

IMMIGRATION**ESTIMATES BRIEF - Hot Issue**

Senate Standing Committee on Finance and Public Administration
Additional Estimates – 27 February 2017

IMMIGRATION PORTFOLIO ISSUES**Issues:**

There has been a large number of media reports regarding Australia's deal with the United States of America on settling refugees from Nauru and Manus Island (Papua New Guinea);

The Government has committed to process asylum seekers who arrived in Australia before 19 July 2013 and who are awaiting final determination of their cases (the Illegal Maritime Arrival (IMA) legacy caseload); and

The Australian National Audit Office (ANAO) has released two reports criticising Department of Immigration and Border Protection's (DIBP) procurement and contract management processes for garrison support and welfare services – between 2012 and 2016.

Key Facts:**International Settlement Strategy (ISS)**

- On 13 November 2016, the Government announced that it had reached an agreement with the United States to resettle some refugees on Nauru and Manus Island.
 - The United States arrangement is in addition to existing refugee resettlement opportunities in Papua New Guinea and Cambodia.
- The Prime Minister announced on 30 January 2017 that President Trump would support the deal to accept refugees from Nauru and Manus Island.
- Funding of \$64.5 million in 2016-17 was provided in the 2016-17 MYEFO to maintain Australia's border security – increasing surveillance to prevent boat arrivals.
- Further details on this matter should be sought from DIBP.

s 47C

- Funding for offshore detention continues across the forward estimates. Should additional funding become necessary, it would need to be sought through standard Budget processes.

The IMA legacy caseload

- Onshore, around 26,000 asylum seekers still require processing to resolve their refugee status. s 47E(d)

s 47E(d)

s 47C, 47E(d)

- Processing of applications for refugee status began in July 2015, s 47E(d)

ANAO reports

- The ANAO has tabled two reports into offshore processing:
 - No.16: 2016-17 – Offshore Processing Centres in Nauru and Papua New Guinea: Procurement of Garrison Support and Welfare Services; and
 - No.32: 2016-17 – Offshore Processing Centres in Nauru and Papua New Guinea: Contract Management of Garrison Support and Welfare Services.
- The ANAO was critical of DIBP's management of procurement and contract management activities for garrison support and welfare services, which commenced in 2012.
- DIBP did not seek any procurement policy advice from the Department of Finance (Finance) relating to its initial procurements of support services for offshore processing.
- Under the Commonwealth's devolved procurement framework, DIBP is responsible for its own procurement and contract management decisions, including managing resources and capabilities.

Finance's involvement in the current procurement process

- The ANAO noted that, with regard to the most recent open tender process in 2016, for the provision of offshore detention services, DIBP's processes were not sufficiently robust to meet a range of Commonwealth Procurement Rule requirements. The ANAO noted that this process had been cancelled and that DIBP is conducting market testing to determine its next steps.
- DIBP established a Procurement Steering Committee (the Committee) to advise its delegate on the procurement of these services. Finance (Governance and APS Transformation Group) has been a member of the Committee since March 2015.
- DIBP was responsible for advising the Committee on procurement, evaluation and negotiation strategy issues. This was not the responsibility

of the Finance representative. The role of the Committee (including the Finance representative) was to provide strategic direction and act as an advisory body to the delegate for the procurement project.

- Further details on this matter should be sought from DIBP.

Background:

Commonwealth Resource Management Framework – procurement and contract management

- Finance has responsibility for the Commonwealth's resource management framework, which has at its core the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The framework is principles based to enable accountable authorities, such as DIBP, to apply control and risk frameworks within their entities that are appropriate to their own circumstances.
- The framework sets minimum requirements for approving commitments of relevant money and entering into, varying and administering arrangements. It allows accountable authorities to ensure that those requirements are observed in their own entities, for example, by issuing accountable authority instructions (section 20A of the PGPA Act). As accountable authorities are responsible for managing Commonwealth resources within their own entities and maintaining appropriate control and risk frameworks, ultimately they are responsible for any shortcomings in their internal process and operating systems.
- Finance was not consulted during the conduct of the contract management audit.
- The PGPA Act places a number of duties on accountable authorities, including:
 - the duty to govern the entity (section 15), which incorporates promoting the proper use and management of public resources for which the authority is responsible; and
 - the duty to establish and maintain systems relating to risk and control (section 16), which requires establishing and maintaining appropriate systems of risk oversight and management, and internal control. It also includes the duty to implement measures directed at ensuring officials of the entity comply with the finance law (finance law means the PGPA Act, or the rules, or any instrument made under the PGPA Act, or an Appropriation Act).

Resourcing for IMA Management

	2016-17 (\$ million)	2017-18 (\$ million)	2018-19 (\$ million)	2019-20 (\$ million)
Onshore – Program 1.3 Onshore Compliance and Detention	1,686.4	1,173.7	1,011.6	968.7
Offshore – Program 1.4 IMA Offshore management	1,118.5	434.2	456.3	446.9

Source: Portfolio Additional Estimates Statements 2016-17

There are around 2,078 IMAs on Nauru and Manus Island. These include 1,619 refugees who have been found to be owed protection and an additional 459 asylum seekers and failed asylum seekers who need to be managed.

The media has reported that the Trump administration will resettle up to 1,250 refugees.

2016-17 Budget – Statement 8: Statement of Risks**Garrison and welfare services at Regional Processing Countries contract – liability limit**

The Department of Immigration and Border Protection (DIBP) entered into a contract with Broadspectrum Limited (BRS), formerly known as Transfield Services Ltd, which commenced on 24 March 2014, for the provision of garrison and welfare services at Regional Processing Countries on behalf of the Australian Government. The contract terms limit BRS' liability to DIBP to a maximum of any insurance proceeds recovered by BRS up to the value of \$50 million. (Budget Paper No. 1, page 8-24)

MYEFO 2016-17 – page 177**International Settlement Strategy — enhanced border protection measures and resettlement of refugees****Expense (\$m)**

	2015-16	2016-17	2017-18	2018-19	2019-20
Department of Immigration and Border Protection	-	64.2	-	-	-
<i>Related capital (\$m)</i>					
<i>Department of Immigration and Border Protection</i>	-	0.3	-	-	-

The Government will provide an additional \$64.5 million in 2016-17 (including \$0.3 million in capital funding) to maintain Australia's border security by increasing aerial surveillance and maritime patrols to ensure that any boats that attempt to come to Australia will be detected and turned back, as the Government works to resettle refugees processed at Regional Processing Centres on Nauru and Manus Island, PNG.

In addition to current resettlement opportunities in PNG and Cambodia, some refugees will be resettled in the United States of America. The priority will be to resettle those people who are most vulnerable, namely women, children and families.

Further information can be found in the joint press release, dated 13 November 2016, issued by the Prime Minister and the Minister for Immigration and Border Protection.

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