

## QUESTION TAKEN ON NOTICE

### SUPPLEMENTARY BUDGET ESTIMATES HEARING : 19 October 2015

#### IMMIGRATION AND BORDER PROTECTION PORTFOLIO

#### **(SE15/041) - Transfield contract - Savings- Programme 1.5: IMA Offshore Management**

Senator Carr, Kim (L&CA 109) asked:

Senator KIM CARR: Thank you. With regard to the Transfield contract itself, my recollection is that last year we were advised that granting Transfield a contract to manage the offshore detention facilities would save \$77 million. Has that occurred?

Mr Pezzullo: Have the savings been realised? They are still technically in that contract period, albeit for a few days on the original contract, going up to 31 October. Senator KIM CARR: Sure. There are a couple of days to go on a contract. How much have you saved?

Mr Skill: We would have to take that on notice, Senator.

Senator KIM CARR: So I think you could probably tell me.

Mr Pezzullo: Possibly. Whether we have evaluated the full savings realisation is a matter on which I am sure Mr Skill will be able to advise you.

Mr Skill: We do not have a full quantum as to the amount of savings that have been realised as a part of that contract. We are certainly working aggressively to maximise the value for money in the new contracts.

[...]

Senator KIM CARR: Sure. There are a couple of days to go on a contract. How much have you saved?

Mr Skill: We would have to take that on notice, Senator.

Senator KIM CARR: I presume by the time you answer it the contract period would be completed.

Mr Pezzullo: No. As Mr Skill indicated, because we are in those negotiations we have extended the on-foot contract for a period of three months.

Mr Skill: I will correct that. It is a four-month contract.

Mr Pezzullo: Thank you.

Senator KIM CARR: How did you determine a figure of \$77 million? What was the basis for that?

Mr Pezzullo: We will have to take that on notice. It certainly predates my time as secretary and almost certainly predates Mr Skill's time.

*Answer:*

The 2014–15 Budget measure, renegotiating major service provider contracts in Regional Processing Centres (RPCs), stated that \$77.5 million worth of savings would be achieved over five years (page 19, 2014-15 Portfolio Budget Statements).

This measure related to the consolidation of service provider contracts, from five to three, providing more efficient, consistent and streamlined service delivery.

<b>Regional Processing Centres</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>TOTAL 5 years</b>
Renegotiating major service provider contract (\$m)	<b>6.8</b>	<b>-37.6</b>	<b>-27.0</b>	<b>-11.1</b>	<b>-8.6</b>	<b>-77.5</b>

The savings were calculated by comparing the prices under the different contractual arrangements and forecast occupancy levels.