

QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES HEARING : 17 October 2016

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(SE16/043) - IBM - Internal Product (DIBP)

Senator Carr, Kim (L&CA 113/114) asked:

Mr Milford: The contract, from extension, is worth \$158.1 million. When we brought the two contracts together, in essence, that was the date at which we extended the contract.

Senator KIM CARR: What date was that?

Ms Fernandez: We extended it in September 2015.

Senator KIM CARR: So in September 2015 there was an extra \$158 million?

Ms Fernandez: No, it is not an extra \$158 million. The value of the contract—

Senator KIM CARR: From that point to 2019?

Ms Fernandez: from that point—

Senator KIM CARR: For the four years?

Ms Fernandez: For three years.

Senator KIM CARR: From 2015 to 2019. How is that three years?

Ms Fernandez: My apologies—it is four years.

Senator KIM CARR: Could you provide us with a breakdown of each of the alterations in the contract and the extra services provided as part of those amendments?

Ms Fernandez: I would have to take that on notice.

Answer:

The former Australian Customs and Border Protection Service (ACBPS) executed the Main Processing Services Agreement with IBM Australia for fully provisioned and managed Mainframe and Midrange computing services with an initial five year term of June 2008 to June 2013. In October 2012, the ACBPS decided to exercise the first of two three year extension options available under the Services Agreement, extending the term to June 2016. In October 2015, following the merger of the ACBPS with the Department of Immigration and Border Protection, the Department gave effect to its decision to incorporate the volume of Mainframe services being performed by CSC Australia into the Services Agreement with IBM Australia. This decision also included the Department electing to exercise the second three year extension option available, extending the term to June 2019.

A breakdown of each of the stage of the Services Agreement is as follows:

- a. Initial Term (June 2008 to June 2013) \$196.7 million (ex GST) – contracted Business As Usual services, as well as numerous individually assessed and awarded projects to deploy and maintain Mainframe and Midrange computing capabilities.

- b. First Extension (June 2013 to October 2015) \$91.7 million (ex GST) – no material variations to the original scope, including continued provision of numerous individually assessed and awarded projects to deploy and maintain Mainframe and Midrange computing capabilities.

- c. Incorporation of full Departmental Mainframe services and second Extension (October 2015 to June 2019) – \$158.1 million (ex GST) – incorporation of the entire volume of Mainframe computing services for the Department, and no other material variations to scope.