

Section 4: Purchaser/Provider and Cost Recovery arrangements

CROSS AGENCY OVERVIEW

The Department maintains a purchaser arrangement with the Department of Foreign Affairs and Trade (DFAT) for the purchase of management services at overseas posts.

The Australian Security Intelligence Organisation provides advice to DIMIA on the entry to Australia of people of security significance. This work is charged on a cost recovery basis under a memorandum of understanding arrangement.

The Department also has a provider arrangement within Cluster 3. Cluster 3 is a group of agencies that outsourced their information technology infrastructure and telecommunications services under Service Agreements with CSC and Optus. The Cluster Agencies are:

- DIMIA;
- Australian Electoral Commission;
- Department of Finance and Administration Electorate Offices System;
- Department of Industry, Tourism and Resources (Australian Government Analytical Laboratories, National Mapping Division Geoscience Australia, IP Australia and Ionospheric Prediction Service); and
- Former Finance bureau customers.

PURCHASER ARRANGEMENTS – SERVICE LEVEL AGREEMENT

Responsibility

The Service Level Agreement (SLA) is an agreement between DIMIA and DFAT for the provision of management services by DFAT at DFAT-managed posts. For these services an agreed fee is charged. The SLA is intended to facilitate efficient and effective Australian Government business overseas by avoiding unnecessary duplication of common services at overseas posts.

Control Arrangements

The SLA covers the period 1 July 2001 to 30 June 2004. It details the management services, performance standards and cost recovery arrangements to be provided for the term of the agreement. Management services include personnel services (A-based and locally engaged staff), office and property services, financial services and communications. The agreement also contains a dispute resolution mechanism and a provision for reduced fees in the event that services are not provided to the agreed standard.

Resourcing

The global service fee for DIMIA for management services for each financial year of the SLA is fixed in the first year and varied annually after that, if there is a change of 5% or more in either DFAT global locally engaged employee salary costs or DIMIA global staffing numbers. On this basis the SLA was increased to \$5.753 million in 2002-03, from \$5.471 million in 2001-02. The SLA for 2003-04 is expected to remain unchanged from 2002-03.

Performance against Outcomes and Outputs

The SLA enables the delivery of the Department's outcomes through the efficient delivery of support services at overseas posts.

PROVIDER ARRANGEMENTS - CLUSTER 3 MANAGEMENT OFFICE

Responsibility

Cluster 3 comprises a group of Commonwealth Agencies first formed under an Agreement for Information Technology and Telecommunications (IT&T) Services and Industry Development with CSC dated 31 March 1998. The Cluster 3 Contract Management Office (C3MO) monitors and administers the Agreement with CSC and coordinated an extension to the Agreement from 1 July 2003. The C3MO also arranged, monitors and administers the agreement for telecommunications services and industry development with Optus, dated 31 August 2001.

Control Arrangements

The Cluster 3 Agencies are parties to a Memorandum of Understanding (MOU) which establishes protocols of operation of the Cluster Agencies for dealing with the contractors and established the Cluster 3 Management Committee and C3MO. The Contract Management Office is the administrative arm of the Management Committee and the central point of contact for Cluster 3 contract management.

Resourcing

The Contract Management Office budget for 2003-04 is estimated at \$1.35 million. The amount will be fully recovered from Cluster Agencies, with DIMIA's contribution estimated at \$0.945 million.

Performance against Outcomes and Outputs

The C3MO contributes to the Cluster Agencies' and Commonwealth objectives of IT&T infrastructure outsourcing by providing a central point of contact for Cluster contract management. The C3MO monitors adherence to contract provisions, coordinates contract interpretation, provides recommendations and advice on contract operation and provides invoice and service level validation and processing. The C3MO has, as its central role, management of the contractual relationship with the contractors.

COST RECOVERY ARRANGEMENTS

Under the Commonwealth Cost Recovery Policy and guidelines, Commonwealth agencies are required to review their recovery arrangements and prepare a Cost Recovery Impact Statement (CRIS) for significant cost recovery arrangements. This requirement applies immediately to new and significantly amended cost recovery proposals. In addition, all significant existing cost recovery arrangements are to be reviewed periodically over a five-year period in accordance with the schedule approved by Government. DIMIA's fees and charges are scheduled for a periodic review in 2006-07.

The estimated revenue reported for DIMIA in 2003-04 is expected to be \$493.1 million and is made up of approximately the following:

- \$408.5 million is derived from charges levied under migration and citizenship legislation. These charges are not determined on a cost recovery basis;
- \$57 million is reported revenue for recovery of detention costs for people who are detained in immigration detention. Government policy is that, where practical, immigration detainees should be billed for the cost of their stay in detention; and
- \$26.4 million is received from the sale of goods and services, or from other cost recovery arrangements. The largest single cost recovery activity is for the Translating and Interpreting Service that has progressively been increasing fees and charges to reflect full cost recovery.

DIMIA did not propose any new or significantly amend any existing, cost recovery arrangements during 2002-03, and therefore did not complete any CRIS. DIMIA did however provide input into the CRIS by the Department of Education, Science and Training (DEST) for the 2003-04 measure titled *Australia's International Education Industry*. This involved two new visa subclasses (and related Visa Application Charges) and an increase in the Student Visa Application Charge to reflect an increase to the existing Student Information Services Fee, collected as an international education contribution to cover costs associated with the provision of services by DEST.

SUMMARY OF COST RECOVERY IMPACT STATEMENT.

DIMIA currently does not have a Cost Recovery Impact Statement.