

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates 2016 - 2017

**Infrastructure and Regional Development**

**Question no.:** 01

**Program:** n/a

**Division/Agency:** Corporate Services

**Topic:** Outsourcing - Spend

**Proof Hansard Page:** 75 (05 May 2016)

**Senator Sterle, Glenn asked:**

**Senator STERLE:** We had some interesting conversation in the last portfolio about moving on some of Australia's biggest pests—particularly carp and the cane toad—and all of a sudden Senator Heffernan is leaving us! Last round of estimates Senator Ludwig, in question No. 37, asked what publications your department or agencies purchased. You have answered that, and I note that, amongst other things, one publication is What a waste—Outsourcing and how it goes wrong. How much did the department spend on outsourcing last year?

**Mr Mrdak:** We engage a range of contractors. I will take that on notice. Are there particular areas you are interested in? The range of our services functions to the department are all outsourced to contractors, ranging from building management to cleaning. I am happy to give you a breakdown of those if that would assist.

**Answer:**

For the 2014-15 financial year the Department had the following expenditure on outsourcing:

Property Contract Fees	\$1,072,546
Office Services Contract Fees	\$172,039
IT Managed Services	\$3,108,893
Records management services	\$608,724
PABX and switchboard managed services	\$408,783

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**Question no.:** 02

**Program:** n/a

**Division/Agency:** Corporate Services

**Topic:** Outsourcing – service delivery

**Proof Hansard Page:** 75 (05 May 2016)

**Senator Sterle, Glenn asked:**

**Senator STERLE:** Can you tell us of anything that did go wrong in outsourcing? You are allowed. The beauty of living in Australia is that it is not a jailable offence, if we make a mistake. Don't tell the politicians that, because they do not believe that it is true.

**Mr Mrdak:** I think we have tried and tested various models of service delivery. The current arrangements are all working, to my knowledge. I am not familiar with any breakdowns in the service delivery.

**Senator STERLE:** You did that with a straight face—sorry, keep going.

**Mr Mrdak:** I will take it on notice but I do not believe we have any breakdowns in service delivery at the moment.

**Answer:**

There were no instances of non-performance of outsourced contracts recorded in the 2014-15 financial year.

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**Question no.:** 03

**Program:** n/a

**Division/Agency:** Corporate Services

**Topic:** KPMG - outsourcing

**Proof Hansard Page:** 76-79 (05 May 2016)

**Senator Sterle, Glenn asked:**

**Senator STERLE:** Is it true that KPMG were paid almost \$600,000 for this work?

**Mr Mrdak:** That is correct. I can get you the final amount, but it is of that order.

**Senator STERLE:** Yes, please. Does KPMG otherwise provide services to the department?

**Mr Mrdak:** Yes, it does. KPMG is on our panel of providers for a range of services—professional services and advice.

**Senator STERLE:** Could I ask you what they are?

**Mr Mrdak:** They would range across the department. Where we look for advice, either financial or professional advice, in relation to areas such as our infrastructure program or in any of our line divisions where we are looking for professional advice, KPMG is one of the firms that we have on the various departmental panels.

**Senator STERLE:** I have a list here and I would like to tick off that I have the right information around where KPMG has contracts directly with DIRD under the AusTender website. Is there a diesel supply contract?

**Mr Mrdak:** That is correct—for our Indian Ocean Territories.

**Senator STERLE:** Is that at \$280,000 a year?

**Mr Mrdak:** I do not have that in front of me. I can check that.

**Senator STERLE:** I reckon Mr Murphy might know.

**Mr Murphy:** In fact, I am looking through my list and I have one for an assurance and compliance program for \$125,000, but I cannot find that one, so we will take that on notice.

**Senator STERLE:** Does anyone have the AusTender website open? I just want to make sure I have the right info. I do not doubt that I do, but I would like to check.

**Mr Murphy:** What I have in front of me is the consultancy that we have entered into from 1 January this year through to 31 March, so, if this was prior to that, I would not have it.

**Senator STERLE:** My information is for the calendar year 2015. Would it be hard to get that in front of us just to confirm or deny and set me straight?

**Mr Murphy:** We will try to do that now.

**Senator STERLE:** I have in front of me that KPMG have a contract to do with the department's diesel supply contract, at \$280,000; a local government territories risk and control mapping contract, at \$120,000; assurance and compliance project review 1, at \$415,000; comprehensive health services for Norfolk Island, at \$183,000; a wider economic benefits project, at \$275,000; and the development and implementation of the Norfolk Island multipurpose service contract, at \$600,000.

**Mr Mrdak:** We will check those.

**Senator STERLE:** Okay, and I will do some quick sums—that is a lot of money. We are getting close to \$1½ million, I believe. Anyway, you will check that for me. Are we far from confirming it?

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**Senator STERLE:** Okay. All right. KPMG has a large chunk of work that they have accessed—they have a big chunk of \$600,000 and then nearly \$1½ million of ongoing outsourcing. Are there any other companies who you engage or have engaged—where you outsourced—that have had work of a similar or higher value to KPMG?

**Mr Mrdak:** There would be a range of firms of similar and higher amounts that we contract through a year, yes, Senator. We use a range of professional services firms, particularly in our infrastructure advice work. We do engage other major firms, professional firms, through the year.

**Senator STERLE:** Okay. Now, that would not be secret list, would it?

**Mr Mrdak:** No, we would be happy to provide that to you.

**Senator STERLE:** If you could take it on notice and table that for us. If that could be done by the end of the

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day, that would be very handy. I want to talk about what I call the infrastructure propaganda blitz—that is my wording. No-one jumped, so that is okay; I must be on the money. I refer to the \$18 million advertising campaign that was discussed by the government in February. Has the budget for this changed?

**Answer:**

1. A list of contracts awarded to KPMG for the period 1 January 2015 to 30 April 2016 valued at \$10,000 or more can be found at Attachment A.
2. A list of all suppliers which have been awarded a contract as a consultancy for the period 1 January 2015 to 30 April 2016 is provided at Attachment B.

**Attachments**

- A. List of KPMG Contracts
- B. List of suppliers awarded contracts

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Attachment A

Description	Start Date	End Date	Value (AUD)	Supplier Name	Procurement Method
Assurance & Compliance Project Review 1	20/01/2015	31/12/2015	\$415,000.00	KPMG	Panel - Open Tender
Local Government Territories Risk and Control Mapping	27/01/2015	30/06/2015	\$120,292.00	KPMG	Panel - Open Tender
Programme Payment Review	2/03/2015	30/06/2015	\$20,000.00	KPMG	Panel - Open Tender
Norfolk Island Health Services Plan	8/05/2015	30/06/2015	\$182,852.00	KPMG	Panel - Open Tender
Diesel Supply Contract	13/05/2015	30/06/2015	\$15,116.66	KPMG	Panel - Open Tender
Accounting services	20/05/2015	28/08/2015	\$99,000.00	KPMG	Panel - Open Tender
Norfolk Island Health Services Plan	29/05/2015	30/06/2015	\$17,051.00	KPMG	Panel - Open Tender
Strategic Business Advice	1/06/2015	30/09/2015	\$83,857.50	KPMG	Panel - Open Tender
Provision of Infrastructure Financing Advice	17/06/2015	30/06/2015	\$50,000.00	KPMG	Panel - Open Tender
Heavy Vehicle Charging Regime Financial Model	7/07/2015	10/07/2015	\$19,592.00	KPMG	Panel - Open Tender
Wider Economic Benefits Project	31/08/2015	30/04/2017	\$274,829.00	KPMG	Panel - Open Tender
Functional and Efficiency Review	2/11/2015	31/01/2016	\$592,600.00	KPMG	Panel - Open Tender
Functional and Efficiency Review	2/11/2015	31/01/2016	\$20,000.00	KPMG	Panel - Open Tender
Development and implementation of the Norfolk Island Multi-Purpose Service	21/12/2015	30/06/2016	\$600,093.00	KPMG	Panel - Open Tender
Functional and Efficiency Review	22/12/2015	31/03/2016	\$33,500.00	KPMG	Panel - Open Tender
Assurance and Compliance Programme	11/01/2016	30/06/2016	\$125,000.00	KPMG	Panel - Open Tender
<b>TOTAL</b>			<b>\$2,668,783.16</b>		

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Attachment B

<b>Supplier Name</b>
ACIL TASMAN PTY LTD
ADAM PEKOL CONSULTING PTY LTD
AECOM AUSTRALIA PTY LTD
ANEETHA DE SILVA
AON RISK SERVICES AUSTRALIA LTD
APIS GROUP PTY LTD
AQUASIA PTY LTD
AQUENTA CONSULTING PTY LTD
ARTHUR J GALLAGHER (AUS) PTY LTD
ARUP PTY LTD
AURECON AUSTRALASIA PTY LTD
AUSTRALIAN GOVERNMENT SOLICITOR
AUST RURAL LEADERSHIP FOUNDATION LTD
AUSTRALIAN FUTURES PROJECT LIMITED
AUSTRALIAN VALUATION SOLUTIONS
BEVINGTON CONSULTING PTY LTD
BIS SHRAPNEL PTY LTD
BROADLEAF CAPITAL INTERNATIONAL PTY
BULL & BEAR SPECIAL ASSIGNMENTS
CALLIDA PTY LTD
CAMPBELL WILLIAM DARBY
CASTALIA STRATEGIC ADVISORS PTY LTD
CERMAK PETERKA PETERSEN PTY LTD
CSIRO
DAVIDSON TRAHAIRE CORPSYCH PTY LTD
DELOITTE TOUCHE TOHMATSU
DIMITRIS TSOLAKIS
DONALD CANT WATTS CORKE (SA) PTY LTD
ECONOMIC ASSOCIATES PTY LIMITED
ERNST & YOUNG
FELLOWS MEDLOCK AND ASSOCIATES PTY
GHD PTY LTD
GREENHILL & CO. AUSTRALIA PTY LIMITED
GTA CONSULTANTS (ACT) PTY LTD
HERRON TODD WHITE (MELBOURNE) PTY LTD
HOFFMANN DONOHUE PTY LTD
HOUSTON KEMP PTY LTD
IAN MYERS
ILLAWARRA REGIONAL INFORMATION SERVICES
JACOBS GROUP (AUSTRALIA) PTY LTD

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<b>Supplier Name</b>
JUKES TODD & ASSOCIATES
JWS RESEARCH PTY LTD
KPMG
LBW ENVIRONMENTAL PROJECTS PTY LTD
MARSH PTY LTD
MCGRATH NICOL ADVISORY PARTNERSHIP
MCKINSEY PACIFIC RIM INC
MIKE PIELOOR AND ASSOCIATES CONSULTING
PANDESIC PTY LTD
PETERSEN INK
PREDICATE PARTNERS PTY LTD
PRESTON ROWE PATERSON NSW PTY LIMITED
PRICE WATERHOUSE COOPERS
RB CONSULT
REGIONAL AUSTRALIA INSTITUTE LTD
RIDER LEVETT BUCKNALL NSW PTY LTD
SMEC AUSTRALIA PTY LTD
TEMPO STRATEGIES PTY LTD
THE UNIVERSITY OF MELBOURNE
THOMPSON CLARKE SHIPPING PTY. LTD.
TRANSGRID
TRANSPORT AND LOGISTICS INDUSTRY SKILLS COUNCIL
TRUSTEE FOR DC FAMILY TRUST
TURNER & TOWNSEND PTY LTD
URS AUSTRALIA
VEITCH LISTER CONSULTING PTY LTD
VIC ROADS
WALLIS CONSULTING GROUP PTY LTD
WISDOM LEARNING PTY LTD
WORLEYPARSONS SERVICES PTY LIMITED