period. Is that sufficient in terms of cultural change in terms of attitudes towards what is appropriate within the workplace?

Mr D'Souza: That is only one mechanism that we have described that we have rolled out since the last hearing. Outside of that, we talked about physical sessions held with directorates and branches face to face.

Mr M. HUGHES: And those are recurring?

Mr D'Souza: They are recurring and we work through case studies. They have a rolling basis to them.

Mr M. HUGHES: So that has been ongoing, has it, over a number of years?

Mr D'Souza: That has been ongoing for a number of years. As far as I know, we have had a fraud and corruption-based policy in place, so it is at least five years that I am aware of that we have been running this. This is part of the cultural element. Obviously, career conversations and development plans are held each year, and part of the conversations are around these particular matters. It has a three-stage process to it—career conversations with employees. Culturally, obviously, there is the whole approach to audit and risk. We actually have annual risk workshops that are held and, as part of that, we roll out discussions on fraud and risk. We need to understand: Have things changed in our environment around risk? What controls do we have? What treatment action plans do we have? That is a cycle as well. We get each branch in a directorate together, and the senior management in that area, to talk about what can occur or what is occurring in their environment, using some of the lessons learnt, and what can actually be improved as part of the treatment action plans towards this. It is not just the online training. I was just using that as an example to show how we try to get penetration to 100 per cent of staff.

The CHAIR: Did this fraud and detection program that people have just given evidence about arise subsequent to our previous hearing?

Mr Sellers: The one I was talking about or the one Phil was talking about?

Mr D'Souza: The detection program—the one we supplied with —

The CHAIR: Yes.

Mr D'Souza: No; that commenced prior to. As you can imagine, we have internal controls in both the finance and procurement space. They are, effectively, as we know, some of the highest risks around what payments are made out the door and how cash is managed. We have normally had a program —

The CHAIR: That is all right. We have a few other questions so “yes” or “no” is the answer at this time.

Mr Woronzow: Without labouring the point, can I refer to that plan? I think there are 35 or 36 actions. That has been a longstanding one within Main Roads. It talks about things like credit cards and other things—so, longstanding.

The CHAIR: As you are aware, the Department of Finance is doing an agency-wide framework to bring in procurement standardisation, if you like, and practices. What involvement does Main Roads have in that process?

Mr Woronzow: We are a member of the working group that is driving that process, putting in place the framework. We are part of the inner workings of the process.

The CHAIR: That will probably mean Main Roads has less autonomy. Do you have any feelings about that?

Mr Woronzow: No. I am very comfortable. One of the first things that we talked about earlier is that Main Roads currently follows State Supply Commission policies and procedures. I just see anything that comes out of that as an extension.

Mr Sellers: One of the possibilities that has been talked about is that there will be a group of senior expertise that sits within finance that comes and sits on some of the steering groups and other things that we are talking about as part of the process that goes forward. So, aside from the autonomy, the cross-fertilisation of ideas back and forth is a key component of that discussion.

Hon ALISON XAMON: And this is welcomed, is it?

Mr Sellers: Certainly. The whole process is welcomed. There are different layers in procurement. If we look at how money is spent on, say, stationery, if we had a more refined one on that, no problem at all. Then you get to our scale of ones, where we are dealing with incredible amounts of money. The steering group structure that we have now already has State Solicitor's and others; why would it not have Finance involved?

The CHAIR: When do you anticipate this will all be completed and implemented?

Mr Sellers: I cannot remember; sorry, Chair.

Hon ALISON XAMON: This year?

Mr Woronzow: I am unsure. The process that is in place at the moment is, I suppose, an iterative process and they are going to bite off chunks and as those chunks are bitten off, you work up until you have a complete framework.

The CHAIR: Is there any other jurisdiction that has been referred to as being a model that you can work off? I know we have had evidence about the Queensland system. Has that been referred to or mentioned?

Mr Sellers: Not in that context, but Peter and I and others across the portfolio regularly do meet Anthony Kannis from Metronet. We have met semi-regularly with other areas that are going through large procurement processes and talked about people, practices, how you get best outcomes, and there has been, for myself, four or five of those over the last couple of years that I have been involved in and many more at different officer levels.

The CHAIR: This is a broad hypothetical question. Is there any reason why any employees of Main Roads should ever have received a gift? Is there any reason why they should receive a gift? It does not matter if there is a register.

Mr Sellers: You are right; there is a register for all gifts.

The CHAIR: But why should they receive gifts anyway?

Mr Sellers: That is it; why would we?

Hon ALISON XAMON: Doing their job.

Mr Woronzow: Our policy, which we have provided, is that Main Roads employees do not receive gifts. The only exception would be around protocols. From time to time, we have delegations from other countries that come and see what Main Roads is doing and in some cases, it is impolite not to take the gift that is offered as long as it is minor. That would be my only counteract.

Mr Sellers: Just to build on that, that is similar across the whole portfolio.

The CHAIR: So footy tickets, none of that stuff?

Mr Woronzow: No. Our policy is no-one in Main Roads accepts footy tickets.

[11.40 am]

Hon ALISON XAMON: So that is your existing policy. Even though you have the gifts register, I am just confirming it is expected that the only gifts received would be protocol gifts; otherwise, the policy is not to accept gifts at all.

Mr Woronzow: That is in the integrity policy.

Mr Sellers: That is exactly right. There are times when Peter and I will talk at an event and they want to give a gift to me and I will nominate a charity. They start to say they will put money in the charity. Occasionally, unexpectedly, someone will want to give you a bottle of wine; you leave it on the table or do something else with it—give it back at the end. That is the policy, yes.

The CHAIR: We have also heard from New South Wales Railways, I think it is. What do they call themselves—Sydney rail? They train prospective tenderers about corruption issues and they had have found that that has been very effective. Is there any consideration of doing anything like that here?

Mr Sellers: Not that I have discussed.

Mr Woronzow: No, but it is a good idea. We have a quarterly meeting.

The CHAIR: Are you aware of it?

Mr Woronzow: No, I was not.

The CHAIR: Can I suggest you might like to talk to them, because it has really assisted. It means everyone's expectations are the same. It has been quite successful.

Hon JIM CHOWN: It is almost an MOU in regard to prospective tenderers on any particular tender that is out there. All parties are aware of their obligations in the corruption and procurement process. It is a good idea and it works.

Mr Woronzow: We will take it on board.

The CHAIR: Thank you for your evidence. A transcript of the hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. We will write to you about that additional information that we are after. New material cannot be added via the transcript corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Thanks very much.

Hearing concluded at 11.42 am
