

## MEDIA RELEASE

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### Procurement risks have expensive lessons for the Water Corporation

The Corruption and Crime Commission has today tabled in State Parliament details of how the Water Corporation mismanaged the purchase of water meter testing equipment from China, costing the taxpayer more than a million dollars.

After receiving allegations that an employee corruptly used their position to benefit his neighbour's company and himself, the Commission used its oversight function to monitor and comprehensively review the Water Corporation's handling of the matter to assess the evidence and determine whether serious misconduct occurred.

[\*Review of an investigation by Water Corporation into serious misconduct allegations in procurement\*](#) revolves around a misguided project director and a series of inexperienced project managers who were involved in purchasing water meter testing rigs for a total contract cost of around \$650,000.

Ultimately, the equipment was found to be completely defective and the Water Corporation is now considering selling it for scrap. It has been valued at about \$28,000. The Water Corporation estimates that the project and its subsequent investigations cost more than a million dollars.

The Commission's report documents how the procurement process for the rigs went awry when the Water Corporation employee responsible for the process engaged a neighbour and a friend to help procure the rigs from China. The names in the Commission's report are aliases.

Proper procurement processes weren't followed; there were 'unorthodox' irregularities in the tender process; the personal relationship between the project director and his neighbour was well-known by some but not flagged as a conflict of interest; early concerns identified in the quality of the rigs weren't acted upon; and contract payments were made before milestones were achieved.

Despite the mistakes, the Commission did not form a view of serious misconduct against the project director or anyone else involved. This conclusion is consistent with a WA Police Force investigation which did not result in criminal charges.

The Water Corporation commissioned three external investigations into this particular matter, its procurement processes more broadly, and its fraud and misconduct framework.

The Commission was satisfied that the Water Corporation's investigations were appropriate and recognises stringent tightening in their procurement policies.

The outcome does not excuse the project director's behaviour or minimise the damage caused by his disregard for policy and procedure. Other staff were led by his behaviour.

The Commission's report warns that there may be wider cultural issues which contributed and this matter serves as a reminder of the serious consequences that can arise when rules are disregarded in favour of simply getting the job done. If organisational culture enables this conduct, opportunities for corruption could arise and, in time, be exploited.

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#### Contact the Corruption and Crime Commission

The Joint Standing Committee on the Corruption and Crime Commission issued a report in May 2020 which noted that incompetence and corruption are not separate issues, but exist on a continuum of behaviour.

In the meantime, the Water Corporation has been left using its 30-year-old equipment, with maintenance and productivity issues, and could not advise the Commission how much more it will cost to undertake the much-needed upgrades.

ENDS

### **Read the report**

[\*Review of an investigation by Water Corporation into serious misconduct allegations in procurement\*](#)

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