

QUESTION TAKEN ON NOTICE

BUDGET ESTIMATES HEARING: 22 May 2006

IMMIGRATION AND MULTICULTURAL AFFAIRS PORTFOLIO

(221) Output 1.3: Enforcement of Immigration Law

Senator Ludwig asked:

The Department wrote to the Minister on 25 March 2003 advising that it was proposing to 'encourage' ACM's exit with a successful transition by offering a 'completion payment'.

- a. Was there any requirement for the Department to make a completion payment? If so -
 - i. What was the value of this payment?
 - ii. Was this value consistent with the relevant contract?
 - iii. If the value wasn't consistent with the relevant contract, how was this value determined?
- b. Will the Department be obliged to pay GSL a completion payment in 2007? If so -
 - i. How will the value of the payment be determined?
 - ii. What is the expected value of this payment?

Answer:

- a. Yes, the General Agreement and Detention Services Contract with ACS was silent regarding payments specific to transition but allowed for recovery of reasonable costs by the service provider and some transition costs were inevitable.
 - i. Completion payments totalling \$3.5 million were made to ACS.
 - ii. Amounts were payable on the successful completion of milestones. The terms for the extension of the first Detention Services Contract were negotiated.
 - iii. The Detention Services Contract with ACS was silent on the terms of transition to the new contract therefore the price was negotiated at that time. Final negotiations resulted payments for the following:
 - A maximum of \$1.2million for the Transition Team;
 - Completion payments of \$3.5 million; and
 - A transition bonus payable up to \$1 million for the successful transition of all centres with agreed milestones.
- b. Yes, the Detention Services Contract with GSL specifies the payments at the end of the term of the contract in the event that the services are to be transitioned to another provider.
 - i. The current Detention Services Contract articulates the terms of transition and amounts payable by the Commonwealth.
 - ii. The value of the transition out payments is anticipated to be approximately \$6M. These payments are subject to reconciliation at the end of the term of the Detention Services Contract as per the conditions already agreed.