
Section 4: Purchaser/provider and cost recovery arrangements

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.

PURCHASER ARRANGEMENTS

DFAT & DIMIA 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 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. The current agreement expires on 30 June 2004 and a replacement is under negotiation with DFAT.

Resourcing

The SLA service fee for 2003-04 was \$5.8 million. The 2004-05 fee will be determined by the terms of the new SLA and will be effective from 1 July 2004.

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 Support Unit

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 Agreement with CSC was extended for some Agencies in July 2003. The Cluster also has an Agreement for telecommunications services and industry development with Optus, dated 31 August 2001. The role of the Cluster Support Unit (CSU) is to provide a central point of contact for Cluster 3 contract administration to ensure contractual consistency and integrity across agencies for both the CSC and Optus Agreements.

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 CSU. The CSU is the administrative arm of the Management Committee and the central point of contact for Cluster 3 contract management.

Resourcing

Each Cluster Agency contributes resources on the following basis:

- DIMIA provides resourcing to the Cluster equal to one Executive Officer, as well as accommodation and corporate overhead costs for the CSU;
- AEC provides resourcing to the Cluster equal to one Executive Officer; and
- The remaining Cluster Agencies share resourcing to the Cluster equal to one APS officer.

Performance against outcomes and outputs

The CSU contributes to the Cluster Agencies' and Commonwealth objectives of IT&T infrastructure outsourcing by providing support to the Cluster 3 Management Committee and Cluster 3 agencies so that they can effectively discharge their contractual responsibilities.

Cluster agencies

The Cluster Agencies are:

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

Army Aboriginal Community Assistance Program

The Army Aboriginal Community Assistance Program (AACAP) is a cooperative program involving the Australian Army and the Commonwealth, utilising the expertise of the Australian Army to provide vital infrastructure assistance to remote Indigenous communities, with an emphasis on improved environmental and primary health outcomes.

The Australian Army provides project management and construction services under contracted management arrangements to Aboriginal community organisations. The capital elements of these projects are resourced from funds provided by the Commonwealth. The Australian Army absorbs personnel costs, depreciation costs on machinery, fuels, rations and travel funds redirected from already programmed defence activities and military transport when available.

Australian Greenhouse Office

This arrangement is a co-operative program in which the Australian Greenhouse Office (AGO) provides funds for the Bushlight renewable energy project. Due to slower than anticipated implementation of the project, the AGO has agreed that the project be extended into a fifth year (note there is no increase in the overall funding). The project is designed to test and develop renewable energy system components and systems and prepare Indigenous communities (initially with a population of less than 50 people) for the different issues which result from the use of renewable energy. It will link with the Remote Renewable Power Generation Program (RRPGP) run by the states/territories, which provides rebates for the capital cost of renewable energy installations.

The cost of this project for 2004-05 will be \$2 million.

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 2004-05 is expected to be \$739.9 million. The most significant items comprise:

- \$437.0 million is derived from charges levied under migration and citizenship legislation. These charges are not determined on a cost recovery basis;
- \$189.4 million relates to interest generated on investments.
- \$66.2 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;
- \$41.0 million estimated revenue for recovery of detention costs from 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
- \$6.2 million from related entity co-contributions.

Summary of cost recovery impact statement

DIMIA currently does not have a Cost Recovery Impact Statement.