

Audit Report No. 10 2009-10

Processing of Incoming International Air Passengers

Introduction¹

- 4.1 The Australian Customs and Border Protection Service (Customs) plays an important role in preventing the illegal movement of people and harmful goods across Australia's borders. The agency is required to process travellers (passengers and crew members) entering and departing Australia by air or sea, and identify persons of interest consistent with immigration, health, family law, law enforcement, and national security requirements.
- 4.2 In December 2008, the Prime Minister announced that the then Australian Customs Service would be re-named the Australian Customs Service and Border Protection Service and that it would be given additional capabilities to respond to people smuggling by boat. A number of activities associated with the response to the increase in people smuggling

¹ The following information is taken from Audit Report No. 10 2009-10, *Processing of Incoming International Air Passengers*, pp. 11-13.

by sea were transferred to Customs from the Department of Immigration and Citizenship (DIAC).

- 4.3 Customs processes travellers at the primary line where, on behalf of DIAC, it provides the primary immigration clearance function. There is a Memorandum of Understanding (MoU) between Customs and DIAC for the provision of these clearance services. DIAC undertakes secondary immigration clearance as required.
- 4.4 Passenger volumes have been growing at major Australian international airports.² In particular, Customs experienced strong growth at Gold Coast and Darwin airports, where new services to Asia were introduced, and at Perth.
- 4.5 In 2007, Customs reported 23.544 million incoming and outgoing passengers (by air and sea) to Australia, and expected an increase to 34.152 million by 2015.³ Visitor arrivals by air are expected to grow on average by 4.9 per cent per annum. Notwithstanding the impact of the current economic downturn, the number of international air passengers entering Australia is estimated to increase from 22.9 million in 2005-06 to 29.9 million in 2011-12.

The Audit

Audit objective⁴

- 4.6 The objective of the audit was to assess Customs' processing of incoming international air passengers in the primary line, in particular the extent to which: (a) systems and controls effectively support the referral of incoming air passengers who pose a risk and those carrying prohibited items; (b) air passengers presenting an immigration risk are processed appropriately; and (c) Customs has arrangements in place to effectively promote co-operation and information sharing with DIAC.
- 4.7 The audit focused on assessing Customs' systems, controls and mechanisms for information sharing and other arrangements in place to process incoming international air passengers in the primary line. This

2 The major Australian international airports are in: Sydney; Brisbane; Cairns; Darwin; Melbourne; Adelaide; Perth and Gold Coast.

3 Australian Customs and Border Protection Service, *Strategic Outlook 2015*.

4 The following information is taken from Audit Report No. 10 2009-10, p. 12.

audit is the first in a planned program of audit work in passenger processing.

Overall audit conclusion

4.8 The ANAO made the following overall audit conclusion:

Customs is processing millions of passengers across the border each year and carries out various functions on behalf of other agencies. To fulfil its role, Customs needs to strike an appropriate balance between facilitation and control in the movement of people and goods across the border. In particular, the agency requires sufficient trained staff, supported by effective processes and technology to select, search and examine those movements posing the greatest threat to border controls.

Overall, the ANAO concluded that Customs' management arrangements in the processing of incoming international air passengers in the primary line are broadly effective. Air passengers presenting an immigration risk are processed appropriately. The routine for Customs officers undertaking primary line activities has been specifically designed in conjunction with DIAC to mitigate immigration risks at the border; and the routine was generally adhered to. Nevertheless, performance of some aspects of the routine were not consistently undertaken and cannot be clearly assessed or measured by Customs.

Customs' IT systems and control arrangements provide appropriate support to intercept incoming air passengers who pose a risk or may carry prohibited items. However, IT incident and IT problem management could be improved. Further, service times for IT incidents and problems should be established and documented, especially for those with a significant business impact.

Arrangements to share management information and promote cooperation between Customs and DIAC are sound, but there was no clear evidence of monitoring whether all the Key Performance Indicators (KPIs) were being met or not.

The ANAO has made four recommendations to strengthen Customs' processing of incoming international air passengers. These recommendations are directed to achieving: a consistent implementation and assessment of the routine required in the

primary line; an up-to-date disaster recovery plan; the consistent recording and reporting of IT incidents and IT problems; and the regular monitoring and reporting of KPIs set out in the MoU between Customs and DIAC.⁵

ANAO recommendations

Table 4.1 ANAO recommendations, Audit Report No. 10 2009-10

1.	<p>The ANAO recommends that Customs and Border Protection develops a means to:</p> <ul style="list-style-type: none"> • assure itself that key aspects of the routine required of Customs and Border Protection officers performing primary line functions are consistently implemented across all international airports; and • measure and report the time taken to process passengers through the primary line.
<p>Customs and Border Protection response: <i>Agreed with qualification.</i></p>	
2.	<p>The ANAO recommends that Customs and Border Protection Passengers Division's disaster recovery plan:</p> <ul style="list-style-type: none"> • is up-to-date and reflects Customs and Border Protection's current IT business environment; • aligns with its current IT service provider's disaster recovery plan for Customs and Border Protection; and • has response times that have been tested, recorded, monitored, and updated if necessary.
<p>Customs and Border Protection response: <i>Agreed.</i></p>	
3.	<p>The ANAO recommends that Customs and Border Protection:</p> <ul style="list-style-type: none"> • puts in place mechanisms so that the severity of IT incidents and IT problems is rated consistently; • establishes acceptable service times for IT incidents and IT problems; • monitors, tracks and links to specific recorded action times, all IT incidents and IT problems; and • ascertains and reports in a consistent manner the (adverse) business impact of IT problems.
<p>Customs and Border Protection response: <i>Agreed.</i></p>	
4.	<p>The ANAO recommends that in relation to its Memorandum of Understanding for the Provision of Clearance Services, that Customs and Border Protection works with the Department of Immigration and Citizenship to:</p> <ul style="list-style-type: none"> • monitor and report against the Key Performance Indicators (KPIs) regularly; and • update the KPIs, if necessary.
<p>Customs and Border Protection response: <i>Agreed.</i></p>	

5 Audit Report No. 10 2009-10, pp. 12-13.

The Committee's review

4.9 The Committee held a public hearing on Thursday 11 March 2010, with the following witnesses:

- Australian National Audit Office (ANAO); and
- Australian Customs and Border Protection Service.

4.10 The Committee took evidence on the following issues:

- consistent implementation of primary line routine;
- measuring passenger queue and processing time;
- staff training and development;
- Key Performance Indicator (KPI) management;
- effectiveness of the processing system;
- appropriate processing of incoming passengers;
- reasons for referrals
 - ⇒ health; and
- IT system breakdowns.

Consistent implementation of primary line routine

4.11 Customs, in association with DIAC, have specifically designed a routine for primary line officers to mitigate risks with regard to incoming passengers. The ANAO found that 'although the routine was generally adhered to across the airports, there were inconsistencies in conducting the specified routine'.⁶ While acknowledging that it was difficult to measure key steps in the routine, the ANAO recommended that steps be taken to ensure the routine is implemented consistently across all international airports.⁷

4.12 In their opening statement to the public inquiry, Customs assured the Committee that steps had been taken to implement this recommendation.⁸ In collaboration with DIAC, Customs are ensuring that:

6 Audit Report No. 10 2009-10, p. 34.

7 Audit Report No. 10 2009-10, pp. 35 and 37.

8 Ms Dorrington, Australian Customs and Border Protection Service (Customs), p. 2. All references to witnesses' evidence comes from the Committee's hearing into this audit dated 11 March 2010, with page numbers relating to the Proof Committee Hansard.

- practice statements ... and instructions and guidelines are reviewed and updated regularly and cleared through relevant immigration policy areas before they are issued;
- Customs components of the primary clearance course, which is delivered to our trainees, are reviewed and updated on a regular basis;
- input is sought from Immigration (on) immigration related policy matters; and
- Customs contributes to Immigration reviews and updates of their component of the primary clearance course.⁹

4.13 With regard to consistent implementation of the primary line routine, Customs advised the ANAO that it was developing a 'Quality Assurance Process' designed to assist management to determine compliance or non-compliance with the routine.¹⁰ The Committee asked the Department what progress had been made with the development and implementation of the 'Quality Assurance Process' and whether or not it had improved compliance.

4.14 Customs told the Committee that the 'high-level details of a broader quality assurance framework' have been developed but that the 'detail for delivery and implementation' have not yet been finalised.¹¹ Customs added that, as part of this process:

... a national review has been conducted to assess which operational practices should be subject to regular compliance measures. This assessment included a recommendation to develop a nationally consistent assessment and reporting process for key Airport Operations activities, including primary processing.¹²

4.15 The ANAO also noted that at the time of the audit Customs was developing a new Practice Statement Framework (PSF) to replace the existing Standard Operating Procedures (SOPs). The ANAO observed:

Once finalised and if implemented well, the new PSF will assist Customs and Border Protection Passengers Division to perform their functions efficiently and consistently across Australia's international airports.¹³

4.16 The Committee asked Customs if the new Framework had been implemented and what results it had achieved. Customs informed the

9 Ms Dorrington, Customs, p. 2.

10 Audit Report No. 10 2009-10, p. 35.

11 Customs, submission no. 6, npn.

12 Customs, submission no. 6, npn.

13 Audit Report No. 10 2009-10, pp. 41-42.

Committee that the PSF has been implemented and that all staff now have internet access to the Framework consisting of consistent policy and procedural documents.¹⁴ Customs maintains:

Use of the framework is driving national consistency of practices and procedures, and allowing details of the quality assurance framework to be developed.¹⁵

Measuring passenger queue and processing time

- 4.17 Customs has developed an internal management standard of 45 seconds based on the time passengers spend queuing for the primary line. Compliance with this cycle processing time allows Customs to meet a processing facilitation standard of clearing 95 per cent of passengers within 30 minutes of them passing through the Entry Control Point (ECP). The ANAO found the 45 second measurement arbitrary, identified inconsistencies in the way the measurement is determined and questioned its accuracy and usefulness.¹⁶ The ANAO recommended that Customs develop a more accurate means of measuring and reporting the time taken to process passengers through the primary line.¹⁷
- 4.18 The Committee queried why Customs agreed to this recommendation with qualifications. Customs explained to the Committee that, while it is actively looking for a more accurate method to measure passenger queue and processing time:

... the methodology that is the subject of this recommendation was put in place primarily for the purpose of resource deployment. In that sense it has been effective, and it will stay in place until we can find another, more cost-effective and accurate means to measure queue time.¹⁸

Staff training and development

- 4.19 Overall the ANAO found the training being provided to primary line officers was adequate but that, given the 'complexities and resource constraints at the airports', training was not provided consistently across airports.¹⁹ The ANAO suggested that a program of regular assessment of

14 Customs, submission no. 6, npn.

15 Customs, submission no. 6, npn.

16 Audit Report No. 10 2009-10, pp. 35-36.

17 Audit Report No. 10 2009-10, p. 37.

18 Ms Dorrington, Customs, p. 2.

19 Audit Report No. 10 2009-10, p. 39.

primary line officers be developed aligned with refresher training courses.²⁰

- 4.20 The Committee asked Customs if steps were being taken to implement such a process. Customs informed the Committee that under current arrangements 'assessment and coaching are provided to specific officers' when performance standards are not met.²¹ It acknowledged that the 'primary line assessment tool' is used inconsistently across airports: some airports use it to assess all staff annually before new performance agreements are established whereas other airports use it only when concerns are raised regarding an officer's performance/capability.²² Customs told the Committee steps are being taken to develop a more consistent approach:

Work is progressing to update the primary line assessment tool in line with current Instructions and Guidelines, determine a nationally consistent regime for conducting this assessment and a recommendation for how often refresher training should be conducted.²³

- 4.21 The ANAO also found the training materials provided by Customs to be 'appropriate and relevant' but identified a lack of specific guidelines on the parameters of the 'power to question passengers'.²⁴ Since the ANAO findings Customs has produced training modules on *Questioning Techniques and Elements* and *Standard Questions*.²⁵
- 4.22 The Committee asked Customs whether or not the new materials had been distributed and used in training and was told the training materials have been completed and are being delivered to all trainees. In addition, Customs told the Committee that the whole training program has been revised and a number of other modules now contain relevant material on questioning techniques.²⁶

Key Performance Indicator (KPI) management

- 4.23 The ANAO found that, although Key Performance Indicators (KPIs) were in place through the Memorandum of Understanding between Customs
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20 Audit Report No. 10 2009-10, p. 39.

21 Customs, submission no. 6, npn.

22 Customs, submission no. 6, npn.

23 Customs, submission no. 6, npn.

24 Audit Report No. 10 2009-10, pp. 38-39.

25 Audit Report No. 10 2009-10, p. 39.

26 Customs, submission no. 6, npn.

and DIAC, a number of the KPIs were not being regularly monitored and reviewed.²⁷ The ANAO recommended that Customs work with DIAC to update the KPIs and monitor and report against the Indicators regularly.²⁸

4.24 Customs told the Committee it is working with DIAC to prepare a report that will assess the relevance of the current KPIs and data collection methods.²⁹ With regard to the KPIs, Customs are working to determine:

- relevant performance information targets;
- the usefulness of the data pinpointing more systematic errors;
- a process for addressing errors; and
- an appropriate reporting and feedback mechanism.³⁰

Effectiveness of the processing system

4.25 The Committee was particularly interested to know whether or not the audit had shown if the systems and controls that Customs has in place effectively support the referral of incoming air passengers who pose a risk to Australia. The ANAO confirmed that the system is working effectively. During the course of the audit the ANAO team had observed Customs officers performing the primary clearance routine across four international airports: Sydney, Melbourne, Perth and Darwin.³¹ The ANAO assessed the primary clearance process and the application of the process and found both worked effectively.³²

4.26 The Committee asked Customs how it measures the success of the system. Customs told the Committee it measures its response to the alert system: whether it has responded to the alert, if the response was appropriate and if any action taken was appropriate.³³ Customs also looks at the risk indicators it uses to identify people to be placed on the alert list and whether or not those indicators are successfully picking up passengers or crew who pose a risk.³⁴

4.27 The Committee further inquired if there is any trend evident with regard to improvement in the effectiveness of the system. Customs advised that the trend is positive:

27 Audit Report No. 10, 2009-10, p. 68-69.

28 Audit Report No. 10, 2009-10, p. 71.

29 Ms Dorrington, Customs, p. 2.

30 Ms Dorrington, Customs, p. 3.

31 Audit Report No. 10, 2009-10, p. 28.

32 Mr Cahill and Mr Clarke, Australian National Audit Office (ANAO), p. 4.

33 Ms Dorrington, Customs, p. 5.

34 Ms Dorrington, Customs, p. 5.

The ongoing trend now for some period of time is that we are more successful proportionate to the number of baggage examinations we undertake or the proportion of people we pick up at the primary line. So over a period of time we examine fewer people with a higher success rate.³⁵

Appropriate processing of incoming passengers

4.28 The Committee asked if the audit had determined that incoming passengers were being processed appropriately. The ANAO was confident that passengers were being processed appropriately and defined what it considered 'appropriate':

By appropriate ... we were looking to see that the agency had defined what the immigration risk was and had in place processes to identify people of immigration risk and to tell their officers what to do when those people present an immigration risk.³⁶

Reasons for referrals

4.29 The Committee asked Customs for what reasons passengers and crew were referred during 2007-09 and for the outcome of the referrals. Customs supplied the Committee with the following table and indicated that, of these referrals, 1135 were refused entry into Australia. Customs informed the Committee that health referrals are referred to Australian Quarantine and Inspection Service and Customs does not record outcome details.

Table 4.2 Passenger referrals

Referral code	Short meaning	Movements
P	PAL possible match	77058
D	No Australian or New Zealand passport or no Australian visa held	69372
4	Manual (officer initiated) referral	45065
T	Bona-fides check	30255
C	No ETA/Visa record found	23710
O	Overstayer	8956
F	Australian visa held by New Zealand passport holder	4173
V	Visa ceased or cancelled	4017
7	Holder of bridging visa "E"	2900

35 Ms Dorrington, Customs, p. 5.

36 Mr Clark, ANAO, p. 6.

A	No record of Australian or New Zealand passport	1707
Z	Passport not in force/unacceptable/being processed	1031
M	Breach of condition 8504	750
W	DAL document alert	741
J	Lawful until date (LUD) invalid	700
R	Visa evidence record not found/Stay period invalid	364
Q	Impound Australian passport	362
L	Passport lost or stolen	81
I	Person on Australian or New Zealand passport not matched	54
H	Other	7

Source Customs and Border Protection, submission no. 6

4.30 The Committee noted that there had been a large increase in the number of incoming international crew in 2007-08 and asked for the cause. Customs identified two reasons for the increase: more flights and vessels arriving in the country and larger aircraft and cruise ships with larger crews.³⁷

Health

4.31 The Committee expressed concern that the incoming passenger card only contained questions regarding tuberculosis and yellow fever and not hepatitis B and C. The Committee asked DIAC for clarification on how the health questions on the incoming passenger card are determined. DIAC informed the Committee that the Department of Health and Ageing is the policy setting agency and 'provides DIAC with those health concerns for action during VISA screening and border crossing'.³⁸ With regard to hepatitis B and C, DIAC told the Committee:

DoHA do not consider hepatitis B and C as a public health threat. The exception to this is that DoHA have agreed the need for screening for hepatitis B and C in relation to the visa applications of health care workers, working in exposure prone procedures in the health care sector. As this is a very small cohort it is not believed warranted to ask this as a routine question.³⁹

37 Customs, submission no. 6, npn.

38 Department of Immigration and Citizenship (DIAC), correspondence, 24.03.2010.

39 DIAC, correspondence, 24.03.2010.

IT system breakdowns

4.32 The ANAO noted the importance of a stable IT environment to the effective operation of Customs' primary line.⁴⁰ The ANAO found the IT incident management process of Customs and Border Protection's Passengers Division to be sound but identified two areas that require improvement:

- recording IT problems and their severity ratings as accurately as possible; and
- resolving the IT problem over a reasonable period.⁴¹

4.33 The Committee was concerned that these difficulties may cause the IT system to be down for periods of time, seriously compromise the system and allow incoming passengers or crew who pose a risk to the Australian community to gain entry into the country. The ANAO told the Committee that the only consequence of the difficulties that it had observed was a delay in processing passengers.⁴² Customs confirmed that a breakdown in the IT system will cause delays but assured the Committee that primary line officers would switch to manual processing thus ensuring the integrity of the system:

It is not as though people can walk through the border with no record. We would fall back to manual processing and there are well-drilled protocols in place to deal with that.⁴³

4.34 Customs identified the real risk when the IT systems are down as the lack of access to the Passenger Analysis, Clearance and Evaluation (PACE) system.⁴⁴

4.35 The Committee asked the Department to quantify the IT systems failure rate, and the consequent lack of access to PACE, over the past three years and indicate the number of passengers of interest who may not have been identified. Customs explained that the audit figures were not indicative as the audit had taken place during a transition period when it was moving from one service provider to another and the system was down more often than normal.⁴⁵ Customs provided the Committee with the following figures:

40 Audit Report No. 10 2009-10, p. 54.

41 Audit Report No. 10 2009-10, p. 62.

42 Ms Roach, ANAO, p. 6.

43 Ms Dorrington, Customs, p. 7.

44 Ms Dorrington, Customs, p. 7.

45 Ms Dorrington, Customs, p. 8.

Table 4.3 IT failure incidents

Year	Number of incidents	Passengers who matched an alert and were not identified
2007	2	1
2008	5	4
2009	7	13
2010	3	0

Source Customs and Border Protection, submission no. 6

4.36 The Committee asked Customs for the duration of these outages. Customs told the Committee that the incidents ranged from 15 minutes to nine hours, with the average being 2½ hours.⁴⁶ The Committee asked for an indication of the number of passengers that were manually processed by primary line officers during these outages and Customs provided the following figures for the period 1 January 2007 to 1 April 2010:

Table 4.4 Passengers processed manually during outages

Year	Total air passengers at major airports	Total manually processed	During power outage	Passengers who matched an alert and were not identified as a result of a power outage
2007	23 059 327	927	0	0
2008	23 816 540	2373	0	0
2009	24 651 340	5201	540	10
2010	6 678 961	153	65	0
Total	78 206 078	8654	605	10

Source Customs and Border Protection, submission no. 6

Conclusion

4.37 The Committee's chief concern is the effectiveness of the primary line system to ensure the referral of incoming air passengers and crew who pose a risk to the Australian community. Although both the ANAO and Customs have assured the Committee that the system is effective, the identified gaps in IT incident and IT problem management are a cause for

46 Customs, submission no. 6, npn.

concern. The Committee urges Customs to implement the ANAO Recommendation number 3 as soon as possible in order to mitigate the risk posed by IT incidents and problems to Australia's border protection.

- 4.38 The Committee is aware that the ANAO has a series of audits planned to examine the secondary phase of passenger processing and the role of the AQIS and DIAC and will continue to monitor the processing of incoming international passengers by the various agencies to ensure risks to Australian security are minimised.