



Andrew Giles MP

Shadow Minister for Cities and Urban Infrastructure
Shadow Minister for Multicultural Affairs
Shadow Minister Assisting for Immigration and Citizenship
Federal Member for Scullin

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

31 October 2019

Dear Mr Hehir

I am writing to ask the ANAO to urgently undertake an audit into the effectiveness of the Department of Home Affairs (the department) procurement to deliver a new global visa processing system: *Delivering Visa Services for Australia – Global Digital Platform*.

The department is proposing to engage a private provider to design, build, operate and maintain a visa application and approval system. The proposed contract period is 10 years and according to the department in Senate Estimates hearings, the private provider is expected to invest over \$1 billion over the contract period.

The decision by Government to proceed with the winning tenderer was due to be announced by October 2019, with an agreement finalised by December 2019. According to the Request for Tender (RFT) the timeline for delivery of the first visa will be released on the Platform in the first half of 2021 and subsequent visas will be rolled out progressively. The roll out is already 12 months delayed from the initial Request for Expression of Information (REOI) announcement.

I have strong concerns that this procurement will not achieve a value for money outcome in accordance to the *Commonwealth Procurement Rules*. For a complex procurement of this scale and risk profile, this tender is insufficiently planned and has an unreliable delivery timeframe. There is real risk that this tender will compromise the integrity of Australia's visa processing system.

In 1 June 2017 a Market consultation paper was released. The paper sought information from the market on possible approaches to a service delivery model for Australia's visa and citizenship framework. Since the market consultation and through to REOI and RFT, the procurement type remained fixed towards a private provider to design, build, operate and maintain the visa processing system, in which the department claims is a 'Public Private Partnership' (PPP).

At no stage has a business case been made available, nor has the Government adequately justified the procurement need and method. There has been insufficient description of the objectives, risk, timeframe, whole-of-lifecycle cost, quality and overall fitness for purpose of the proposed platform.

To our knowledge, no comparative assessment has been made against a neutral benchmark or public sector comparator that would justify the procurement type. The cost of pursuing this so called 'PPP' alone has cost \$40.5 million.

Further, I am not convinced that there is a business case that will continue to inform project decisions, nor form the baseline in which Department Officials can make an informed value for money assessment.

Interestingly, department industry briefings have disproportionately focused on 'commercialisation opportunities', rather than focussing on straight forward objectives and performance measures for visa processing.

I bring to your attention visa application backlogs and processing times are at unprecedented levels. As of March 2019, the backlog of people on bridging visas was at 230,000. The backlog of migration and refugee applications at the AAT has grown rapidly to over 60,000 and continues to grow. I further note in the Auditor-General Report No. 25 of 2018–1 Efficiency of the Processing of Applications for Citizenship by Conferral:

"Performance had declined since 2014–15 with only 15 per cent of decisions being taken within 80 days in 2017–18. The target has been removed and a replacement processing target has not been set."

Throughout the tender documentation, key performance specifications are not defined, therefore it is unclear what the contract penalties and incentives are. The obvious question is how could the department adequately determine contract performance specifications, if it has removed performance specifications for itself?

Finally, I would also like to draw your attention the department's abysmal record in procurement governance and its inability to monitor contract performance. The Auditor-General Report No. 32 of 2016–17 – Offshore Processing Centres in Nauru and Papua New Guinea.

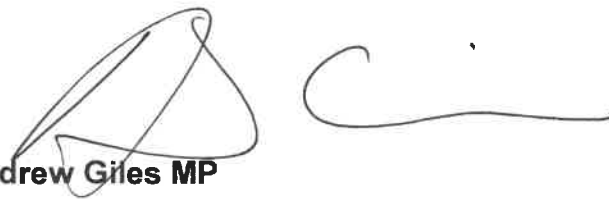
Management of Garrison Support and Welfare Services states:

"The garrison support and welfare contracts were established in circumstances of great haste to give effect to government policy decisions and the department did not have a detailed view of what it wanted to purchase or the standards to apply. These are key considerations in achieving value for money"

There is real risk that a monopoly private provider could make excessive profit from changes and modifications as a result of changing business rules or requirements associated with visa categories. This could significantly undermine the iterative nature of the visa system by serving to disincentive the Commonwealth Government in developing responsive visa policy. The private provider could also introduce 'scarcity' in routine visa processing cases and replace routine application processing streams with more profitable 'fast-tracked' application streams.

I do not believe the department has provided adequate safeguards and given my serious concerns about the tender design and the department's contract management record, I believe this tender is an unacceptable risk to the integrity of our visa processing system.

Yours sincerely



Andrew Giles MP