



**MICHAEL PEZZULLO**  
**SECRETARY**  
**DEPARTMENT OF IMMIGRATION AND**  
**BORDER PROTECTION**

**ROMAN QUAEVLIEG APM**  
**COMMISSIONER**  
**AUSTRALIAN BORDER FORCE**

**Written Opening Statement**  
**Legal and Constitutional Affairs Legislation Committee**  
**Estimates Hearing**  
**Monday, 27 February 2017**

---

We would like to thank the Chair and Committee for the opportunity to provide, and table, a written opening statement.

**THE DEPARTMENT**

The Department of Immigration and Border Protection and its operational arm, the Australian Border Force (ABF), has been operating for more than 18 months. Integration is now complete and we have regenerated to become a 21<sup>st</sup> century border agency.

***Workforce***

Since integration, we have strengthened new integrity and professional standards policies to help protect our officers and reduce risks of infiltration, coercion, corruption and fraud. Between 1 July 2015 and 31 December 2016, we have undertaken 5000 drug and alcohol tests and issued 1388 Employment Suitability Clearances. This financial year, and as at 17 February 2017, I (Secretary) have made 57 notifications of issues to the Commissioner of the Australian Commission for Law Enforcement Integrity for further investigation, as required under a legislative reporting obligation.<sup>1</sup> We are also professionalising the capabilities of our officers by investing in their vocational skill development. By developing a depth of expertise within specialised fields, we are building a breadth of knowledge to benefit the Department collectively.

***Arbitration and Enterprise Agreement negotiations***

In late October 2016, staff had an opportunity to vote on a third proposed Enterprise Agreement that offered pay increases of between 6.4 and 10.7 per cent for the majority of staff. This was rejected. As with the previous two offers, the Community and Public Sector Union (CPSU) directed its members not to support the Department's proposed agreements, and pushed for arbitration. The Department has been upfront from the outset—arbitration is likely to be lengthy, with no guarantees on the outcome. Hearings before the Full Bench of the Fair Work Commission (FWC) are scheduled to run from June to September 2017. After this process, the FWC will determine the terms and conditions of a Workplace Determination. Our current focus is preparing evidence for our proposed Workplace Determination, which comes at a cost of approximately \$145 million over three years, requiring staffing reductions of 656 full-time equivalent (FTE) positions. In contrast, the CPSU's draft Workplace Determination would cost the Department more than \$600 million over three years in salary costs alone, with staffing reductions of more than 1900 FTE, as well as entrenching a range of restrictive practices that prevent the flexibility required for

---

<sup>1</sup> Noting that a notification may not identify a case of actual corruption.

the Department's broad-ranging work. The Department will continue to engage in good faith with the FWC and bargaining representatives throughout the arbitration process.

### ***New headquarters***

Through our new headquarters project, the Department will reduce the number of leased buildings in the ACT from 12 to five, and consequently, decrease its current office accommodation footprint by 13,000 square metres. The total budget for the project is \$255.3 million of which \$181.6 million is related directly to the fit-out costs. The difference—\$73.7 million—is for associated project costs such as staff relocations, ICT, loose furniture, white goods, and any contingencies. Of a \$212 million lease incentive, \$136 million is funded by the building owner with \$76 million to be amortised over the life of the leases. Average fit-out costs are \$2,053 per square metre. This cost includes a number of unique requirements, such as enhanced physical security and specialised operation spaces which a standard department within the ACT would not require. The new headquarters will enable us to consolidate and co-locate key strategic and operational functions which will assist the Department in protecting Australia's border. The project, based on cost-benefit analysis endorsed by the Minister for Finance, offers potential savings of an estimated \$236 million. For clarity, the amounts above are in nominal, not Net Present Value terms.

### ***Enduring challenges and pressing priorities***

Our productivity has been climbing commensurate with escalating border flows. Last financial year, we processed more than 40 million international air and sea travellers, granted more than 7.7 million temporary visas, and processed approximately 35 million air cargo consignments and more than 3 million sea cargo reports. Over the last three financial years,<sup>2</sup> passenger numbers have increased by 11 per cent, visa applications by 15 per cent and inbound goods by 14 per cent. The border environment in this regard remains an enduring challenge. By 2019–20, passengers, visas and goods are forecast to increase by a further 20 per cent, 18 per cent and 26 per cent respectively. Additionally, a minority persist in their attempts to exploit and illegally circumvent our border, including by adopting new and sophisticated techniques. We are witnessing a diversification and intersection of criminal activities, for example, in narcotics, sexual servitude, counterfeit goods and illicit firearms trade. We also have a number of pressing priorities: maintaining anti-people smuggling efforts; implementing the Australia–United States (US) resettlement arrangement for refugees on Manus Island and Nauru; working with the Government of Papua New Guinea (PNG) to decommission the Manus Island Regional Processing Centre (RPC); and resolving the Illegal Maritime Arrival (IMA) legacy caseload in which around 11,000 individuals are still to submit an application for the Temporary Protection visa (TPV) or Safe Haven Enterprise visa (SHEV).

Despite increasing workloads, a broader remit, and being one of the largest revenue collectors on behalf of the Australian Government, the imperative of budget repair means that the Department is operating with reduced financial and staffing resources—we are doing *more* with *less*. Since peaking in 2013–14, our staffing levels have reduced by more than 300. Departmental funding for 2016–17 has decreased by \$130 million from 2015–16 levels, with further reductions of over \$400 million across the forward estimates period. In the period 2013–14 to 2019–20, the Department will deliver savings of \$1.5 billion due to decisions already taken by Government. Of this save, \$1 billion will be delivered in the period 2017–18 to 2019–20. Evidently, there is a careful balance we are trying to sustain—between cost containment, managing increasing border flows and associated risks, and maintaining appropriate service delivery standards.

### ***Modernising for the future—automation, technology, intelligence***

The sheer magnitude of the border flows we are encountering necessitates that we work towards a 'seamless border'—where the majority of legitimate migrants, travellers and traders can move easily and effortlessly across the border without interference or unnecessary delay; where our officers can readily detect transgression and non-compliance in real-time, and focus their attention and intervention efforts on those non-compliant few. The Department must continue to evolve—as it has done in the past—

---

<sup>2</sup> 2013-14 to 2015-16

commensurate with the change brought about by globalisation so we can seize upon its opportunities and manage its challenges. This will require increased automation, harnessing new and digital technologies, and an enhanced capability to collect and analyse big data and intelligence. In the face of resource constraints and the reality of diminishing returns—where offsetting increased border flows with more officers is no longer viable—investment in modernisation is crucial. Equally important is investing in the ongoing professionalisation and repositioning of our staff—it is their skills, insights, wisdom and innovation which will drive the change we need in the years ahead.

This year, the Department's priorities include streamlining and modernising our visa system; improving our facilitation processes; and continuing to build the ABF's capabilities. The Department has already commenced enhancing its intelligence capabilities to enable broad-ranging, intelligence-led threat identification and automated risk profiling in support of the ABF's operational activities. We are moving away from out-dated notions of risk towards a system that proactively assesses threats posed by individual visa applicants and travellers. Our intelligence capabilities will be further supported by enhanced information sharing with national security and law enforcement partners, which in turn will support advanced analytics systems that provide increased awareness of threats to the border.

# # #

We would like to touch on a number of specific matters.

### **OPERATION SOVEREIGN BORDERS**

Operation Sovereign Borders (OSB) continues to successfully counter maritime people smuggling, prevent people from risking their lives at sea, and support Australia's ordered, managed migration programme. It has now been more than 900 days since the last successful people smuggling venture<sup>3</sup> and over three years since the last known death at sea as a result of people smuggling. Since OSB commenced,<sup>4</sup> 29 people smuggling ventures—with over 740 potential illegal immigrants—have been safely returned to their country of departure. Our ability to intercept and turn back people smuggling ventures is stronger than ever, with a committed and highly capable civil maritime surveillance and border security response fleet using the combined resources of the ABF and Australian Defence Force (ADF). We must remain resolute, however, because we know that criminal people smugglers will continue to try to convince uninformed and vulnerable people to get onto unsafe boats. Our on-water capability—reinforced by strategic communications campaigns and regional cooperation—sends a clear signal: the illegal maritime pathway to Australia is closed, and will remain closed. We would like to welcome the new Commander of the Joint Agency Task Force, OSB—Air Vice-Marshal Stephen Osborne—who brings to the role extensive experience in the ADF, particularly in maritime surveillance.

### **VISA AND IMMIGRATION PROGRAMME**

Australia's non-discriminatory migration programme sets it apart from others around the globe. We have a strong history of welcoming, settling and integrating migrants into the community. We have strengthened the integrity of the 457 visa programme to ensure the programme acts as a *supplement to*, rather than a *substitute for*, Australian workers. Changes introduced on 19 November 2016 have reduced the time that a 457 visa holder may remain in Australia after their employment ceases—from 90 to 60 days. The Department has also reviewed the skilled migration occupations lists and the Temporary Skilled Migration Income Threshold, with outcomes from these reviews expected to be implemented later in 2017. Also in November, the Department implemented the Australian Government's reforms to the Temporary Activity visas framework to ensure that the visa application process—including sponsorship—is more efficient and effective. We also made changes to the Working Holiday Maker programme, with a new second year visa option commencing for those who perform specified work in Northern Australia. We have recently implemented trials of an online 10-year validity Visitor (Subclass 600) visa, and simplified Chinese lodgement options for Chinese visitors which includes an online option in Mandarin.

---

<sup>3</sup> 27 July 2014.

<sup>4</sup> 18 September 2013.

Under our universal visa system, all travellers require a valid visa to come to Australia. All visa applicants—regardless of their religion, sexuality, race or nationality—are assessed against criteria set out in Australian migration law, including health and character requirements, before a visa can be granted. The Department has been developing options for modernising our business practices. These include: a visa framework that is simpler for visitors and migrants to understand and access, easier for the Department to run, and positions Australia to attract people with the skills we need to support Australian workers; client services that are easier to use and digitally accessible; and enhanced risk assessment capabilities to support visa decision-makers operating in a more complex and sophisticated threat environment.

## **HUMANITARIAN PROGRAMME**

In contributing to Australia's humanitarian response to the Syrian and Iraqi conflicts, since 1 July 2015, the Department has granted over 19,000 visas to displaced Syrians and Iraqis. As at 3 February 2017, almost 11,000 of the 12,000 additional humanitarian places from this region have been filled. Altogether, close to 17,000 Syrians and Iraqis have arrived in Australia in the 20 months since 1 July 2015. They are being resettled in all states and territories and in both metropolitan and regional areas where settlement services are in place to assist them. The Department of Social Services (DSS) considers many factors when recommending a location, including the availability and adequacy of services, provision of English tuition, education and health providers, and employment opportunities. Over half of Australia's Syrian and Iraqi humanitarian intake are nominated by family in Australia and granted visas under the Special Humanitarian Programme, under which family in Australia provide support and assistance. This includes payment of costs associated with travel to Australia and assistance with initial accommodation and orientation. Under this programme, entrants do not have settlement locations arranged by DSS—they generally choose to live close to family, many of whom are located in western Sydney and Melbourne. All newly arrived humanitarian entrants are eligible to receive intensive assistance during their first year in Australia.

## **AUSTRALIAN IMMIGRATION DETENTION AND ASSURANCE**

### ***Child protection and wellbeing***

Every day, the Department's staff and service providers come into contact with children and families. The Department has a moral obligation—and in many cases, a legal obligation—to safeguard children who are in the Department's care, or whose lives are affected by departmental decision making processes. The influx of IMAs between 2007 and 2013 led to a peak of almost 2000 children in immigration detention in July 2013. Since then, the Department, in cooperation with its domestic and international partners, has been working to provide safe and durable status resolution for all IMAs—adults and children alike. As part of that commitment, the Department continued to remove children from held detention to a point where, in April 2016, there were no IMA children in onshore held detention.

In March 2015, I (Secretary) established the Child Protection Panel and commissioned it to review incidents of abuse, neglect and exploitation of children in immigration detention. In December 2016, the Department published the Panel's [report](#) and its [response](#) to the report's recommendations. The Panel will reconvene in late 2017 to review the Department's implementation of its recommendations and assess the effectiveness of the [Child Safeguarding Framework](#) (launched in October 2016) and the underpinning policies and procedures. The Department is continually working to improve its policies and practices around the reporting of, management and response to incidents of child abuse, and to provide appropriate training and leadership to staff and service providers. Moreover, we are committed to working with state and territory child protection agencies which have legislative responsibility for the safety and wellbeing of children.

### ***Detention Capability Review***

The Department released the Detention Capability Review report in January this year. The review was undertaken to enhance immigration processes and ensure that the Australian immigration detention network is affordable and sustainable for the future, including an ability to respond to capability requirements in the medium and longer-term. The Department's Executive has endorsed all of the review's

43 recommendations to support a series of changes across the Australian immigration system. Implementation of all recommendations will be a sustained process over multiple years, but several key elements are already well underway.

### ***Legacy caseload***

While there has been good progress in resolving the IMA legacy caseload of more than 30,000 people, considerable work remains, as around 11,000 people are still to submit an application. All eligible IMAs have now been invited to apply for a TPV. As at 31 January 2017, nearly 30 per cent of IMAs have had their claims for protection assessed and decided. The Department has been working with communities to increase their understanding of the application process (information is available online in 10 key IMA languages) and reinforce the requirement for individuals to apply. Those who are most vulnerable—such as unaccompanied minors—have access to funded application assistance. Since mid-October 2016, the Department has finalised over 5000 Freedom of Information requests and provided key documents through administrative release arrangements to a further 2500 IMAs. All IMAs now have ready access to key documentation for the purpose of putting forward their claims.

IMAs who apply for a TPV are provided with a range of support services while their application is being assessed. This includes access to Medicare and schooling services for their children, income support if they are not working, and torture and trauma counselling. Failure to lodge a visa application and maintain contact with the Department will be taken as an indication that an IMA no longer intends to seek protection in Australia. This can affect support services provided, and impact an individual's Bridging visa status. IMAs who are found not to be owed protection—or who do not lodge a TPV or SHEV application—are expected to depart Australia. We have already removed from Australia some of those individuals and more will follow. Between 8 September 2013 and 31 December 2016, 1014 IMAs have been removed (768 voluntarily and 246 involuntary) and 1288 IMAs have departed from the Australian community.

### ***Returns and removals***

The Department has established a National Returns and Removals Taskforce to effect more timely departure outcomes for individuals who have no right or legal basis to remain in Australia. Preliminary operational performance data for January 2017 demonstrates an improvement on results for the same month last year, with 1279 removals and returns from the Australian community effected (an increase of nine per cent). This included 271 removals from airport turnarounds (an increase of 14 per cent), 230 removals from held detention (an increase of 23 per cent), and 10 prison to plane transfers (an increase of 400 per cent). For the 2017 calendar year, and as at 10 February, 1600 returns and removals from Australia have been effected.

## **OPERATIONS—INVESTIGATIONS, ENFORCEMENT AND COMPLIANCE**

### ***Illicit drugs***

In recent months, the ABF has made significant detections of both cocaine and methamphetamine.

- On 11 November, the joint ABF-Australian Federal Police (AFP) **Operation Kragle** resulted in the seizure of 90 litres of liquid methamphetamine—with an estimated street value of \$54 million—after its attempted importation on a vessel travelling to Australia from China.
- On 12 December, following Maritime Border Command's sighting of an unidentified vessel, ABF maritime and AFP officers searched the vessel, seizing approximately 186 kilograms of cocaine with an estimated street value of over \$60 million. The joint-agency **Operation Trapani** resulted in the arrest of all 10 crew members.
- On Christmas night 2016, the ABF—together with federal and state police—seized approximately 500 kilograms of cocaine in New South Wales. **Operation Okesi** was part of an international multi-agency effort which also saw, in March last year, the seizure of more than 600 kilograms of cocaine in Tahiti which was destined for Australia. The combined 1.1 tonnes of the drug was estimated have a street value of about \$360 million. 15 men allegedly involved in the Australian criminal syndicate have been charged with drug importation offences.

- On 6 February, six people were arrested following the largest-ever seizure of cocaine in Australia's history. The joint multinational investigation **Operation Armour**—involving the ABF, AFP, ADF and authorities from New Zealand, Fiji and French Polynesia—resulted in the seizure of 1.4 tonnes of cocaine with a street value of \$312 million from a yacht intercepted approximately 200 nautical miles east of Sydney.
- Also in February, **Operation Bromley** saw four people arrested for allegedly importing approximately 254 kilograms of cocaine and 104 kilograms of methyl-amphetamine with an estimated value of more than \$186 million.
- On 2 February, two men were arrested under the joint ABF-AFP **Operation Bamstaple** after approximately 162 kilograms of methamphetamine was detected in sea cargo. The seizure—with an estimated value of \$162 million—has prevented more than 1.6 million street deals.

In keeping illicit substances and drug trafficking crime off Australian streets, the ABF is also helping prevent the flow on effects of drug use—namely, harm to Australian families and children; hospitalisation as a result of drug overdoses and associated pressures on our health system; and incidents of domestic violence.

### ***Illicit tobacco***

The Tobacco Strike Team (TST) has continued to disrupt imports of illicit tobacco by organised crime syndicates and those attempting to evade import duties. Since it began operation in October 2015, the TST has seized in excess of 40 tonnes of smuggled tobacco and 95 million smuggled cigarettes; issued penalties worth \$4.2 million; and, working with the AFP, restrained over \$7.5 million in proceeds of crime. Noting the diversification and intersection of criminal activities taking place in the border environment, the TST's success in preventing revenue evasion from the attempted illicit tobacco importation helps stem onward criminal reinvestment in other activities, for example, narcotics and illicit firearms trade, sexual servitude, and counterfeit goods production.

### ***Visa exploitation***

Taskforce Cadena has continued to make progress towards tackling systemic visa exploitation. Since being established, the Taskforce has completed 13 operations, resulting in the detention of 156 unlawful non-citizens and 36 warrants being executed. While some of these matters are ongoing, offences include the referral or employment of unlawful non-citizens, the concealment or harbouring of non-citizens, and visa holders being in breach of visa conditions.

### ***Immigration compliance***

The Department and ABF are engaged in regular operations around the country targeting individuals and companies who are either employing non-citizens who do not have work rights, or those engaged in worker exploitation across a wide range of industries. In particular, we have been focussed on the agriculture and transport sectors, as well as the sex industry. Between 1 July and 31 December 2016, we have:

- made more than 7900 locations of unlawful non-citizens including more than 1000 illegal workers.<sup>5</sup> Of these 7900, more than 75 per cent voluntarily approached the Department to resolve their immigration status
- made more than 1800 non-voluntary locations as a result of field operations
- issued more than 200 illegal worker warning notices to employers for employing unlawful non-citizens or non-citizens in breach of their visa conditions
- and cancelled more than 27,000 visas for a variety of reasons.

### ***Character cancellations***

Since legislative changes in December 2014, and up to 31 December 2016, 2057 non-citizens have had their visas cancelled (including consequential cancellations) and 820 have been refused a visa under the

---

<sup>5</sup> Some non-citizens may have been located more than once in any given programme year. Each location event is counted.

character provisions at section 501 of the *Migration Act 1958*. Non-citizens from New Zealand, United Kingdom and Vietnam comprise the top three nationalities of non-citizens who have had their visas cancelled under section 501 of the Act. The Department continues to work with law enforcement and other agencies to identify and, where appropriate, cancel visas for non-citizens engaging in gang violence or other criminal activity, particularly targeting outlaw motorcycle gangs (OMCGs). We have been working closely with Victoria Police's Operation Cosmas to deal with members of the APEX gang. As part of this cooperation, Victoria Police provided the Department with a list of alleged APEX members who may be subject to visa cancellation and removal based on criminal or character grounds. As at 6 February 2017, six APEX gang members have had their visas cancelled. In addition, since the legislative changes and as at 31 December 2016, 138 OMCG members, associates or those involved in organised crime cases have had visas cancelled or refused.<sup>6</sup>

### **Customs compliance**

By using an intelligence-informed, evidence-based approach to managing trade compliance risks associated with regulated and prohibited goods, revenue evasion and cargo integrity, the ABF can better focus and target its resources on those who seek to circumvent border controls. This financial year, and as at 31 December, the ABF has:

- conducted more than 12,000 customs cargo control and compliance checks (an increase of more than 24 per cent on the same period last year)
- assessed more than 61,000 targeted import and export declarations pre-clearance (an increase of more than 19 per cent on the same period last year)
- issued more than 145 infringement notices (an increase of more than six per cent on the same period last year)
- and recovered more than \$20 million in customs duty and more than \$28 million in GST through compliance activities.

### **Asbestos**

We are continuing our increased operational focus to deter and detect goods suspected of containing asbestos from entering our border. The ABF uses intelligence systems which currently have 48 different asbestos risk profiles and alerts that identify and target high risk shipments, goods, countries of origin, suppliers and importers of concern. In the 19 months to the end of January 2017,<sup>7</sup> the ABF targeted 6617 shipments, resulting in 446 examinations and 22 detections of asbestos-contaminated goods. This is compared to the previous 19 months<sup>8</sup> in which 342 shipments were targeted, resulting in 26 tests and 15 detections. Evidently, there has not been an equivalent proportionate increase in the overall number of positive detections despite an intensification of efforts. Moreover, early results of the six-month sampling programme indicate that there is not widespread importation of goods containing asbestos. As at 31 January 2017, 90 consignments have been tested for asbestos under the programme with nil positive detections.

### **Detention operations**

Australia's immigration detention capabilities have adapted over time in response to large scale changes in the migration environment, including the surge and subsequent cessation of IMAs. While the past two years have seen a significant reduction in the number of detainees in Australian immigration detention—1351 as at 31 January 2017, compared with 2298 as at 31 January 2015—the Department has also seen an increase in the percentage of high-risk detainees, such as those with a criminal history and links to criminal associations, including OMCGs.

---

<sup>6</sup> ACT 3; NSW 40; NT 2; QLD 22; SA 12; TAS 4; VIC 12; WA 31; offshore 12.

<sup>7</sup> 1 July 2015 to 31 January 2017.

<sup>8</sup> 1 December 2013 to 30 June 2015.

The ABF continues to make Australia's immigration detention facilities (IDF) safer and more secure. We have reviewed our standard operating procedures; continue to deploy ABF Superintendents into IDFs who are working directly with service providers; improved IDF infrastructure; and have adopted a new risk-based placement model to minimise the number of people held in detention—particularly vulnerable people. Additionally, Operation Safe Centres provides coordinated activity to deter and disrupt criminal and high risk behaviour. As part of it, we are introducing enhanced screening arrangements to prevent contraband entering IDFs. Through our ongoing enhancements to the management of the immigration detention network, we are able to better detect, prevent and respond to criminal activity and reduce the smuggling of contraband, such as drugs or weapons. As a result of these initiatives, between the 2014–15 and 2015–16 financial years:

- assaults, including major assaults, have decreased by approximately 20 per cent
- actual self-harm incidents have reduced by approximately 25 per cent
- major disturbances are significantly lower by approximately 60 per cent
- sexual assaults have decreased by approximately 35 per cent
- and escapes have decreased by approximately 20 per cent.

### ***Counter Terrorism and National Security***

In this financial year, and as at 22 January 2017, the ABF's Counter Terrorism Unit teams have conducted more than 137,000 assessments and more than 7800 patrols nationally. This has resulted in over 500 positive outcomes including the detection of over \$5 million in undeclared excess currency.

### ***Maritime***

Between October and December 2016, the ABF apprehended seven foreign fishing vessels which were illegally fishing in Australian waters. The enforcement activity resulted in the catch being confiscated, vessels destroyed, and crews prosecuted. In December 2016—in response to a request from the Government of PNG—an ABF surveillance aircraft participated in a joint patrol which helped locate and identify three Vietnamese illegal fishing vessels east of PNG. The boats were subsequently intercepted by PNG, with a total of 50 divers apprehended. This highly successful operation is testimony to the ABF's collaboration with the Government of PNG on maritime security issues—a result of a Memorandum of Understanding signed between the ABF and the PNG Customs Service in December 2016.

### **TRADE AND TRAVELLER FACILITATION**

The success of Australian Trusted Trader continues, with over 450 expressions of interest received since the programme commenced last July. Since last estimates, we have welcomed several new accredited trusted traders which include, as at 20 February 2017, Ikea Supply AG, Matrix Composites & Engineering Ltd, Landis & Gyr Pty Ltd, Customs Agency Services Pty Ltd, Hospira Australia Pty Ltd, and Airbus Group Australia Pacific Limited. We have also made progress towards Mutual Recognition Arrangements (MRAs) with key trading partners. A statement of intent has been signed with Thailand, and departmental officers will be meeting with delegates from China and Canada in March to further MRA negotiations.

Within the traveller environment, the weekend of 7-8 January was an all-time record for traveller movements at Australia's major international airports, with 148,069 and 147,858 arrivals and departures recorded on Saturday and Sunday respectively. Of these, 65 per cent self-processed through automated departure and arrival gates each day.<sup>9</sup> Tellingly, in 2016, more than 16 million passengers used automated Departure SmartGates at our international airports—that averages to more than 40,000 people using the latest technology to depart Australia every day. It is expected that by May–June 2017, the total number of travellers that will have used Departure SmartGates since their introduction will be around 24 million—equivalent to Australia's population.

---

<sup>9</sup> That is 96,440 of the 148,069 on 7 January 2017; 97,322 of the 147,858 on 8 January 2017.



On 14 December, the Department released a Request-for-Tender for the supply and implementation of a new automated border control processing solution. We anticipate that next generation technology will allow at least 90 per cent of passengers to self-process through airports by 2020. We look forward to providing an update on this process in further hearings.

### **THIRD COUNTRY RESETTLEMENT AND REGIONAL PROCESSING**

#### ***Resettlement arrangement***

We welcome the US Government's commitment to the arrangement entered into with Australia to support the resettlement of refugees from Nauru and PNG. Pre-screening of individuals is being undertaken by US authorities in Nauru and PNG. It is a matter for the new US administration to decide which refugees are eligible for admission through the US Refugee Admissions Program, and all refugees will be subject to their screening requirements.

The Department continues to have discussions with other countries to further expand resettlement opportunities for refugees. We are committed to working with the Governments of Nauru and PNG to assist them with finding enduring outcomes for those subject to regional processing. Refugees in Nauru can stay there for up to 20 years, or volunteer to resettle in Cambodia; refugees in PNG can settle there. People determined not to be in need of protection are being encouraged to return home voluntarily. Non-refugees can access substantial assistance packages to help them return home with dignity and successfully re-establish themselves in their home country. Moreover, the Department is working closely with the Government of PNG to close the Manus RPC, with some buildings already removed.

#### ***Health and medical services***

The Department has contributed significant funding and clinical expertise to the Governments of PNG and Nauru. This includes Australian Government investment of up to \$26.5 million for upgrades to the Republic of Nauru (RoN) Hospital. The Department's Health Services Provider—International Health and Medical Services (IHMS)—provides additional outreach and capacity building support to the local communities, including provision of obstetric and neonatal services, orthopaedic and ear, nose and throat (ENT) specialists. The Department has also assisted in the purchase of a CT scanner for the RoN Hospital, with IHMS providing the ongoing training and supervision of medical technicians employed by the RoN Hospital. Additionally, approximately \$44 million was invested for the Manus RPC medical centre which provides a pharmacy dispensary, operating theatre, general treatment wards, an isolation ward, and a mental health ward with individual treatment rooms.

#### ***Education support***

The management of the education system in Nauru is a matter for the Government of Nauru; however, the Department supports the Nauru Department of Education through various initiatives. Expatriate professional development and teacher support services were provided in 2016 to support curriculum development and educational practice in Nauru schools. These services will again be provided in 2017, as well as supporting the implementation of a national quality schools standards framework. The Department has contributed \$11.1 million in funding for the Nauru Primary School's expansion and \$4.8 million towards a Community Resource Centre.

#### ***Nauru Files***

As previously highlighted, the Department has reviewed the 'Nauru Files' which were published by *The Guardian* on 10 August 2016 and 19 September 2016. We can confirm that the large majority of the incidents—approximately 80 per cent of those matched—had immediate and appropriate action taken.

#### ***ANAO Report***

The Department has considered the findings of the Australian National Audit Office's (ANAO) two reports relating to the RPCs in Nauru and PNG—entitled *Procurement of Garrison Support and Welfare Services* (September 2016) and *Contract Management of Garrison and Welfare Services* (January 2017). We agree with the recommendations and are already addressing issues raised by each report.

In terms matters raised in the second report, we wish to offer two points of clarification:

- First, it is important to fully appreciate the context in which these contracts were established. They were developed during a time of great uncertainty for the Department, and for the nation. The Department was under immense pressure to simultaneously manage thousands of asylum seekers, negotiate with host governments, engage service providers, and manage the logistics for RPCs. The strain on the Department's resources was severe.
- Secondly, the Department disagrees with the allegations that we made \$2.3 billion in payments *without appropriate authorisation* and that these funds were *improperly spent*. What the ANAO identified within this audit was that the second step—payment authorisation—was not fully evidenced, or payments had been authorised by a delegate who did not possess the appropriate delegation to approve such payments. We acknowledge these administrative errors occurred, however, it should be noted that i) all payments were in accordance with the purposes of the contract, ii) the initial contracts were approved by appropriate spending delegates in the first instance and, iii) there has not been any identification of fraudulent or inappropriate payments.

### **LOOKING AHEAD**

The work of the Department and the ABF is a fine balancing act between facilitation and enforcement and compliance. It requires pragmatism and steering a middle course through an increasingly polarised and contested public and media discourse. By meeting the challenges of our operating environment and being supported in transforming our business model, the Department will be well positioned and well equipped to support our nation's transitioning economy, promote a socially-cohesive and sustainable society, and better protect the Australian public.

Thank you.

ENDS