



Senator Dean Smith
Chair
Parliamentary Standing Committee on Public Works
PO Box 6021
Parliament House, Canberra ACT 2600

Dear Senator,

Public Works Committee (PWC) – requirement for post-implementation reports

In response to your letter dated 24 July 2015, I enclose the post-implementation report for infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea (PWC Report 2/2013). The department is mindful of its obligation to submit the post implementation and I apologise for the delay in providing the report.

The Public Works Committee were notified of a scope reduction in October 2014. Factors that led to the reduction of scope included the abated rate of illegal maritime arrivals, due to the success of Operation Sovereign Borders and change of policy regarding the placement of families on Manus Island.

Construction works were delayed as a result of the Papua New Guinea Government experiencing issues with the provision of land titles for the nominated portion of land. The land title issues delayed the project for a period of five months. The project reached Practical Completion at the end of October 2014.

I trust the enclosed report satisfies my department's obligations for this project under the *Public Works Committee Act 1969*.

Yours sincerely

A handwritten signature in cursive script that reads 'Cindy Briscoe'.

Cindy Briscoe
Deputy Commissioner
Support Group

21 August 2015



Australian Government

**Department of Immigration and
Border Protection**

**Infrastructure and Upgrade Works to Establish a
Regional Processing Centre on Manus Island,
Papua New Guinea**

Post Implementation Report – Public Component
to the
Parliamentary Standing Committee
on Public Works

Canberra, Australian Capital Territory

July 2015

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PROJECT NAME	Infrastructure and Upgrade Works to Establish a Regional Processing Centre on Manus Island, Papua New Guinea
Proponent Agency	Department of Immigration and Border Protection
Date referred to the Committee	21 March 2013
Committee report	Report was tabled in Parliament on 15 May 2013
Date of expediency (House of Representatives)	Expediency motion was passed in Parliament on 16 May 2013
COSTS	
Original Cost Estimate	\$171.69m
Final Cost of Project	\$157.0m
Reasons for cost changes	Cost savings were achieved by reducing the overall scope of the project due to revised occupancy forecasts as a result of the cessation of illegal maritime arrivals. Cost increases were primarily the result of latent conditions. The quantity and timeframes associated with the earthworks resulted in time and cost increases
TIME	
Original estimate of commencement and completion of works	Estimated Commencement – May 2013 Estimated Completion - January 2014 was subject to location factors
Actual date of commencement and completion of works	Actual Commencement - September 2013 Actual Completion - 24 October 2014
Reasons for time changes	PNG Government experienced land title issues which delayed the commencement of the project for five months. Latent conditions encountered onsite particularly in relation to earthworks and ground conditions, resulted in increased time spent doing civil works.
SCOPE	
Did the project deliver the original scope?	No
If no, was the scope increased or decreased?	Decreased
Details of scope changes	Numbers of accommodation rooms decreased and supporting processing facilities removed from scope.
Reasons for scope changes	The original scope of work changed due to the cessation of illegal maritime arrivals.



Australian Government

**Department of Immigration and
Border Protection**

**Infrastructure and Upgrade Works to Establish a
Regional Processing Centre on Manus Island,
Papua New Guinea**

Post Implementation Report – Confidential Component
to the
Parliamentary Standing Committee
on Public Works

Canberra, Australian Capital Territory

July 2015

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Manus Island Regional Processing Centre

Background

1. This Post Implementation Report to the Parliamentary Standing Committee on Public Works (the Committee), relates to the Infrastructure and Upgrade Works to Establish a Regional Processing Centre on Manus Island, Papua New Guinea.
2. The project was referred to the Committee on 21 March 2013. The public hearing was on 01 May 2013 and on 15 May 2013 the committee tabled their report in Parliament which recommended that the House of Representatives resolve, pursuant to Section 18(7) of the *Public Works Committee Act 1969*, that it is expedient to carry out the proposed work. The expediency motion was passed in Parliament on 16 May 2013.

Project Objectives

3. The objective of the project was to implement the recommendations of the Expert Panel on Asylum Seekers Report. This was to be achieved by establishing the capacity to process transferee claims at permanent processing facilities on Manus Island as a replacement for the existing temporary facilities.

Scope

4. As a result of the cessation of illegal maritime arrivals, the PNG Government introducing a second Regional Processing Centre on Manus Island and a refinement of Australian Government policy, a significant reduction in project scope occurred.
5. The reduction in project scope was communicated to the Committee on 3 October 2014 in accordance with the requirements of the *Public Works Committee Act 1969*.

Item	Status
Refugee Accommodation	Reduced from 600 beds to 298 beds – completed 24 October 2014
Staff Accommodation	Removed from scope
Medical Clinic	Removed from scope

Engineering Services	Completed 24 October 2014
Gym and Sports Court	Completed 24 October 2014
Library and IT	Removed from scope
Education	Completed 24 October 2014
Interview facility	Removed from scope
Processing facility	Removed from scope
Warehouse	Scope reduced to 5 shipping containers - completed 24 October 2014
Laundry	Completed 24 October 2014
Shop	Removed from scope
Religious Facility	Completed 24 October 2014
Staff Recreation Facilities	Removed from scope

Response to Public Works Committee Recommendations

6. The expediency motion was passed in Parliament on 16 May 2013. The Department of Immigration and Border Protection has complied with the Committee's recommendation, being:

The Committee recommends that the House of Representatives resolve, pursuant to Section 18(7) of the Public Works Committee Act 1969, that it is expedient to carry out the following proposed work: Infrastructure and upgrade works to establish a regional processing centre on Manus Island, Papua New Guinea.

Budget

7. The approved budget was \$171.69m. The final cost of the project was \$157.0m.

8. The final cost of the project was the net result of cost savings which were achieved by reducing the overall scope of the project and cost increases which were primarily the result of latent conditions. The scope reductions were made due to revised occupancy forecasts as a result of the cessation of illegal maritime arrivals. Cost increases were incurred as a result of latent conditions which were realised once ground clearing was completed. The quantity and timeframes associated with the required civil earthworks resulted in time and cost increases.

Schedule

9. The original proposed completion date of January 2014 was subject to location factors. The actual date of completion was 24 October 2014. The delayed completion date was the result of land title issues experienced by PNG Government which delayed the commencement by five (5) months. Other contributing factors were latent conditions, wet weather and scope changes due to the cessation of illegal maritime arrivals.

Effectiveness of the buildings and infrastructure in meeting the stated purpose and need of the project

10. The project proposed to provide permanent accommodation to meet the accommodation, welfare and health requirements of transferees. The success of Operation Sovereign Borders resulted in the cessation of illegal maritime arrivals and subsequent reduction in scope. As such, the usage of the facility was amended to provide refugee transit accommodation, recreation and training facilities for transferees whose refugee application is successful.
11. The facilities which were constructed satisfy the design principle, being the provision of basic yet functional facilities.
12. The intention to construct facilities suitable to accommodate families and other vulnerable groups was not satisfied due to the Australian Government's directive that Manus Island would only receive the single adult male transferee cohort. As a result, facilities were constructed for use by single adult males only.

User and/or client satisfaction with the delivered project

13. Both the Department of Immigration and Border Protection (DIBP) and Papua New Guinea Immigration Citizenship Services Authority (PNG ICESA), are satisfied with the delivered project and that it meets the scoped requirements.

Effectiveness of the contracting strategy

14. Due to the latent conditions and change in scope, the selected Managing Contractor form of contract proved to be the most effective available for use by the Commonwealth. The allocation of risks to the Managing Contractor and incentivised payment regime based on Key Performance Indicators resulted in the project outcomes ensuring the best value for money for the Commonwealth.

Management of key risks

15. The use of the Managing Contractor form of contract was one of the key risk mitigation tools for the Commonwealth. The risk allocation in the contract meant that time and scope risk was borne by the contractor. The budget risk was borne by the Commonwealth, but the contractor was incentivised to minimise the cost of the project.
16. Health and safety was identified as a key project risk. This risk was managed throughout the project and as a result, no serious injuries or illnesses occurred on site.
17. Heritage and environment factors were identified as a risk and managed by the Managing Contractor in accordance with their agreed Environmental Management Plan. The Environmental Management Plan identified key areas of risk and mitigated against their occurrence. As a result of this approach no significant environmental incidents occurred.

Consultation Issues

18. The following groups were consulted during the project:
 - PNG Immigration Citizenship Services Authority.
 - Manus Provincial Government.
 - Department of the Environment.

Key lessons learned during the project

19. A lessons learnt workshop was held on 13 January 2015. The key findings of the workshop can be grouped as communication or planning related.

Communication

- Establish the communication ground rules and relationships via a collaboration workshop.
- Open communication between all parties without one party acting as an intermediary filtering the message.
- Use of the Project Control Group to communicate concerns/risks.
- Utilising a centralised electronic project management system such to ensure that all parties have an up to date understanding of the project financial position.
- Ensure issues/risks are escalated to the appropriate level for consideration and action and thus allowing the hard decisions to be made (including scope, budget, programme, personnel, contracting entities).

Planning

- Giving tenderers time to prepare a response so risks can be adequately assessed.
- Spending additional time in the planning phase to assess the risks and produce a cost plan and programme that stakeholders have confidence in.
- Undertaking risk mitigation activities such as geotechnical and survey and fully understanding the risks should the project have to proceed without these key elements.

Actions taken to improve the agency's business or project management processes

20. DIBP undertook a range of exercises throughout the project to ensure that both business and project management processes were improved during the course of the project. Primarily, DIBP ensured that officers were trained in contract management and possessed a good understanding of the Commonwealth Procurement Rules. Internal communication within DIBP was continually improved to ensure that all relevant sections remained informed about the progress of the infrastructure works and were able to raise concerns or queries with the infrastructure section. An internal project board was established to provide governance throughout the life of the project. Post completion of the project a lessons learned workshop

was attended by the department, the managing contractor and the department's contracted project manager/contract administrator.