

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

16 February 2012

Question No: AET 17

Topic: Procurement – procurement of office chairs

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Senator CAMERON: I have received some advice, and I am not sure how authentic it is, that you are doing a significant procurement of office chairs. Given the number, I am sure somebody would know. Nobody here knows whether you are doing a procurement?

Ms Granger: Not the detail, but we are in the process of opening a number of significant new buildings this year—one in the Melbourne area and one in the Adelaide area—and so it could be associated with that.

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Senator CAMERON: Ms Granger, would it be in the realm of possibility that you are about to order 20,000 chairs? The information I had about UGL was correct, and I am told the number is around 20,000. I think that is a lot of chairs.

Ms Granger: Indeed it is. I will need to check.

Senator CAMERON: You do not know?

Ms Granger: I am not aware of it. As I said, that could be a contract over time, for example. I simply do not have the details for you here tonight.

Senator CAMERON: So it is within the realm of possibility. The advice I have is that you are ordering 20,000 chairs from Korea.

Ms Granger: I am sorry, I do not have the information here tonight.

Senator CAMERON: Could you find out for me whether you are ordering any number of chairs from Korea through the company UGL.

Ms Granger: Certainly.

Senator CAMERON: Could you find out whether the chairs that you are ordering are called Aeron chairs. Could you also advise me if these are the same chairs that were designed in 1994, and which have been rejected by the Auckland Savings Bank as not ergonomically acceptable. What checks and balances would you have within the ATO in relation to UGL? I suppose you do not know that either, seeing as you did not know they were there.

Ms Granger: Just because I do not have knowledge of it does not mean that there is not a proper process.

Senator CAMERON: So nobody here can tell me about it?

Ms Granger: Not in this level of detail, and I would prefer to get you a proper answer.

CHAIR: Is this the united group?

Senator CAMERON: Yes, United Group Limited, in Western Australia, I think.

Senator HEFFERNAN: Are these those chairs you can go back to sleep on?

CHAIR: Do not interrupt, Senator Heffernan.

Senator CAMERON: While I am asking about local content and procurement policies, I understand that Seibels have a chair that is ergonomically superior to this old style chair and is a competitive price. If this is correct, did UGL or the ATO have a look at the capacity to procure locally and maintain jobs within Australia at Seibels, who employ Australian workers? Could you give me copies of your procurement policies—I do not want contracts—that UGL have to meet, as the ATO is now contracting out procurement. There are other issues that I want to raise, but obviously you do not have the answers tonight, and I accept that.

Ms Granger: I would be very happy to take those on notice and get you the answers.

Answer:

The ATO has requested United Group Limited, their Property Management Service Provider, to procure task chairs for ATO offices. These chairs are being sourced through a panel of providers.

The ATO has placed an order for 2,378 chairs for the new Melbourne office. The task chairs which have been purchased are OH&S compliant, have been through rigorous testing and review by a registered physiotherapist and certified ergonomist and were the best 'value for money' selection due to lower price. They are assembled in Australia from a minimum of 80% Australian made parts.

The ATO has not ordered any chairs from South Korea, nor has the ATO service provider UGL purchased any chairs from Korea on behalf of the ATO. The ATO has not purchased the Aeron chair.

The ATO has provided the Department of Finance and Deregulation with CAPEX (Capital Expenditure) estimates as part of the ATO 10 year Capital Management Plan which provides funding to replace up to 20,000 of the current task chairs if they become unserviceable and/or need to be replaced due to refurbishment of an existing ATO building.

The ATO has advised all providers on the Task Chair Panel of Providers that over the period of the Capital Management Plan (10 years), the number of chairs that may be considered for replacement could be of up to 20,000 chairs subject to condition of current chairs and budget.

All ATO procurement activity is undertaken within the framework of the Commonwealth Procurement Guidelines. This includes complying with relevant government policies including Australian industry participation.