

QUESTION TAKEN ON NOTICE

ADDITIONAL ESTIMATES HEARING : 23 February 2015

IMMIGRATION AND BORDER PROTECTION DEPARTMENT

(AE15/142) - China trip - Programme 3.5 Illegal Maritime Arrival (IMA) Offshore Management (Administered)

Senator Hanson-Young, Sarah (L&CA) written:

Is the Department aware that the principal construction contractor for Manus Island (Decmil) had claimed and been paid for the supply of accommodation buildings yet has not paid their Subcontractor (ARK Modular) for such buildings, despite signing a statutory declaration to the contrary?

Have ARK Modular threatened to remove the accommodation that they have provided from the Manus Island site, if the debt owed to them is not payed?

What is the Department doing to investigate the principal contractor for fraud of taxpayers' money?

Did ARK Modular, a subcontractor to Decmil, submit a formal claim via a contract variation for the amount of \$43,836.96 to Decmil following an Immigration Department official's travel to China in June of 2014?

Why was this amount recovered via a formal contract variation?

Has the Commonwealth payed the \$43,836.96 that was claimed regarding the June 2014 trip to China?

Is it true that Decmil have both claimed and been paid for the cost of the June 2014 trip to China by the Commonwealth?

Is the Department of Immigration aware that ARK Modular has not been paid by Decmil for the cost of the trip?

Answer:

The department is aware of allegations that Decmil has not paid a subcontractor for the supply of accommodation buildings for which they have been paid and is also aware of alleged threats to remove buildings. Neither of the allegations has been substantiated and the department has recommended to the sub-contractor that the dispute resolution mechanism in the contract is the most appropriate means of reaching a resolution.

Meanwhile, the department has sought assurance from the Managing Contractor by way of audit that all necessary payments have been appropriately substantiated and acquitted.

The Project Manager/Contract Administrator has advised that Decmil and Ark agreed to a contract variation.

Decmil has claimed and been paid for the cost of the trip to China. Reimbursement of agreed variable expenses, including travel and related costs is consistent with the provisions in the Managing Contractor Contract with Decmil. No variation to the contract between the Commonwealth and Decmil is required to facilitate this type of payment.

Advice from the Project Manager/Contract Administrator confirms that Decmil has paid Ark for costs associated with the trip.

An ongoing investigation into the trip, particularly its itinerary and the conduct of personnel on the trip, will consider the issue of potential fraud. This is consistent with the Department's responsibilities to prevent and detect fraud under the *Public Governance, Performance and Accountability Act 2013*.