



Shadow Minister for Immigration and Border Protection

Mr Grant Hehir
Auditor-General
Australian National Audit Office
Urgent via email: grant.hehir@anao.gov.au

Dear Auditor-General 

I am writing to request an urgent audit into the circumstances surrounding the Department of Home Affairs' procurement of garrison support and welfare services in Papua New Guinea.

In the course of the past week, the Australian Financial Review has highlighted significant concerns related to the companies contracted to provide these services – particularly letters of intent with Paladin Solutions Group and a subsequent contract with Paladin Holding Pte Ltd.

The letters of intent and contract has resulted in the expenditure of \$423 million of taxpayers' money.

The original letters of intent with Paladin Solutions Group were undertaken under section 2.6 of the Commonwealth Procurement Rules – with the Department of Home Affairs using these provisions to approach Paladin Solutions Group directly – and Paladin Solutions Group only.

At Senate Estimates yesterday, Department of Home Affairs officials claimed that they were “dealing with an urgent situation” when they signed an initial letter of intent with Paladin Solutions Group in September 2017 – with letters totalling \$89 million.

The Secretary of the Department of Home Affairs told the Senate Estimates committee, “my very strong preference would have been to have a long lead time, an open tender, a global search, assisted by specialised consultants and advisers.”

Despite this preference, a subsequent contract worth \$333 million awarded to Paladin Holding Pte Ltd was signed on 28 February 2018 with no other providers considered – despite reports today indicating that other companies, such as Toll Holdings, were considering bidding.

The ANAO's report 32 of 2016-2017 titled *Offshore Processing Centres in Nauru and Papua New Guinea: Contract Management of Garrison Support and Welfare Services* concluded that the Department had “fallen well short of effective contract management practice.”

This report was a damning indictment of the Department's management of these contracts and stated:

- contracts “were established in circumstances of great haste to give effect to government policy decisions”;
- “the Department did not put in place effective mechanisms to manage the contracts”; and
- “contract variations totalling over \$1 billion were made without a documented assessment of value for money.”

Labor is acutely aware of the current Government's abysmal management of Australian-funded regional processing centres and their failure to negotiate other third country resettlement options, leaving vulnerable people languishing in indefinite detention.

Given the level of expenditure associated with these contracts, the Government's poor track-record, and the concerning reports and allegations related to the entities involved, I seek your urgent investigation of the circumstances surrounding these contract arrangements.

I would be happy to discuss this issue at your earliest convenience.

Yours sincerely,



Shayne Neumann MP
Shadow Minister for Immigration and Border Protection
Federal Member for Blair
19 February 2019