

QUESTION TAKEN ON NOTICE

ADDITIONAL ESTIMATES HEARING: 13 FEBRUARY 2012

IMMIGRATION AND CITIZENSHIP PORTFOLIO

(AE12/0426) Program 4.3: Offshore asylum seeker management

Senator Cash asked:

What additional support or funding has been provided to the Red Cross to assist in managing this increase in the program? Are there contracts in place? Are those contracts public? What is the value of each of the contracts and have any variations been made? Who has the contracts and is the Red Cross able to sub-contract? How are these contracts tendered? Who makes the decision to give a contract to an individual or company? What accountability mechanisms are in place?

Answer:

The current contract with the Red Cross came into effect on 1 January 2012 and allows for provision of services, including for the community detention program, for a period of two years and three months (ending 31 March 2014).

The Red Cross has sub-contracted a range of agencies with experience and expertise in out-of-home care for minors. Organisations currently providing those services on behalf of the Red Cross include Anglicare, Jesuit Refugee Services, Marist Youth Care, Hotham Mission, Uniting Care, Mackillop Family Services, Catholic Care, Berry St, Wesley Mission and Life Without Barriers.

Increased arrivals of families with children and unaccompanied minors, along with a small but expanding number of places for other vulnerable adults and the opportunity to place clients in a wider range of locations led to the decision to source additional providers. Those providers currently in contract arrangements with the department are Salvation Army, Mercy Community Services, Multicultural Development Association, Hotham Mission Asylum Seeker Project and Marist Youth Care. The contracts allow for the provision of services for a period of 12 months.

Other service providers are sought as the need arises. In addition, contract variations can be negotiated where, for example, changes to service provision or funding are required and agreed. Variations have not been made to date to existing contracts with the six service providers.

As contracts between the department and service providers are commercial-in-confidence, they are not made public. However, details of the contracts, such as contract name, amount, date of effect etc, are published on the Australian Government's procurement publishing system, Austender. The costs of these contracts are as follows:

- Australian Red Cross – \$224,921,473.10
- Salvation Army – \$2,256,072

- Mercy Care – \$1,430,221
- Multicultural Development Association – \$3,133,536
- Hotham Mission – \$2,942,941
- Marist Youth Care – \$4,209,709

The contract with the Red Cross was entered into directly under paragraph 2.7 of the *Commonwealth Procurement Guidelines* (CPGs), which allows the Department to procure services without going to open market if the services are required without delay *to protect human health*.

The Red Cross contract covers services for the Asylum Seeker Assistance Scheme, Community Detention, Community Assistance Support, and Restoring Family Links programs.

With the large number of boat arrivals over the past months and the urgency to move more vulnerable adult clients into community detention, further new service providers were required. Paragraph 8.33b of the CPGs allows the Department *in times of extreme urgency brought about by unforeseen events* to directly source services and/or goods as required without going to open tender.

Direct sourcing of these services must, of course, promote efficient, effective, and ethical use of Commonwealth resources.

The significant ramp up of the community detention program and the services provided to Bridging visa holders in the community, along with a range of attendant policy and program changes and the need to incorporate the implications of onshore processing, led to the decision to conduct procurement via an open market tender which is expected to commence in the second half of 2012. It is anticipated that the contract will be finalised in late 2013, allowing sufficient time for transition to any new service delivery arrangements.

The following principles and procedures apply to the Department's management of contracts with its community detention service providers.

- Contract management in the Department must be undertaken in accordance with procedures attached to Chief Executive Instruction (CEI) 34, which provide direction for the Contract Management Framework for the management of contracts, arrangements or agreements with suppliers of goods and services to the Department, to the Department's clients and to other third parties.
- CEIs comply with the *Financial Management and Accountability Act 1997* and must be adhered to. CEI 34 is also issued under the *Public Service Act 1999*.
- Within this framework, the Department undertakes quality assurance checks and financial audits, using a risk-based approach, to identify and resolve issues arising, and promote the efficient, effective and ethical use of Commonwealth resources

- In addition, under the contracts with the service providers, the Department has the right to request copies of reports or information relating to contractual services. The contracts also contain a provision at clause 9, which allows access by the Australian National Audit Office (ANAO) to the premises of the contractor to inspect and copy all documentation and records for purposes associated with the Agreement or any review of performance under the Agreement.