

Investigation into delays in processing inbound Containerised Sea Cargo

THE DEPARTMENT OF HOME AFFAIRS
THE DEPARTMENT OF AGRICULTURE AND WATER RESOURCES

May 2018

Report by the Commonwealth Ombudsman,
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REPORT NO. **04 | 2018**

CONTENTS

EXECUTIVE SUMMARY	1
Recommendations	4
PART 1. INTRODUCTION AND SCOPE OF INVESTIGATION	6
Background	6
Scope	7
PART 2. INBOUND CONTAINER PROCESS	8
Container Examination Facilities	8
PART 3. COMPLIANCE ENVIRONMENT	10
Border holds	10
Integrated cargo system (ICS)	10
ICS messaging	10
<i>Broker office visit</i>	11
Container Examination Facility logistics	11
Container Examination Facilities in focus	12
<i>Case study</i>	12
<i>Complaints received by the department – container clearance delays and associated fees and charges</i>	13
Surge staff	13
Levels of inspection and examination	14
Inspection/examination targets	14
Managing competing priorities	15
Late targeted containers	16
Cost recovery	17
Free storage	17
Late lodgement	18
Service standards and statistics	18
Global Feedback Unit	20
<i>Case study</i>	20
<i>Complaints received by the Ombudsman’s Office about Customs</i>	21
Compensation	21
ABF Claims for compensation from Industry	22
<i>Case study</i>	22

Asbestos	23
<i>Case study</i>	24
<i>Case study</i>	25
Trusted Trader	25
DIBP and DAWR websites	26
Department of Agriculture and Water Resources	26
Collaboration between the ABF and DAWR	27
DAWR’s cost recovery model.....	27
Intermodal ports.....	28
Industry Issues.....	28
PART 4. FINDINGS	29
APPENDIX 1 – RESPONSE FROM THE DEPARTMENT OF AGRICULTURE AND WATER RESOURCES	31
APPENDIX 2 – RESPONSE FROM THE DEPARTMENT OF HOME AFFAIRS	33

EXECUTIVE SUMMARY

In May 2017 the Commonwealth Ombudsman’s Office commenced an own motion investigation into the administration of powers under the *Customs Act 1901* (the Act) by the then Department of Immigration and Border Protection’s (the department) operational arm, the Australian Border Force (ABF).¹

In late 2016 the former Commonwealth Ombudsman was approached by representatives of the peak body for freight forwarders and brokers, the Customs Brokers and Freight Forwarders Council of Australia (CBFCA). They raised concerns about unnecessary delays stemming from the ABF’s administration of its customs related powers.

Since July 2012 and to the commencement of this investigation, the Office has received 356 approaches related to the border control area of the ABF. The issues complained about were varied, however some of the reasons for delays in inbound freight raised concerns regarding the reasonableness and consistency of the ABF’s handling of the clearance of inbound containerised sea cargo.

This investigation sought to gain an understanding of how the ABF manages border compliance in the containerised sea cargo environment, and how this affects the legitimate supply chain. We expanded the investigation to include the biosecurity functions of the Department of Agriculture and Water Resources (DAWR) as it works collaboratively with the ABF in this space.

The containerised sea cargo industry is a complex commercial environment. The ABF and DAWR protect Australia’s border through regulatory compliance activities as goods enter the country. The legislated requirement to lodge import documentation for inbound cargo places both departments firmly in the centre of the importation process.

Both also have broad powers to remove cargo from the supply chain for inspection. This investigation did not focus on the ABF or DAWR’s methodology to determine which consignments are targeted for inspection. Rather, we focussed on the efficiency of the administrative systems and the procedures that support the exercise of these powers.

This investigation identified that while the ABF has well-established administrative processes to manage containerised sea cargo compliance, more could be done to manage backlogs at Cargo and Container Examination Facilities (CEFs). This in turn could avoid delays and reduce the costs imposed upon industry.

Containers selected for border holds by the ABF and DAWR may be delayed for various legitimate reasons, for example, the detection of illegal, prohibited or under-declared goods. In circumstances where detections are made, it is reasonable to expect delays or the seizure of a consignment. Delays may also be reasonable where no detections are made including due to the timeframes for de-fumigating containers, physically unpacking goods, and laboratory testing of goods during the examination process.

We are however concerned about instances where containers sit at the terminal for extended timeframes awaiting inspection. The investigation identified the major reason for

¹ At the time this investigation commenced, the responsible department was the Department of Immigration and Border protection. On 20 December 2017, the Department of Home Affairs was established.

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

these delays was the reduced operational capacity at CEFs during peak times. The requirement for simultaneous physical examinations at times when staff are unavailable due to surge redeployment was also identified as a significant cause of pre-inspection delays.

The ABF, like the Australian Public Service more generally, is currently subject to a cap on average staffing levels (“the ASL cap”). There are growing numbers of containers entering Australia, just as there are growing numbers of passengers, visa applicants, and other volumetric challenges confronting the ABF and the wider Department of Home Affairs.

A critical challenge for the whole Department, therefore, is how to manage increasing volumes across its business, so much of which present risks of harm to the Australian community, while living within the ASL cap. This requires smart and increasing use of technology, relentless examination of business models and being very clear about what tasks are prioritised over others.

As the Department embarks on another major reform agenda it would be timely to review its performance targets in relation to CEFs (and perhaps more generally) to ensure its targets are realistic and informed by a relative assessment of cost, risk and priority, and which balance the perennial challenge of protecting Australia while facilitating the rapid movement of legitimate trade and travellers.

The idea that the ABF ought to be a professional, multi-skilled and flexible operational arm of the Department was central to its creation. However, if arbitrary targets are set for it in particular areas of activity that don’t match contemporary operational priorities or the reality of resourcing levels, it will fail to meet the legitimate expectations of stakeholders.

One such stakeholder group is container importers who can accept that a level of scrutiny is brought to bear on container imports but who find it difficult to accept lengthy delays and additional costs if the scrutiny function takes too long or is poorly administered, explained or targeted.

The ABF should consider introducing a timeliness target for performing its scrutiny of containers because this will ensure that it does not lose sight of its facilitation role in the performance of its border protection mandate. Similarly, if it can’t meet the volumetric target for container examinations because, for example, airport operations are of a higher priority on a given day or more generally, then it should reduce the target rather than delaying trade for limited effect.

We also identified a number of other functions, within the containerised sea cargo environment, which are open to improvement. These are:

- consider upgrading the smaller CEFs to include larger x-ray technology
- the need for the ABF, in consultation with industry, to develop and make publicly available on its website plain English guidance information on the messaging capabilities of the ICS when used in conjunction with appropriate software.
- the quality and timeliness of responses from the department’s Global Feedback Unit (GFU) to complainants
- the manner in which the ABF conducts inspections and examinations for asbestos, and

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

- improved collaboration between ABF and DAWR on containers that require inspection by both agencies. Currently, each agency conducts separate operations for a single container.

This investigation also noted that Australian businesses can apply to join the Australian Trusted Trader programme. This programme seeks to improve the movement of legitimate freight across Australia's border. Trusted Traders must be able to ensure the security of their supply chain and provide accurate and timely documentation. In return, the ABF adopts a light-touch approach to compliance monitoring of their imports.

Recommendations

Recommendation 1

The department increase x-ray capacity at the smaller ports to increase inspection capacity and reduce inspection timeframes and the need to physically unpack containers and pallets.

Recommendation 2

The ABF, in consultation with industry, develop and make publicly available on its website plain English guidance information on the potential messaging capabilities of the ICS when used in conjunction with appropriate software.

Recommendation 3

Noting the difficulty the department has in meeting targets, combined with increased delays in the processing of containerised sea cargo and an increasing number of complaints, the department consider one or more of the following:

- increasing staffing levels at CEFs by placing a lower operational priority on another activity, or
- proactively adjusting the number of containers inspected in line with operational capacity by reducing the number of priority 4 containers inspected, or
- better utilising the surge model at CEFs to increase inspection capacity in periods of peak work load or following periods where the number of containers inspected has had to be temporarily reduced to cater for other operational priorities, and
- increasing the pool of ABF officers who are trained in the inspection and examination technologies employed at CEFs.

Recommendation 4

The department:

- introduce service standards for container inspection based on the three day free storage period that require the majority of containers selected for inspection to be processed within three days, unless a detection has been made, and
- maintain annual statistics on the time taken to inspect containers.

Recommendation 5

The department improve complaint handling by providing timely and detailed responses to complainants utilising subject matter experts.

Recommendation 6

In cases where the ABF has not been able to process containers efficiently, consideration should be given to advising complainants of compensation schemes available under the *Public Governance, Performance and Accountability Act 2013*.

Recommendation 7

The ABF to work with industry to improve its methodologies for asbestos risk assessment to reduce the repeated targeting of importers with a history of compliance, except where new information suggests such targeting is appropriate.

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

Recommendation 8

The ABF review its website to increase its functionality and user-friendliness for those seeking to import freight by sea and ensure that information and links are clearly laid out and updated on a regular basis.

Recommendation 9

The department and DAWR increase collaboration for container inspections and where possible, conduct inspections in the same location and at the same time.

Recommendation 10

DAWR revise its cost recovery model to ensure importers are charged the same for the assessment of identical import declarations based on the real cost of proficient operational activity.

PART 1. INTRODUCTION AND SCOPE OF INVESTIGATION

Background

1.1. The containerised sea freight industry is a complex and mature international commercial environment. The industry is long established and highly evolved with many of today's shipping routes and ports being in continuous use for centuries.

1.2. The Department of Home Affairs' operational arm, the Australian Border Force (ABF) and the Department of Agriculture and Water Resources (DAWR), protect Australia's borders from the entry of illegal or harmful goods and monitor for economic non-compliance.² In the 2015–16 financial year, 2.5 million shipping containers crossed the border into Australia. Of these containers the ABF inspected over 96,000 Twenty Foot Equivalent Unit (TEU)³ and examined over 12,000 TEU.⁴ In 2016–17 the number of containers the ABF inspected was 84,674 TEU with 10,864 TEU examined. Prior to 2016 the ABF operated off targets contained in the Portfolio Budget Statement (PBS). The number of containers inspected in both years was below the PBS and Corporate Plan target of 101,500 TEU.⁵

1.3. In 2016–17 the inspection target was not included in the PBS and was moved into the Department of Immigration and Border Protection (DIBP) Corporate Plan in alignment with the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and Whole-of-Government reforms to performance reporting led by the Department of Finance. While there is no CEF inspection target in the 2017–18 DIBP (Home Affairs) Corporate Plan, the ABF has advised that it is currently operating on a target based on the actual inspection and examination figures from 2015–16 (96,637 inspections) with a variance of +/- 10 per cent as its target. In 2016–17 DAWR conducted 130,000 Wharf Gate sea container inspections and 45,000 Country Action List (CAL) sea container inspections.⁶ DAWR does not have a PBS or Corporate Plan target for sea container inspections.

1.4. The ABF and DAWR have broad powers to undertake inspections and examinations of freight as it crosses the border. Inbound containers are targeted for inspection through covert intelligence and overt risk profiling. The ABF works in collaboration with other law enforcement and national security agencies to monitor and intercept illegal imports.

1.5. At the time we commenced this investigation, the Ombudsman's Office had received 356 approaches about the ABF and the former Australian Customs and Border Protection Service (ACBPS) since July 2012. Since 2015 complaints involving delays to inbound containerised freight as a result of border compliance interventions make up the largest category of complaints received about the ABF's use of powers in the *Customs Act 1901*.

² Economic non-compliance covers a broad range of matters related to revenue evasion such as under declaring of goods, correct tariff classifications and trademark infringements.

³ The international standard for a shipping container is the TEU. This standard was developed to create to a consistent metric to counter the differing sizes of containers used in the sea cargo environment. All container movements throughout the world are measured in TEU.

⁴ Previously inspection and examination targets were set out in the Portfolio Budget Statements (PBS). The DIBP national target for inspection in 2016–17 was $\leq 101,500$ TEU.

⁵ Department of Immigration and Border Protection Annual Report 2016–17, page 94

⁶ Department of Agriculture and Water Resources Annual Report 2016–17, page 78

Scope

1.6. In May 2016, we commenced an own motion investigation to examine how the ABF manages compliance inspections and examinations of inbound containerised sea cargo. We also considered the effect of compliance activity on the supply chain and sought to identify what measures, if any, could be undertaken to minimise instances of undue delay that results in additional costs to industry. In July 2017, we expanded the investigation to include the biosecurity functions of DAWR.

1.7. The methodology used by the ABF and DAWR to determine which containers are selected for inspection and examination was not within the scope of this investigation.

PART 2. INBOUND CONTAINER PROCESS

2.1. All shipping containers that cross the border into Australia are risk assessed by the ABF and DAWR prior to arrival utilising an intelligence informed risk based approach. Around three per cent of these containers are selected for inspection and examination each year.

2.2. Inbound containers arriving by sea must be reported to the ABF and DAWR through a cargo report at least 48 hours before the first port of arrival in Australia. To access free cargo storage arrangements import declarations must be provided 24 hours prior to a ships arrival in port. The cargo report and import declaration contain information about the exporter, importer, the goods being imported and the country of origin. This information is used to determine which containers may pose a risk.

2.3. Risk assessments are often undertaken while vessels are in transit (although they may also occur after a vessels arrival). Once complete, the ABF and DAWR inform the Container Terminal Operator (CTO) which containers are to be held and which ones are clear for release. Upon arrival, the vessel is unloaded and containers are given three days free storage at the port terminal. Pre-cleared containers are moved to a holding area at the terminal to await collection. Held containers remain at the port terminal until they are transported to a CEF for inspection.

2.4. The order in which a container is inspected or examined is usually determined by the assigned risk rating (see paragraph 3.17 for the table setting out these risks) although other factors such as fumigant levels may impact the order in which containers are inspected or examined. How a container is inspected will depend on the capacity of the CEF.

Container Examination Facilities

2.5. CEFs are purpose built inspection and examination facilities that utilise a range of technologies to assist in the detection of prohibited goods and in verifying economic compliance. The larger CEFs located in Melbourne, Sydney, Brisbane and Fremantle utilise container x-ray technology. This is capable of scanning full containers while loaded on a truck. All containers selected for inspection or examination at these larger ports are x-rayed, regardless of the risk priority.

2.6. The smaller CEFs do not have container x-ray capacity. Cargo examined in these ports is physically unpacked and items are scanned through a range of smaller x-ray devices. If no detections are made throughout this process, the container is re-packed and returned to the terminal and the hold is lifted. If a detection is made, it is referred to the relevant area of the ABF or an external law enforcement agency.

2.7. The ABF uses three types of x-ray technology in its CEFs. The largest is a full container x-ray which is capable of scanning two 40 foot containers in a single scan while still loaded on a truck. The next level is the pallet x-ray which scans individual pallets and items capable of fitting on a pallet. The smallest is the cabinet x-ray like those used for passenger screening at airports. These are capable of scanning small individual items.

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

2.8. The Sydney, Melbourne, Brisbane and Fremantle CEFs house full container x-ray technology. In addition, these ports utilise pallet and cabinet x-ray. The smaller CEFs utilise pallet and cabinet x-ray and some have very limited x-ray capacity and primarily rely on manual unpack and physical inspections.

2.9. Once a container is x-rayed, the truck moves to a holding area while the images are analysed by a dedicated imaging specialist. High priority containers are automatically screened-in for physical examination once x-rayed. Lower priority containers are x-rayed and if no anomalies are identified, they are returned to the terminal and the hold is lifted. If the image analyst identifies an anomaly in an x-ray, the container is screened-in for unpack or partial unpack to further explore the anomaly. All containers selected for examination are physically unpacked and smaller items are then further x-rayed through pallet and cabinet x-ray devices.

2.10. The ability to x-ray containers and pallets dramatically increases the capacity of CEFs to undertake inspections of cargo. At the CEFs that have container x-ray capacity, two containers can be x-rayed in a matter of seconds with the images then visually analysed by a dedicated imaging specialist. Our Office was advised on our visit to the Sydney CEF that its container x-ray capacity allows them to inspect up to 100 containers per day. In contrast the smaller CEFs, which lack even a pallet x-ray, would have capacity to examine one container per day as they have to manually unpack not only the container, but each individual pallet and then physically inspect larger packages or individually x-ray smaller packages.

Recommendation 1

The department increase x-ray capacity at the smaller ports to increase inspection capacity and reduce inspection timeframes and the need to physically unpack containers and pallets.

PART 3. COMPLIANCE ENVIRONMENT

Border holds

3.1 A border hold is the instrument by which containers are removed from the supply chain for inspection or examination. A container can be subject to multiple, simultaneous border holds and all must be lifted before release. Holds can be placed on a container by a number of business areas within the ABF, biosecurity officers from DAWR and upon request from external agencies. Containers subject to a hold are under customs control as per section 30 of the *Customs Act 1901*. It is an offence to interfere with, or release a container while under customs control. Goods are released from customs control once all holds (including holds for the payment of applicable duties/taxes and import processing charges) are lifted and the status is updated in the Integrated Cargo System (ICS).

3.2 The ABF intercepts a wide variety of illegal imports including, drugs, precursor drugs, tobacco, firearms and ammunition, along with detections relating to trademark, copyright and undeclared goods.

Integrated cargo system (ICS)

3.3 The Integrated Cargo System (ICS) is the ABF's central system for managing containerised sea freight as it crosses the border. The ICS was rolled out in three phases between 2003 and 2005 and utilises a late 1990's interface. The ABF and DAWR use the ICS to monitor all aspects of a container's pathway as it crosses the border. Brokers have access to the front end of the ICS to monitor inbound freight. External access to the ICS is facilitated through the issuing of a digital certificate by the contracted company Symantec. Brokers can access the ICS through direct login or through third party software developed for their individual business needs.⁷

3.4 The ICS displays a held status for containers subject to a border hold. Importers and brokers only see the container status in ICS and are not provided any additional information as to why the container is held. Providing additional information to external stakeholders has the potential to compromise the integrity of the ABF's border operations and could be exploited by those wishing to engage in illegal activity.

ICS messaging

3.5 One of the major issues raised by industry is the lack of an effective messaging system as outlined in the case study below. A frequent complaint of brokers and peak bodies representing importers was that brokers (or more specifically an employee of a broker who has been assigned the ICS user role of cargo reporter) do not receive proactive alert messages. When a container is released from all border holds, the status is changed to 'cleared' in the ICS. Industry contends that brokers are required to constantly monitor the ICS for changes in status as additional delays in storage results in additional costs.

⁷ There are approximately twenty five (25) different *External User Roles* in the ICS, including Licensed Roles. Roles control what functionality users have access to and allow clients to report different documents/notices in the system. Users are only able to access/view information in relation to cargo in which they have a vested interest, i.e. cargo for which they play some part in the import or export process.

3.6. The ABF has advised it utilises EDI (Electronic Data Interchange) for communication between industry users' systems and the ICS. EDI enables a range of messaging functionality including real time updates on the status of cargo. Users wishing to utilise EDI messaging can purchase a commercial-off-the-shelf software package or develop 'in-house' software that more specifically addresses their needs. ABF has advised that there are currently thirty two (32) commercial software developers listed as having developed EDI software packages for communicating with the ICS. Commercial and in-house developed packages must adhere to the specifications outlined in the current Software Developers Guide (SDG).

3.7. Despite the capabilities of the EDI and the numerous commercially available software packs that interact with the ICS, it appears that industry is not fully aware of the full range of capabilities of the systems and associated commercially available software.

Broker office visit

We visited the depot of a large broker in Sydney. We observed a broker at the business constantly checking the status of containers in the ICS. The manager of the business advised that brokers are often required to work on weekends with the exclusive purpose of checking the ICS for releases. For high volume importers like the one visited, this constant checking of the ICS is inefficient and a resourcing impost.

3.8. In our view, an alert message in the form of an email, text message or other form of instantaneous individualised alert would greatly improve the ability for industry to manage cargo subject to a border hold and would work towards reducing storage costs for uncollected containers.

Recommendation 2

The ABF, in consultation with industry, develop and make publicly available on its website plain English guidance information on the potential messaging capabilities of the ICS when used in conjunction with appropriate software.

Container Examination Facility logistics

3.9. The ABF has a national contract in place with the logistics arms of Qube Holdings (Qube) for the transportation of containers between terminals and CEFs. Drivers must hold a security clearance and a departmental Employment Suitability Clearance (ESC) to work as a CEF driver. The major ports have a number of dedicated trucks and drivers and have additional security cleared drivers in the event of staff absences. Due to the relatively low number of containers examined, some smaller CEFs do not have a full time dedicated driver. This can be problematic when the only security cleared driver is undertaking other duties.

Melbourne

The Port of Melbourne is Australia’s busiest container port. The Melbourne CEF is a permanent, purpose built facility located in the port precinct. The recently opened Victoria International Container Terminal (VICT) is located at Webb Dock East in the Port of Melbourne approximately eight kilometres (by road) from the CEF. The location of the port is expected to lead to transport logistics issues due to the distance, traffic congestion and the indirect route containers must take to be moved to and from the CEF.

As at mid-2017, the VICT port was processing one ship arrival per week so potential logistics issues are yet to fully manifest. As the port increases its customer base, the ABF may need to reassess its logistics arrangements with Qube to accommodate the additional travel times.

A future proposal for the terminal is to implement a system where every container is x-rayed as it is removed from a ship. The ABF would then purchase the images. While this would increase efficiency for the ABF, there may be practical, legal, security and privacy concerns with such an arrangement. Under current arrangements, the ABF has powers under the *Customs Act 1901* to inspect inbound cargo. What, if any, authority a private company has to x-ray cargo will need to be explored.

Container Examination Facilities in focus

3.10. CEFs are staffed for managing container throughput which includes various levels of x-ray scanning and physical examinations. In the event of a significant detection, staff resources are diverted to assist with the operation. CEFs also employ contractors for the movement and unpacking and repacking of containers selected for examination. During these detections, container throughput is adversely affected as officers who would normally manage the day to day inspection functions are pulled offline and their usual role becomes unmanned. This results in a diminished operational capacity at the CEF is one of the major contributors to container backlogs. The impact of reduced staffing is demonstrated in the case study below.

Case study

Mr D’s complaint OO Ref: 2017-705796

Mr D’s container arrived at Port Botany in late March 2017 and was held by the ABF for a total of 18 days. As a result of this delay Mr B incurred \$2,904.00 in demurrage fees.

Mr D’s container was transported to the CEF one day after the vessel arrived in port and was not examined for 15 days. The container tested positive to high levels of fumigants and these were extracted over days 16 and 17. The container was examined on day 18 and returned to the terminal.

The department’s response to our Office in relation to Mr D’s complaint was that the delay was a result of a backlog of containers to be examined which delayed all cargo at the CEF. The department also stated in its response that Mr D’s container was 44th in the queue for examination when it arrived at the CEF.

The department has also denied Mr D compensation claiming that additional storage and demurrage charges are outside the control of the ABF.

The Ombudsman’s Office noted that we were unaware of any actions the complainant could have taken to minimise the fees that were incurred. The ABF also confirmed that

there was little the complainant could have done to avoid the charges beyond negotiating a lower rate or greater demurrage-free period with the container owner.

The ABF also advised us that “during late March and April 2017, the CEF’s had an unusually large number of high priority examinations targeted. This resulted in a backlog of containers to be examined which delayed all cargo at the CEF”.

3.11. More broadly, the department, like other Australian Government departments, is affected by the Commonwealth-wide ASL cap. We were advised verbally during our visits to the Sydney and Melbourne CEFs that ASL restrictions and other operational priorities, particularly at airports have left them understaffed. The impact of staff shortages was particularly acute at the Melbourne CEF at the time we visited in July 2017 despite Melbourne being Australia’s busiest port. We were verbally advised that at that time the Melbourne CEF was understaffed by 12–14 officers, and it had put in a submission for additional staff. This understaffing becomes critical during times when the staff surge model is utilised and can extend the timeframe for container examinations.

3.12. Complaints made to the department about delays at CEFs and associated additional costs have increased significantly since 2014–15. The upward trend in complaints about delays at CEFs made to the department can be seen in the table provided by the department to our Office below.⁸

Complaints received by the department – container clearance delays and associated fees and charges	
2011–12	135
2012–13	151
2013–14	166
2014–15	126
2015–16	253
2016–17 (to 23 May 2017)	221

Surge staff

3.13. We note that CEFs are staffed under the ABF’s regional command structure. Each command utilises a system of cross-trained, multi-skilled officers who can be re-deployed as surge staff at short notice. Regional commands have the ability to direct resources to areas of need in accordance to a set of operational priorities (which are reviewed annually) and a suite of internal intelligence products. The risk at the border is ever changing and this model ensures that adequate staff are available to meet high priority operational demands as they arise. While the surge model maximises staffing resources to priority areas, the business areas which provide surge staff are negatively impacted.

3.14. We were advised by the ABF that most CEFs are currently running below ideal staffing capacity. As such, any loss of officers has an immediate impact on container throughput. The ABF staff at CEFs indicated that the surge model is rarely utilised at CEFs

⁸ Prior to the merger on 1 July 2015 complaints were handled by, the former ACBPS complaint handling unit. The complaint function was moved into the department’s GFU following the merger.

and heavily favours airport operations. Training and certification in the use of various inspection and examination technologies employed at CEFs are also factors that influence surge capacity at CEFs. In our view, better utilisation of the surge model at CEFs to assist container throughput during peak workloads would assist in reducing backlogs.

3.15. We also note that in the event of a significant detection, CEF staff are prioritised to deal with the consignment. This in turn, reduces the operational capacity for the day to day functions of the CEF and may lead to a backlog of containers awaiting examination. In these circumstances utilisation of the surge model (i.e. engaging non-CEF staff to the CEF, rather than the reverse) could assist in preventing a backlog of containers awaiting inspection as would a greater pool of ABF officer trained in using the inspection and examination technologies employed at CEFs.

Levels of inspection and examination

3.16. The ABF utilises a priority rating system for the inspection and examination of containers. The priorities are risk based and consist of four priority levels ranging from priority 1 as the highest down to priority 4 as the lowest. High priority containers must be inspected according to the ABF guidelines (see below). In the event of a backlog at a CEF, priority 4 containers may be reassessed by the NLC and removed from the inspection list.

3.17. Treatment of inspections and examinations varies according to the type of facility as outlined in the Table below.

PRIORITY	RISK	TREATMENT
PRIORITY 1	Profile/Target Advice has a risk rating of EXTREME	Container x-ray and 100% unpack and examination.
PRIORITY 2	Profile/Target Advice has established risk rating of HIGH	Container x-ray and <input type="checkbox"/> 100% unpack and examination or <input type="checkbox"/> partial unpack/tunnel and examination if anomalies are detected or other risks are mitigated by container x-ray
PRIORITY 3	Profile/Target Advice has established risk rating of MEDIUM	Container x-ray. Further examination may be required if anomalies are detected by x-ray
PRIORITY 4	Controlled Sample	Container x-ray only. Further examination may be required if anomalies are detected by x-ray or if x-ray alone cannot clearly mitigate risk

Source: Department of Home Affairs.

Inspection/examination targets

3.18. As noted above all container movements throughout the world are measured in TEU. The ABF records the number of containers inspected and examined in TEU however it does not record the number of TEU that cross the border each year. Instead, the ABF records the physical container numbers that cross the border.

3.19. The ABF advised that inbound TEU numbers were recorded before the DIBP - Customs merger in 2014 and that some reporting functions unintentionally ceased at the time. The ABF is currently working on re-establishing these reporting functions.

3.20. Inspection and examination targets were previously set out in the former Department of Immigration and Border Protection’s Portfolio Budget Statements (PBS). To meet these targets, containers were selected utilising the intelligence informed and risk

based approach and assigned a priority (see the table in paragraph 3.17 for further information about the prioritisation framework). The number of Priority 1 and Priority 2 containers often did not meet the daily CEF target. In these instances additional containers were selected by applying broader risk profiles to inbound consignments. This ‘topping up’ of daily throughput at CEFs to meet targets, placed additional pressure on the operations and led to a ‘quantity over quality and timeliness’ operational model.

3.21. From 2016–17 the TEU inspection target was detailed in the DIBP Corporate Plan as per section 35 of the PGPA Act to align its performance measures with the Whole-of-Government reform to performance reporting, as part of the PGPA Act implementation. The national target for inspection in 2016–17 was revised to ≤ 101,500 TEU. We understand that the previous annual targets set in the PBS or Corporate Plan were required to be met by CEFs and could not be altered to accommodate staff shortages or to focus on resources on higher priority matters. While there is no CEF inspection target in the 2017–18 DIBP (Home Affairs) Corporate Plan, the ABF has advised that it is currently operating on actual inspection and examination figures from 2015–16 (96,637 inspections) with a variance of +/- 10 per cent. To meet any target, CEFs must be adequately resourced and staffing allocation must be met. As noted above, at the time of our inspections, the ABF advised that most CEFs were operating below their allocated staffing levels.

3.22. We note that in both 2016–17 and 2015–16 the ABF failed to meet the target of 101,500 per financial year. In 2016–17 the ABF inspected 84,674 TEU while in 2015–16 96,637 TEU were inspected. The department stated in its annual report for 2016–17 that *this decrease from the previous year was due to the Department significantly upgrading sea cargo x-ray facilities.*⁹ The priority levels of the 58,794 containers (equalling 84,674 TEU) inspected in 2016–17 are outlined in the table below.

Priority Level	Number of Containers inspected in 2016–17	Per cent of total containers inspected in 2016–17
Priority 1	570	1 %
Priority 2	2289	4 %
Priority 3	38425	65 %
Priority 4	17510	30 %

Managing competing priorities

3.23. We recognise that the department has competing priorities and that new information or emerging threats will require the department to prioritise one area over another. As noted above, the surge model, when utilised in conjunction with a pool of cross-trained, multi-skilled officers should ensure that adequate staff are available to meet high priority operational demands as they arise.

⁹ Department of Immigration and Border Protection Annual Report 2016–17, page 94

3.24. However, this model appears to have negatively impacted CEFs and, by extension importers. The major CEFs appear to be understaffed, the PBS targets have not been met and complaints regarding delays have increased significantly since the creation of the ABF. The department has also advised that the average time taken to clear Full Container Load and Full Container Multiple Supplier consignments increased from 4 hours and 36 minutes before the vessel arrived in port in 2015–16 to 6 hours and 45 minutes after the vessel arrived at port in 2016–17.

3.25. When a container is removed from the supply chain for inspection by a government agency it is reasonable to expect that there is an efficient system in place to ensure minimum disruption and cost to the importer. This is especially the case when the fees and charges being applied to the importer are based upon a cost recovery model. If the system in place is unable to deliver an efficient inspection service while managing competing priorities, it is legitimate to ask if too much is being asked of the CEFs. In such circumstances, consideration should be given to either reducing the number of containers being inspected by CEFs or increasing the resources available to them.

Recommendation 3

Noting the difficulty the department has in meeting targets, combined with increased delays in the processing of containerised sea cargo and an increasing number of complaints, the department consider one or more of the following:

- increasing staffing levels at CEFs by placing a lower operational priority on another activity, or
- proactively adjusting the number of containers inspected in line with operational capacity by reducing the number of priority 4 containers inspected
- better utilising the surge model at CEFs to increase inspection capacity in periods of peak work load or following periods where the number of containers inspected has had to be temporarily reduced to cater for other operational priorities, and
- increasing the pool of ABF officers who are trained in the inspection and examination technologies employed at CEFs.

Late targeted containers

3.26. Late targeted containers are problematic for industry as containers selected are often pre-cleared and marked as available in ICS before the hold is placed. Late targeted containers are generally high priority, intelligence-based inspections where last minute information is provided by law enforcement agencies.

3.27. Placing a hold on a container after it is cleared in ICS creates logistics issues as an importer may organise transport for the container based on the cleared status in ICS. The importer then incurs costs for the transport despite being unable to collect the container. In many cases the importer is unaware the container has been held until the transport company arrives at the terminal and is refused access to the container.

Cost recovery

3.28. Section 186 (1) of the *Customs Act 1901* states that:

Any officer may, subject to subsections (2) and (3), examine any goods subject to the control of Customs, and the expense of the examination including the cost of removal to the place of examination shall be borne by the owner.

3.29. The costs of cargo examination and transport as outlined in s 186 of the *Customs Act 1901* are met through a cost recovery levy in line with the *Australian Government Cost Recovery Guidelines*.¹⁰ The levy is applied to import processing charges under the *Import Processing Charges Act 2001* and revenue collected funds border compliance activities.

3.30. As part of the 2013–14 budget, the Government announced it would be introducing full cost recovery for all import related cargo and trade functions. The implementation of this policy was detailed in the department's *Cost Recovery and Implementation Statement - Cargo and Trade Activities 2015-2016*.

3.31. The table below details the revenue the department collected through the Import Processing Charges (IPC) and various other licensing fees and the costs of border compliance activities in 2015–16 and 2016–17.¹¹

	2015–16	2016–17
Revenue raised	\$373,824,000	\$399,400,000
Cost of border compliance activities	\$409,735,000	\$401,877,000
Net loss	\$35,911,000	\$2,477,000

3.32. Consistent across complaints to the Ombudsman's Office is the ABF stating that storage and demurrage costs are charged by external parties and not the ABF. While the ABF does not charge storage and demurrage fees, it appears that the ABF impacts on storage fees because of its actions in handling containers under the Act. Additional storage charges and container de-hire is not recoverable by industry through the IPC.

3.33. In cases investigated by this Office, the ABF has responded to individuals seeking compensation for unexpected costs that industry should factor the possibility of extra charges resulting from compliance action into their business model. The revenue raised through cost recovery funds both air and sea cargo compliance. Many in the freight forwarding industry expressed the view to the Ombudsman's Office that it was unfair to expect importers of containerised sea cargo to pay additional fees and penalties resulting for delays in container inspections, when the department has a full cost recovery model in place.

Free storage

3.34. At the major ports, importers are given three days free storage at a terminal upon initial arrival. If a container is not collected by the end of the third day, storage charges begin accruing. Containers removed for inspection by the ABF are allocated an additional 24 hours free storage upon return to the terminal. This additional storage is conditional on the ABF

¹⁰ Department of Finance Australian Government Cost Recovery Guidelines Resource management guideNo.304

¹¹ Page 195 Department of Immigration and Border Protection, 2015-16 Annual report and page 40 Department of Immigration and Border Protection, 2016-17 Annual report.

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

receiving the import declaration 24 hours before the first port of arrival. In some locations stevedores operate seven days a week so this additional 24 hour period may fall on a Saturday or Sunday. The shorter timeframe for free storage upon return from inspection is an issue for importers and has resulted in unavoidable storage fees. Containers that are returned to the terminal late on a Friday or on a weekend can be problematic for importers due to the reduced capacity to engage transport providers. In these instances, storage fees are applied for actions that are outside the control of the importer.

3.35. Containers at the smaller ports receive an additional three free days storage upon return from examination.

3.36. Containers returned to the Port Botany terminal receive two days free storage as set out in clause 17 of the *Port Botany Landside Improvement Strategy (PBLIS)* Mandatory Standards. This additional free storage period is outside of the 24 hour timeframe negotiated by the ABF. Port Botany is the only major Australian port which is subject to mandatory standards regulation for carriers and stevedores. The PBLIS is embedded in the *NSW Ports and Maritime Administration Regulation 2012* and came into effect in 2010.

3.37. While the ABF has arrangements in place with stevedores for free terminal storage upon return from a CEF, no similar arrangements are in place with shipping lines for the return of empty containers. Importers must return containers within a specific timeframe which is determined by the individual shipping line. Failure to return a container within this timeframe will result in financial penalties to the importer. When a container is selected for a border hold there is no additional free hire. The reason why the ABF negotiated post CEF arrangements with one sector of the industry and not the other was not made clear during the investigation.

Late lodgement

3.38. Late lodgement of documentation excludes containers from the 24 hour free terminal storage upon return from a CEF. The ABF and DAWR risk assess containers ahead of their arrival based on information in the import declaration and cargo report.

3.39. Late lodgement of documentation denies agencies the ability to conduct pre-arrival risk assessments so the likelihood of a container being held where documentation is lodged late is high. The consequences of late lodgement are well known to industry.

Service standards and statistics

3.40. Service standards and the monitoring of timeframes for service delivery are important tools for assessing resource requirements, determining whether services are being delivered efficiently and practices are globally competitive.

3.41. Until 2014 the department published an annual Time Release Study (TRS) which utilised a methodology endorsed by the World Customs Organization (WCO). The TRS sought to assess a country's trade facilitation performance through measuring the average time between the arrival of goods at the border and the time that permission was given for the goods to enter home consumption. The TRS ceased with the creation of the ABF in 2015. It is the department's intention to resume the TRS in 2018.

3.42. The department does not keep statistics on the time it takes to process containers selected for inspection. While the department does not have service standards for the processing of cargo selected for inspection, it does list on its website a number of other

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

service standards, some of which relate to the import and export of goods. These service standards are based on the following principles:¹²

As officers, we will:

- work as a professional service to deliver client service while managing areas of risk
- treat you with courtesy and respect and work to connect colleagues partners and clients to enhance the quality of Australia's society economy and national security
- explore opportunities to leverage existing common platforms common services and other capabilities across government to improve the client experience
- invest in innovative and digital solutions to promote process improvement and allow clients to access our services at a time place and on a device convenient to them, and
- give you clear accurate and timely information or help you to find it.

3.43. The previous Australian Customs Cargo Advice Number 2012/18 - Sea Cargo Status – Service Levels, which is no longer current, was taken by many in industry as a de facto service standard. This advice noted that where a declaration is held for assessment 'it is expected that the majority of these holds will be assessed with 24 hours'.

3.44. This advice also stated:

Industry and Customs and Border Protection have agreed on the following services in relation to late status change:

1. Customs and Border Protection to contact Customs brokers by telephone advising details of late status changes to sea cargo. A confirmation email will also be sent to assist Customs brokers in advising their clients of delays in cargo release;
2. Customs and Border Protection to respond within twenty-four (24) hours to industry requests for updated information about the status of late change consignments. The focus of advice will be to confirm that clearance activities are in train and that there is no further work required by Industry to expedite clearance.¹³

3.45. The absence of a specific service standard for timeframes for processing containers is a significant gap in the department's current service standards. Developing and monitoring service standards for timeframes for the clearance of containers selected for inspection are important tools to ensure that Australian practices for cargo clearance are efficient and globally competitive. These would allow the department to monitor and set benchmarks for performance. It would assist the department to set realistic targets and assess whether the resourcing provided to CEFs is adequate.

Recommendation 4

The department:

- introduce service standards for container inspection based on the three day free storage period that require the majority of containers selected for inspection to be processed within three days, unless a detection has been made, and
- maintain annual statistics on the time taken to inspect containers.

¹² See <https://www.homeaffairs.gov.au/about/access-accountability/service-standards>

¹³ Australian Customs Cargo Advice Number 2012/18 - Sea Cargo Status – Service Levels (Replacing ACCA 09/05)

Global Feedback Unit

3.46 A consistent theme in complaints to this Office is the department’s complaint management process. Complaints regarding the ABF’s customs functions are handled by the department’s Global Feedback Unit (GFU). As part of the 2014 merger of Customs into the department, the former ACBPS complaint-handling unit was moved into the larger GFU. All complaints relating to immigration, customs and ABF matters are centrally managed through the GFU. Issues identified in complaints include lengthy delays by the GFU in providing responses, incomplete responses and failing to answer a specific enquiry.

3.47 The freight forwarding industry advised this Office, in its view, the former ACBPS complaint-handling system was better because complainants could speak to customs officers who could provide informative responses. We note that the direct contact between brokers and CEF staff was discontinued as a part of ongoing anti-corruption integrity measures and we do not consider this to be unreasonable.

3.48 However, we observed and were told by ABF staff that the GFU’s lack of corporate knowledge of customs functions means that in many instances, complaints were not being directed to the correct area in the first instance. Managers at CEFs and throughout the ABF compliance chain regularly provide responses to complaints however the delays in receiving the initial complaint was raised as an ongoing issue.

3.49 In some cases, container delays will result from law enforcement activity. The Ombudsman’s office acknowledges that in these cases, complaint management would not be straight forward and consideration needs to be given so that the integrity of an operation is not compromised.

Case study

Mr S’s complaint OO Ref: 2016-702598

Mr S lodged a complaint with the Global Feedback Unit (GFU) on 25 January 2016 about a delayed container. Mr S did not receive a response from the GFU until 20 April 2016, almost three months after the initial complaint.

The delay in responding was raised with the department by the Ombudsman’s Office in April 2016. The department’s response stated:

The Department was unable to respond to the complaint lodged with the Department’s Global Feedback Unit sooner because a number of processes required clarification before the response could be finalised. Ongoing engagement with the relevant area which was experiencing high priority operational issues further contributed to the delay in providing a response until 20 April 2016.

In our response to the department we noted this response does not adequately explain the reasons for the delayed response. The Ombudsman’s Office was also concerned that merely stating to a complainant that an agency’s actions were not negligent without demonstrating how and why does not engender confidence in the conclusion.

Outside of the response provided to the department into Mr S’s complaint it is also our view that a delay of almost three months for a response is unreasonable considering the speed with which the industry operates. Such delays may reflect broader internal communication issues within the department.

3.50 During 2015–17 we received 25 customs related complaints (out of 180 complaints) about the GFU’s handling of complaints. The main issues were delayed responses or that responses did not address the substance of the complaints.

Complaints received by the Ombudsman’s Office about Customs

	Container examination	Complaint handling	Seizure	Duty	Passenger Processing	Other	Total
2015–16	12	12	15	12	23	25	99
2016–17	17	13	15	14	11	11	81
Total	29	25	30	26	34	26	180

Recommendation 5

The department improve complaint-handling by providing timely and detailed responses to complainants and, where required, utilising subject matter experts within the department.

Compensation

3.51 A common complaint to this Office related to the department’s refusal of claims for compensation to an importer despite there being delays where containers have sat at a terminal for lengthy timeframes awaiting inspection. These delays were attributed to the ABF’s inability to service the hold yet the ABF’s position is that it has no responsibility for unexpected costs to the importer.

3.52 The ABF experienced an increase in compensation claims for container delays in the 2016–17 year. This is in line with the increase in complaints to this Office and was a contributing factor to the decision to commence this investigation.

Financial year	Number of claims received	Amount claimed	Number of claims paid	Amount paid
2015–16	1	\$646.80	0	0
2016–17	28	\$50,753.84	8	\$11,127.33

ABF Claims for compensation from Industry

3.53 The scheme for Compensation for Detriment caused by Defective Administration (CDDA) allows Government agencies to compensate persons who have experienced detriment as a result of an agency's defective actions or inaction. Defective administration is defined in the Department of Finance *Resource Management Guide No. 409* as:

- a specific and unreasonable lapse in complying with existing administrative procedures that would normally have applied to the claimant's circumstances
- an unreasonable failure to institute appropriate administrative procedures to cover a claimant's circumstances
- giving advice to (or for) a claimant that was, in all circumstances, incorrect or ambiguous, and
- an unreasonable failure to give to (and for) a claimant the proper advice that was within the official's power and knowledge to give (or was reasonably capable of being obtained by the official to give).

3.54 The decision to make a compensation payment under the CDDA scheme is at the discretion of the agency to which the claim is made. In deciding whether to make a payment an agency must act reasonably and according to principles of good decision making. This includes considering and acting in accordance with *Resource Management Guide No. 409*.

Case study

Mr B's complaint OO Ref: 2016-512064

On 5 October 2016 Mr B attended an ABF office and submitted an import declaration. After close of business on 5 October 2016 Mr B provided additional information ABF required for the declaration to be formally lodged into the ICS. On 10 October at 12:45pm the vessel arrived. On 10 October at 14:39pm ABF lodged the import declaration into the ICS. On 10 October the container was held and referred for x-ray examination as a priority 3 container. On 17 October the container arrived at the CEF at Port Botany. The hold was lifted and the container departed on 17 October.

Mr B was subsequently charged storage fees of \$833.79. He was unable to access the free storage arrangements because his declaration was lodged in the ICS by the ABF after the container had arrived. He complained to the Global Feedback Unit (GFU) and requested compensation for the fees he incurred. On 10 November ABF told him it did not accept any liability and referred to the import declaration being lodged on 10 October.

At the conclusion of our investigation ABF acknowledged that it had not met its service standard for processing and lodging manual import declarations and said that it was unaware of any further reason for Mr B incurring the storage fees beyond its delayed processing of the manual declaration. ABF noted that the declaration could not be lodged on 6 or 7 October as there were no staff members available. It would appear that ABF's inability to lodge the declaration in a timely manner resulted in Mr B being unable to access the free storage arrangements.

ABF sought internal advice following Mr B's request for reconsideration on 11 November. This internal advice noted that the declaration was not actioned on 6 or 7 October because a staff member was absent, but suggested that ABF is not required to process manual declarations within a set timeframe. ABF did not furnish Mr B with any of this advice and did not respond to the specific issue he had raised - that he had handed in the

declaration on 5 October, not 10 October as ABF had suggested to him. ABF's response to Mr B's request for reconsideration was to refer him to our Office.

At the time the complaint was made the ABF's publicly available information on compensation states "If you are making a complaint or seeking compensation from the Department regarding the importation and/or exportation of goods which have been subject to a Border Hold, please complete the online feedback form. All claims must be made using this form."

This is the action Mr B took however, our investigation noted that the ABF does not appear to have turned its mind to whether or not it would be appropriate to provide Mr B with compensation beyond considering its possible legal liability.

It was also not clear to us why the ABF considers that complainants in this situation should not also consider seeking compensation under either CDDA or Act of Grace mechanisms, compensation options that are considered outside of any question of legal liability.

The Ombudsman's Office noted that the structure of the webpage referred to above may lead claimants who seek compensation for loss related to border holds to form the view that they cannot claim compensation under the CDDA Scheme or Act of Grace mechanisms. In Mr B's case the possibility of this occurring was reinforced by ABF's response to the complaint, in which ABF concluded that it did not consider itself liable for the fees he had incurred and did not note the alternative compensation options.

Recommendation 6

In cases where the ABF has not been able to process containers efficiently, consideration should be given to advising complainants of compensation schemes available under the *Public Governance, Performance and Accountability Act 2013*.

Asbestos

3.55 This Office understands the importance of the ABF's role in stopping asbestos from entering the country and as part of this investigation this Office met with the Asbestos Safety and Eradication Agency (ASEA) to discuss issues concerning the importation of asbestos.

3.56 The manufacture, use of, and importation of asbestos was banned in Australia on 31 December 2003. In late 2016, the ABF increased its focus on asbestos compliance after a number of high profile cases where the substance was found in building materials in public buildings.

3.57 The ABF advised it employs a risk based approach to managing the importation of dangerous and illicit goods. As part of this approach, the ABF undertakes intervention activities designed to prevent goods containing asbestos from entering Australia. These include the utilisation of profiles and alerts designed to target high risk commodities and consignments for importation into Australia which may contain asbestos. Profiles and alerts are developed and refined using historical detection data and referrals from industry, other agencies and statutory authorities involved in asbestos management. The two sectors most affected by asbestos are the building and automotive industries.

3.58 The ABF has also advised that it actively educates industry where the importation of asbestos or of goods containing asbestos is assessed to be a border threat. Industry partners

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

such as customs brokers, as well as private importers, are all considered in education about Australia’s ban on asbestos importation.

3.59 Asbestos use is still permitted in a number of countries and international standards differ on asbestos-free classifications. In many countries, manufactured goods may contain small amounts of asbestos and still be considered asbestos free. This adds an additional layer of complexity for importers and the ABF alike. In cases where asbestos is detected, it is reasonable to expect delays to remaining items in a shipment.

3.60 The Ombudsman’s Office has been informed by industry of recent cases where importers have provided documentation that a shipment is free of asbestos and the ABF has not accepted the information. In these cases, the ABF held the cargo, conducted examinations and no asbestos was detected. This resulted in storage costs to the importer as well as the cost of the hygienist, laboratory testing, loss of trade and in some cases, damage to goods.

Case study

Mr B’s complaint OO Ref: 2017-508129

Mr B owns a large commercial building company which imports a range of building products. Recently, Mr B’s company had a shipment of pre-fabricated building products held by the ABF after being suspected of containing asbestos. Certification of asbestos free status was provided with the shipment but was not accepted by the ABF.

On the day the goods were tested, the representative from the laboratory advised on visual inspection that the goods were synthetic and would not contain asbestos. The ABF did not accept this verbal advice from the expert and insisted the testing proceed. The goods were tested and returned a negative result. The shipment was released after 18 days. Mr B lodged a claim for compensation for the storage and demurrage costs totalling \$7,825.29 which was denied by the department despite Mr B providing evidence the goods were asbestos free.

In their response the ABF claim that Mr B had not provided the correct documentation. Our investigation into this matter is yet to be concluded.

3.61 The ABF requires importers to have adequate assurance measures in place to demonstrate that the goods they are importing do not contain asbestos. The types of measures an importer may put in place include, but are not exclusive to, testing. Assurance can include a combination of processes, such as:

- the identification and removal of risk components before import (for example, brake pads in vehicles), which would negate the need to test
- collation of evidence through demonstrated knowledge of the supply chain (including the manufacturing process), and
- building assurances into contractual arrangements with suppliers.

3.62 When goods arrive at the Australian border, if the ABF is not satisfied with the level of assurance demonstrated, the importer will then be directed to have the goods tested by a NATA accredited laboratory. All costs, risks and damage associated with examination are borne by the importer.

3.63 The Office understands the ABF regularly monitors, reviews and adjusts its risk assessment approach in relation to asbestos. However, repeat targeting of importers whose products have previously been tested and returned negative results was raised by industry throughout the course of this investigation. Where the ABF fails to accept an exporter's asbestos free certification and no asbestos is detected after repeated targeting, consideration should be given to compensate the importer for the costs associated with the border hold. We also note that repeated targeting of an importer who has demonstrated repeatedly that their products are asbestos free may indicate a failure in the ABF's asbestos targeting methodologies.

Case study

Motor vehicle importer

During the course of the investigation we were contacted by an importer regarding the below matter.

An importer of off road vehicles, motorcycles, snow mobiles and watercraft has complained about significant disruption to the business through repeated asbestos related border holds.

The importer's brokers estimate the costs associated with the border hold to exceed \$100,000. Aside from the unexpected storage and testing costs, the importer has suffered significant losses from damage to parts through dismantling of machinery. When an individual part is tested it is damaged in the process and is a total loss. When machinery is dismantled for testing, they require reassembly and parts such as gaskets to be replaced.

The importer's goods have been subjected to over 250 individual asbestos tests with no positive detections.

The ABF provided a generic explanation as to why it continues to target an importer who has a proven asbestos free supply chain.

Recommendation 7

The ABF to work with industry to improve its methodologies for asbestos risk assessment to reduce the repeated targeting of importers with a history of compliance, except where new information suggests such targeting is appropriate.

Trusted Trader

3.64 The Trusted Trader programme is an ABF initiative to work with industry to improve the movement of legitimate freight across Australia's border. A Trusted Trader must ensure the security of its supply chain and provide accurate and timely documentation. In turn, the ABF adopts a light-touch compliance approach to its imports.

Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

3.65 This system of assessing the integrity and supply chain security of the entity, rather than each individual shipment, allows the ABF to concentrate its resources on other unknown or high risk imports.

3.66 The Trusted Trader programme is part of the Authorised Economic Operator (AEO) programme which adopts standards set by the World Customs Organisation. More than 74 countries, including Australia’s key trading partners have AEO programmes in place. The former ACBPS made several attempts to implement similar schemes in the past however none were successful.

3.67 The initiative was launched as a pilot on 1 July 2015 and the full program was launched on 1 July 2016. The Trusted Trader programme is anticipated to grow to 1,000 Trusted Traders by 2020. Initial uptake of the scheme was low, partially due to the onerous application and vetting process which saw application times reaching 200 hours and approvals taking up to 18 months. The application and accreditation process was significantly reformed and streamlined in mid-2017 to reduce timeframes for both industry and the ABF.

3.68 Upon entry into the programme, each Trusted Trader is allocated a dedicated ABF case manager. Industry had complained of the difficulty it had in communicating with the department since the creation of the ABF. The trusted trader programme is an initiative that industry has welcomed as a means of improving communication between brokers and the department.

DIBP and DAWR websites

3.69 The ABF engages with industry via information on the **homeaffairs.gov.au** website. Changes to policy and procedures in the border compliance environment are posted via a range of notices on the website.

3.70 The website contains vast amounts of information and forms related to international cargo movement. Finding the exact information however, can be difficult due to the unintuitive layout of the page. In many cases it is easier to conduct an internet search to find a specific document than it is to navigate the page itself.

3.71 The DAWR website however is an example of a functional user-friendly website with information and links clearly laid out and updated on a regular basis.

Recommendation 8

The ABF review its website to increase its functionality and user-friendliness for those seeking to import freight by sea and ensure that information and links are clearly laid out and updated on a regular basis.

Department of Agriculture and Water Resources

3.72 DAWR manages biosecurity compliance in the containerised sea cargo environment through the Agriculture Import Management System (AIMS) which interfaces with the ICS.

3.73 When a container is selected for a biosecurity inspection, AIMS automatically updates the status in ICS. Depending on the potential risk, an inspection is either undertaken before leaving the port for high risk or the container is moved to a licenced depot for lower risk consignments. Unlike the ABF which conducts container inspections and examinations at CEFs within port precincts, biosecurity officers are mobile and conduct the bulk of their

inspections at licenced depots which are spread throughout metropolitan areas. Once inspections and examinations are completed and cleared, the status is updated in AIMS which automatically amends the status in the ICS.

3.74 The two primary types of inspections conducted by DAWR on containerised sea cargo are wharf-gate inspections and Country Action List (CAL) inspections. Wharf-gate inspections are where the external surfaces of imported containers are examined as they leave the wharf gate. CAL inspections target containers from countries that have been identified as posing a particular risk.

Collaboration between the ABF and DAWR

3.75 Collaboration between the ABF and DAWR could be improved for containers of interest to both agencies. Currently, each agency conducts separate inspections and examinations at separate locations. Both agencies use the ICS to place a border hold on a container for cross agency visibility. Working collaboratively on inspections and examinations and, where possible, conducting inspections in the same location jointly or concurrently would assist in lessening the compliance impact of the two agencies. This issue was mentioned in the ACBPS Time Release Study 2010. Seven years later it remains an unresolved issue.

Recommendation 9

The department and DAWR increase collaboration for container inspections and, where possible, conduct inspections in the same location and at the same time.

DAWR's cost recovery model

3.76 We have concerns over consistency in DAWR's cost recovery model for import declaration processing. DAWR charges importers in 15 minute increments to process import declarations. If an officer is proficient at processing an application (such as an experienced well trained officer), the importer will be charged less than if a less proficient officer (for example a new officer) processed the application. An importer could therefore be charged different rates to process the same document depending on the proficiency of the processing officer. In the case of DAWR, the system in place often results in importers being charged different rates to process the same document depending on the proficiency of the processing officer, the complexity of individual imports and nature of the documents presented. This matter was raised as a concern by industry in the course of our investigation.

3.77 In our view the cost recovery model should be based on a realistic assessment of how long a given task should take, not the varying skill levels of individual staff. The cost recovery system should be designed to cover the resources required to process differing goods being imported. Shipments containing a single biological product such as rice will be faster to process than products such as meat based pet food which contain multiple individual biological products.

Recommendation 10

DAWR revise its cost recovery model to ensure importers are charged the same for the assessment of identical import declarations based on the real cost of proficient operational activity.

Intermodal ports

3.78 Increasing traffic congestion around the major ports is driving the development of intermodal ports. Intermodal ports are inland freight hubs where containers are moved directly from a ship to an inland terminal via rail. These ports are generally located on the fringes of large cities within close proximity to existing road and rail infrastructure.

3.79 The development of intermodal ports eases traffic congestion in existing port areas and also increases the ease with which containers are collected and transported to their final destination.

3.80 The ABF will need to adapt its compliance model as intermodal ports come online over the next decade. The current CEF compliance model anchors the ABF to the port precincts. DAWR biosecurity officers are much better placed to adapt to the intermodal port environment due to their mobile workforce.

Industry Issues

3.81 While lying outside the scope of this investigation it is important to note in the context of understanding the broader issues facing importers that not all delays to containers are attributed to government compliance activities. Throughout the investigation a number of industry based issues resulting in delays to processing and collection of containerised cargo became apparent. Problems in securing a terminal slot and perceived favouritism towards larger operators regarding the collection of containers were common issues raised by brokers and importers.

PART 4. FINDINGS

4.1 This investigation sought to gain an understanding of how the ABF manages border compliance in the containerised sea cargo environment and how this affects the legitimate supply chain. The Ombudsman’s Office had received 356 approaches about the ABF and the former Australian Customs and Border Protection Service (ACBPS) since July 2012. Since 2015 complaints involving delays to inbound containerised freight as a result of border compliance interventions make up the largest category of complaints received about the ABF’s use of powers in the *Customs Act 1901*. We expanded the investigation to include the biosecurity functions of the Department of Agriculture and Water Resources (DAWR) as it works collaboratively with the ABF in this space.

4.2 This investigation finds that the majority of delays to inbound containers are reasonable and are the by-product of the ABF and DAWR performing their roles in protecting Australia’s border. When a container is inspected and an anomaly detected, government agencies may be faced with a wide variety of complex investigation pathways. Exploring and resolving these investigations can be lengthy and may result in delays. Due to the complexity and wide variety of post-inspection investigations, it is reasonable that some shipments will be delayed and generally, both the ABF and DAWR facilitate inspections and examinations with minimum disruption to the supply chain.

4.3 However it is also reasonable to expect that when a container is removed from the supply chain for inspection by a government agency, there is an efficient system in place to ensure minimum disruption and cost to the owner.

4.4 The findings of this investigation are:

Delays and late targeting

- Some of the delays to inbound containers are reasonable and are the by-product of the ABF and DAWR performing their roles in protecting Australia’s border. Due to the complexity and wide variety of post-examination investigations, it is reasonable and should be expected that some shipments will be delayed.
- Some container delays are due to administrative failures and capacity issues by the ABF. Delays attributed to each agencies’ inability to inspect containers in a timely manner due to lack of staff or unmanageable targets are unreasonable.
- The late targeting of containers that meet all the documentary lodgement requirements and are then categorised at a lower risk level is a matter of concern. Where lower risk containers are late targeted and documentation is lodged on time, it is reasonable to expect these inspections will be carried out in an efficient manner without additional delays.

Staffing and Service Standards

- While the ABF’s surge model maximises staffing resources to priority areas, the business areas which provide surge staff are negatively impacted. Given the failure to previously meet former targets for inspection it would appear that CEFs are currently running below ideal staffing capacity and as such, any loss of officers has an immediate impact on container throughput.
- At present the department does not have service standards or timeframes for processing containers selected for inspection nor does it keep statistics on the processing time for containers selected for inspection.

Complaint-handling and compensation

- Complaint management from Home Affairs is poor. The Ombudsman’s Office has received a number of complaint responses as a part of our investigations into container delays and our investigations have left the Ombudsman Office with no confidence that an effective complaint management system is in place. Lengthy timeframes and generic responses that do not answer the complainant’s specific enquiry were identified as a systemic problem.
- The department’s consideration of claims for compensation is narrowly focused on whether it is legally liable or not. Importers have a reasonable expectation that, where they have lodged an accurate import declaration on time their cargo should be processed efficiently and within the three day free storage period, unless a detection has been made. In cases where the ABF has not been able to process containers efficiently, greater consideration should be given to advising complaints of compensation schemes available under the *Public Governance, Performance and Accountability Act 2013*.

Improved facilities

- Smaller ports are constrained by limited x-ray capacity and would benefit from upgrades and additional x-ray capacity.

Messaging

- A large part of industry lacks an adequate messaging system from the ICS for containers released from a border hold. While it appears this capacity does exist, the ABF needs to develop and make publicly available on its website guidance information in plain English format on the EDI messaging capabilities of the ICS when used in conjunction with appropriate software.

Cost recovery

- The ABF frequently responds to complaints advising that industry should factor the cost of examinations into their business model. However the ABF has moved to a full cost recovery model and many in the freight forwarding industry believe, given the move to full cost recovery, that they are already covering these costs through the IPC levy. In the case of DAWR the system in place often results in importers being charged different rates to process the same document depending on the efficiency of the processing officer.

Asbestos and risk assessment

- How cases are managed where an importer has provided supporting evidence of asbestos free status could be improved. Several examples were observed throughout this investigation where importers provided supporting documentation of asbestos free status or a history of having numerous shipments examined and were found to be asbestos free. However they are still being subjected to lengthy and costly border holds with no asbestos detections made.

APPENDIX 1 – RESPONSE FROM THE DEPARTMENT OF AGRICULTURE AND WATER RESOURCES



Australian Government
Department of Agriculture
and Water Resources

Your reference: A2008-105596
Our reference: LM17-750

John Cziesla
Assistant Director
Immigration Strategy Team
Commonwealth Ombudsman

Via email: [REDACTED]

Dear Mr Cziesla,

Own motion investigation into delays in processing inbound containerised sea cargo

I refer to Mr Michael Manthorpe's correspondence dated 22 January 2018 in which the Department of Agriculture and Water Resources (**department**) was invited to provide comments on the draft report entitled 'Investigation into delays in processing inbound Containerised Sea Cargo' (**report**).

The department acknowledges the relevant recommendations, being Recommendation 10 and Recommendation 11, and provides the below additional comments for the Ombudsman's consideration.

Recommendation 10

The report recommends that the department and the Department of Home Affairs (**Home Affairs**) increase collaboration for container inspections, and, where possible, conduct inspections in the same location and the same time.

While the department welcomes increased collaboration with Home Affairs and acknowledges that there may be some opportunity for inspections to be conducted on the same location and at the same time, the department notes that the circumstances may be limited. Under the *Biosecurity Act 2015* (**Biosecurity Act**) the department is responsible for managing biosecurity risk associated with goods that are brought into Australia, amongst other things. In order to fulfil that function goods may be required to be brought to particular premises for inspection and assessment.

The Biosecurity Act also provides that a person may be permitted to carry out specific biosecurity activities to manage biosecurity risks associated with goods, premises or other things under an arrangement approved by the Director of Biosecurity (**approved arrangement**). A person covered by an approved arrangement is known as a Biosecurity Industry Participant (**BIP**).

Goods may be directed to the premises of a BIP who has the facilities, equipment, people and procedures in place to manage the biosecurity risk associated with a particular class of goods. In some instances BIPs perform the documentary assessment of goods in accordance with departmental requirements, using their own premises, facilities, equipment and people. These activities are undertaken by BIPs, subject to monitoring and auditing by the department, without

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Commonwealth Ombudsman—The Department of Home Affairs and the Department of Agriculture and Water Resources – Investigation into delays in processing inbound containerised sea cargo

constant supervision. In other instances departmental staff will conduct an inspection of the goods at a BIP's premises.

The department has established requirements for approved arrangements that must be observed by BIPs, including requirements for the inspection area. These requirements may be specific to enable the effective inspection of particular types of goods.¹ For example, the inspection area for the temporary storage of containerised refrigerated pig meat must, among other things, be sufficiently isolated from the main thoroughfare, marked with particular signage and surrounded by a lockable person-proof security fence.

Given that BIPs have the facilities to manage biosecurity risks associated with particular goods, the department considers that inspections are most appropriately conducted at those premises, rather than at the Container Examination Facilities where such facilities may not be available. As such, there may be limited opportunities for the department to conduct inspections at the same time and in the same location as Home Affairs.

Recommendation 11

The report recommends that the department revise its costs recovery model to ensure importers are charged the same for the assessment of identical import declarations based on the real cost of efficient operational activity.

The department regularly reviews and updates its cost recovery charges in accordance with the Australian Government Cost Recovery Guidelines. In light of this recommendation, at the next cost recovery review, the department will consider whether the current cost recovery model for import declaration assessments continues to be appropriate.

Please let us know if you require any further information.

Yours sincerely



Lionel Riley
First Assistant Secretary
Department of Agriculture and Water Resources
19 February 2018

¹ Class specific requirements for operating approved arrangements are available on the department's website: <http://www.agriculture.gov.au/import/arrival/arrangements/requirements#class-5>

Note – the reference in the letter of response to recommendation 10 refers to recommendation 9 and the reference to recommendation 11 refers to recommendation 10. The discrepancy is explained by a recommendation being deleted from the draft report which DAWR responded to.

APPENDIX 2 – RESPONSE FROM THE DEPARTMENT OF HOME AFFAIRS



Australian Government
Department of Home Affairs

8 May 2018

Mr Michael Manthorpe, PSM
Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601

Dear Mr Manthorpe

Thank you for your letter of 20 April 2018, enclosing copies of the final report of your Office's investigation into delays in processing inbound containerised sea cargo, and to provide an opportunity to comment and respond to the revised recommendations.

I welcome the updated versions of the final report, which incorporates most of the feedback provided by the Australian Border Force (ABF) in response to your Office's draft report.

I note your finding that while the ABF has well-established administrative processes to manage containerised sea cargo compliance, more could be done to manage backlogs at Container Examination Facilities and provide better guidance to industry.

The findings and recommendations in the final report have been considered by the Department of Home Affairs and the ABF. Our publishable response is enclosed with this letter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Brown'.

Mark Brown
Acting First Assistant Secretary
Executive Group



Australian
BORDER FORCE

Our Reference: OPF2017/4094

✉ May 2018

Mr Michael Manthorpe PSM
Commonwealth Ombudsman
GPO Box 442
Canberra ACT 2601

Dear Mr Manthorpe

RESPONSE TO OMBUDSMAN OWN MOTION FINAL REPORT– INVESTIGATION INTO DELAYS IN PROCESSING INBOUND CONTAINERISED SEA CARGO

The Department of Home Affairs (the Department) and the Australian Border Force (ABF) welcome the final report into the Ombudsman Own Motion Investigation into Delays in Processing Inbound Containerised Sea Cargo. The report offers recommendations that give the opportunity to ensure our border operations support trade facilitation while preventing threats to Australia's prosperity and security crossing the border.

The Department's responses to the recommendations of the investigation are attached.

I acknowledge the report's observations concerning improvements to the operation of Container Examination Facilities that would contribute to more timely processing of containerised sea cargo. The ABF's role is to protect the Australian community from all border-related risks, ranging from national security through to the prevention of the import of prohibited goods. We must also strive to balance this objective with the facilitation of legitimate trade. We continuously develop and apply methods to improve risk assessment processes to discern importations that do not present a threat and which can be expeditiously cleared. In the 2016-17 financial year, prior to arrival at the first Australian port, 78% of sea cargo containers were risk-assessed and found to be of no further concern to the ABF. We will review the current prioritisation regime to bring further focus to those importations considered to be high-risk and alleviate pressure on low-risk consignments.

The Department is already improving its public information resources. I welcome the recommendations concerning consultation with industry to ensure that these services are relevant and support efficient processes for goods compliance and border clearance. This will give importers quicker access to their consignments and reduce their costs.

While these recommendations will be addressed in the very near term, other recommendations fall within the Department's trade modernisation agenda that will be implemented over a 10-year period. Where feasible, those recommendations will be addressed as early as possible in the 10-year period through integrated border processes with high levels of automation.

- 2 -

Thank you for the work of your officers in producing this useful report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Erin Dale', with a long horizontal flourish extending to the right.

Erin Dale
Assistant Commissioner, Strategic Border Command
Australian Border Force



DEPARTMENTAL RESPONSES TO FINAL RECOMMENDATIONS – INVESTIGATION INTO DELAYS IN PROCESSING INBOUND CONTAINERISED SEA CARGO

Recommendation 1

The department increase x-ray capacity at the smaller ports to increase inspection capacity and reduce inspection timeframes and the need to physically unpack containers and pallets.

Response

- The recommendation is supported.
- Home Affairs is leading the development of a ten-year agenda to transform and modernise trade that flows through Australia's international supply chain. This will include delivering integrated and automated border examination processes, and improving our intelligence and risk assessment capabilities by using new and emerging technologies (e.g. enhanced x-ray capabilities). Increasing x-ray capacity at the smaller ports is part of this agenda.
- In the long term, future logistical developments such as inter-modal hubs and on-wharf screening, may also potentially contribute to efficiencies in processing.

Recommendation 2

The ABF, in consultation with industry, develop and make publicly available on its website plain English guidance information on the potential messaging capabilities of the ICS when used in conjunction with appropriate software.

Response

- The recommendation is supported.
- Home Affairs and the ABF are committed to ensuring useful guidance information is available on its public internet site for use by industry.
- Industry was consulted on information available on the former Department of Immigration and Border Protection websites through a *Review of Customs Licensing Regimes* conducted during 2015-16. Content specifically for industry users was updated in response to recommendations of that review, which was published in March 2017.
- As part of the transition to Home Affairs, work is underway to enhance the website information available to both industry and members of the public.
- In addition, the Home Affairs trade modernisation agenda includes the development of a single window for international trade. A single window will provide a single data touch point for Australian businesses to meet all international trade regulatory requirements.

– 2 –

Recommendation 3

Noting the difficulty the department has in meeting the targets, combined with increased delays in the processing of containerised sea cargo and an increasing number of complaints, the department consider one or more of the following:

- *increasing staffing levels at CEFs by placing a lower operational priority on another activity, or*
- *proactively adjusting the number of containers inspected in line with operational capacity by reducing the number of P4 containers inspected, or*
- *better utilising the surge model at CEFs to increase inspection capacity in periods of peak work load or following periods where the number of containers inspected has had to be temporarily reduced to cater for other operational priorities, and*
- *increasing the pool of ABF officers who are trained in the inspection and examination technologies employed at CEFs.*

Response

- The recommendation is supported in part.
- The ABF agrees that a volumetric target as the basis for reporting performance in container examinations under a cost-recovery funding model is inappropriate.
- As part of the Home Affairs trade modernisation agenda, the funding model for container examination will be reviewed and performance measures developed in line with the levels of integrated services and automated border examinations, and taking into account risk. Any new funding models would require Government endorsement.
- The ABF is responsible for treating a wide range of border threats. The ABF employs an intelligence-led, risk-based approach to its operational prioritisation. The suggested employment of a surge model to increase container inspection capacity is noted and remains as an option available to operational planners. We will work to refine the ABF's existing surge model based on the findings of this report.
- The availability of a pool of officers trained in inspection and examination technologies employed at CEFs would underpin any surge capacity. This additional capacity will need to be specifically resourced.

Recommendation 4

The department:

- *introduce service standards for container inspection based on the three day free storage period that require the majority of containers selected for inspection to be processed within three days, unless a detection has been made, and*
- *maintain annual statistics on the time taken to inspect containers.*

Response

- The recommendation is supported in part.
- The ABF has two key areas of focus. It is responsible for protecting the Australian community from a wide range of border threats, from national security through to the prevention of the import of prohibited goods. We also have a dual

– 3 –

responsibility to facilitate legitimate trade to foster a strong Australian economy. We are keenly aware of the requirement to balance these responsibilities.

- We continuously develop and apply methods to improve risk assessment processes to discern importations that do not present a threat and which can be expeditiously cleared. In the 2016-17 financial year, prior to arrival at the first Australian port, 78% of sea cargo containers were risk-assessed and found to be of no further concern to the ABF.
- While the value of a service standard is acknowledged, it is not feasible to introduce a three day service standard for the inspection of containerised sea cargo. Organised criminal entities are continually refining and evolving their methodologies to move illicit goods across the border. The ABF continues to enhance its own border intervention and enforcement approaches to counter these efforts. Inspections carried out by the ABF within Container Examination Facilities are covert processes. For operational security reasons the ABF does not inform importers that their consignments are being inspected. ABF systems report that there is a 'hold' on the consignment, which can be placed for a range of reasons, not only for an inspection.
- Many of the resolution phases associated with the detection of illicit substances within sea cargo invariably include consideration of a managed delivery by the ABF or partner agencies such as the Australian Federal Police. By introducing a three day service standard we will in effect be providing a flag to those who imported the goods that the container has likely been subject to detailed intervention by the ABF should it not be released within three days. This could well lead to the importer failing to pick up the container when it is finally released and thus compromising potential prosecution actions by the ABF and partner agencies.
- The current process provides for a level of ambiguity around how long cargo will take to clear ABF/Department of Agriculture and Water Resources (DAWR) and thus provides a level of cover to our enforcement actions. This part of the recommendation is therefore not supported.
- In relation to the collection of annual statistics on inspection timeframes, the ABF currently does not have the data available in core systems to report against the entire end-to-end process for cargo clearance.
- Subject to a cost-benefit analysis, the Department will consider the investment required to make the necessary IT changes, adjustment of existing operating procedures across the ABF, and the allocation of resources required to meet this recommendation.

Recommendation 5

The department improve complaint handling by providing timely and detailed responses to complainants utilising subject matter experts.

Response

- The recommendation is supported.
- The Department of Home Affairs has a robust feedback management process, underpinned by the Client Feedback Policy, which is published on the

– 4 –

Department's website. The policy is supported by an internal Client Feedback Operational Policy Statement.

- The Global Feedback Unit (GFU) is the Department's centralised feedback management point for receiving, tracking and facilitating responses to client feedback. GFU officers are not subject matter experts in all facets of a diverse portfolio and rely heavily on responsible business areas (RBAs) to provide expert advice on complex complaints.
- Complex cases are referred to RBAs for specialist input and direct responses to complainants. The Department's service standard for resolution of complaints is within 15 business days for 90% of feedback cases. For the quarter ended March 2018, 97.9% of complaints received were resolved within 15 working days.
- The GFU will continue to engage with business areas across the Department and the ABF to find ways to improve the quality and timeliness of responses to complaints relating to sea cargo.
- A review of the Client Feedback Policy is planned to ensure alignment with key stakeholders of the Department and the Home of Affairs portfolio. Escalation procedures have already been identified as an in-scope item.

Recommendation 6

In cases where the ABF has not been able to process containers efficiently, consideration should be given to advising complainants of compensation schemes available under the Public Governance, Performance and Accountability Act 2013.

Response

- The recommendation is supported.
- Home Affairs and the ABF are required to advise of available compensation schemes and appeal processes when responding to claims of disadvantage or unreasonable penalty. Home Affairs and the ABF acknowledge that where this is not already occurring as a matter of course, we will ensure future advice on this issue includes reference to compensation schemes.

Recommendation 7

The ABF to work with industry to improve its methodologies to reduce the repeated targeting of importers with a history of compliance, except where new information suggests such targeting is appropriate.

Response

- The recommendation is supported in part.
- The ABF risk assesses all importation to Australia. The ABF regularly monitors, reviews and adjusts its risk assessment approach in relation to asbestos. The ABF is engaging industry to improve its understanding of asbestos containing materials to ensure the risk assessments are focused on high-threat importations. The prevalence of asbestos in common goods and commodities necessitates a sustained effort in ensuring this prohibited import is prevented from entering Australia.

Recommendation 8

The ABF review its website to increase its functionality and user-friendliness for those seeking to import freight by sea and ensure that information and links are clearly laid out and updated on a regular basis.

Response

- The recommendation is supported.
- The Home Affairs trade modernisation agenda includes service delivery reforms to digitalise trade and ensure easier access to trade information by industry. This will include on-line web-based user-friendly and easily accessible information – for all border requirements across government.
- In the shorter term, as part of the transition to Home Affairs, work is underway to enhance the website information available to both industry and members of the public.

Recommendation 9

The department and DAWR increase collaboration for container inspections and, where possible, conduct inspections in the same location and at the same time.

Response

- The recommendation is supported.
- The Department's trade modernisation agenda will explore border alignment opportunities across relevant agencies (e.g. exploring opportunities for alignment between the Australian Trusted Trader program, Approved Arrangements and the Known Consignor Scheme).
- DAWR has separately provided its own response to this recommendation.

Recommendation 10

DAWR revise its cost recovery model to ensure importers are charged the same for the assessment of identical import declarations based on the real cost of efficient operational activity.

Response

- DAWR has separately provided its own response to this recommendation.