



NICK XENOPHON
Independent Senator for South Australia
AUSTRALIAN SENATE

Our ref: NC-HEH/CC

Mr Grant Hehir
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2600

URGENT BY EMAIL: webmaster@anao.gov.au.

Dear Auditor-General

RE: Florist at Parliament House, DPS and LGW Design

I write to you requesting an investigation into the treatment of Florist at Parliament House (ABN 94 327 938 726) by the Department of Parliamentary Services. For some time I have been discussing this matter with its manager, Ms Tracey Andriolo.

Florist at Parliament House began operating at its present site within Parliament House in 2005 under a License Agreement with DPS. However, in 2012 DPS informed Ms Andriolo that it was implementing a new retail strategy. Ms Andriolo says the unilateral, secretive approach adopted by DPS effectively meant that the business or license could not be sold as prospective buyers, of which there were a few, were concerned about DPS' plans. On 12 December 2013 the Assistant Secretary Ms Freda Hanley further ruled out DPS buying out Ms Andriolo or offering substantial compensation.

Based on a KPMG valuation commissioned by DPS to determine the viability of having a florist within Parliament House, Ms Andriolo was offered \$10,000 to \$12,000 conditional upon the surrender of the license before its expiration in 2016. This offer is no longer on the table. In November 2014, the Australian Small Business Commissioner ordered that DPS undertake a revaluation of Florist at Parliament House. The result of this is pending despite assurances to the contrary.

Compounding this issue was the rapid emergence of a competitor florist, LGW Design (ABN 37 814 367 803), which operates outside Parliament House. By way of background, in the financial year 2011-2012 PM&C accounted for approximately a

quarter of Florist at Parliament House's total sales. By this last financial year PM&C only accounted for less than a tenth of total sales.

While this seems to indicate that Florist at Parliament House was merely outmanoeuvred by a competitor a closer inspection suggests otherwise. LGW Design is owned and operated by Ms Louise Williams who was a former employee of the Department of Parliamentary Services (DPS) – an events coordinator, in fact.

My concern is that commercially predatory behaviour is allowed to go completely unchecked. How is it that a former employee of DPS with inside knowledge of the disadvantages faced by Florist at Parliament House has been allowed to suddenly compete with them?

I looked forward to your response to my request. Please contact me on (08) 8232 1144 or 0411 626 677 if you would like to discuss this matter further.

Yours sincerely



NICK XENOPHON

8/9 / 2015