



**Australian Government**  
**Department of Agriculture**

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**INTERIM INSPECTOR-GENERAL OF BIOSECURITY**

# **Managing biosecurity risks associated with international online purchases**

## **Interim Inspector-General of Biosecurity Audit report**

March 2015

No. 2013–14/2

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## Glossary

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AQIS Import Management System (AIMS)	<p>Managed by the Department of Agriculture, AIMS has records of quarantine entries for goods entering Australia. It provides quarantine management of imported goods and non-commodity items, records the department's decisions and communicates this information to the importer/broker. AIMS is used to:</p> <ul style="list-style-type: none"> <li>• manage biosecurity and food safety risks associated with imported cargo</li> <li>• track and record imported consignments</li> <li>• assign departmental fees and collect revenue on imported cargo.</li> </ul>
Beale review	Independent review of Australia's quarantine and biosecurity arrangements by a panel chaired by Mr Roger Beale AO. The report <i>One biosecurity: a working partnership</i> was released by the Australian Government on 18 December 2008.
biosecurity risk	Potential harm to the economy, environment and human health from the negative impacts associated with entry, establishment or spread of exotic pests and diseases.
CAPEC	Conference of Asia Pacific Express Couriers (DHL, FedEx, TNT and UPS).
Import Conditions (ICON) database	Manages and makes publicly available Australian quarantine import conditions for more than 20 000 plant, animal, mineral and human commodities. ICON is managed by the Department of Agriculture and specifies the documentation requirements for the clearance process.
Integrated Cargo System (ICS)	Software application for all import and export reporting and processing procedures. ICS provides electronic reporting of movement of goods across Australia's borders, and is managed by the Australian Customs and Border Protection Service.
minimum document requirements policy	Defines minimum requirements that must be met for all documents presented to the department to support risk assessment of imported cargo and/or packaging, for quarantine or food safety purposes.
quarantine approved premises (QAP)	Premises approved by the department under section 46A of the <i>Quarantine Act 1908</i> as a place where goods of a specified class that are subject to quarantine may be stored, treated or otherwise dealt with.
Self Assessed Clearance (SAC)	Clearance procedure for imported goods that have a value equal or less than AUD\$1 000.

## **Summary**

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### **Context**

1. The Interim Inspector-General of Biosecurity (IIGB), as part of his audit work plan, examined the effectiveness of controls used by the Department of Agriculture (the department) to manage biosecurity risks associated with international online purchases entering Australia.
2. Online shopping is a form of electronic commerce that allows customers to use the internet to purchase goods or services directly from a seller anywhere in world. Customers can shop anywhere, at any time, from a range of electronic devices and this has increased the convenience of online shopping. Customers can browse/seek multiple products across several sellers and often find products for lower prices. According to the Australian Bureau of Statistics, 76 per cent of Australia's 15.4 million internet users made a purchase or order over the internet in 2012–13 (ABS 2014).
3. Australian online customers can purchase almost anything from anywhere in the world, including items that pose high biosecurity risks to Australia—such as seeds or animal vaccines. Shipping options are either restricted or selected by the customer at the time of purchase. Options are international mail (post), which is handled by Australia Post, or air/sea cargo, which is handled by courier companies or freight forwarders.
4. In 2012–13 approximately 186 million items entered Australia as international mail and the remaining 25 million items arrived as self-assessed clearance (SAC) goods which were handled as air/sea cargo. This is a total of approximately 211 million items which entered Australia in 2012–13, highlighting the large volume of items which need to be assessed by the department. These figures represent the total of imported goods arriving in Australia; data for international online purchases are not readily available.

### **Audit objective**

5. To examine the effectiveness of controls to manage biosecurity risks associated with international online purchases entering Australia.

### **Audit scope**

6. This audit was limited to the department's risk identification processes and controls to manage identified biosecurity risks for international online purchases entering Australia.

### **Key findings**

#### **International mail**

7. Since 2008, the department has moved from increased quarantine intervention (where officers screened and intervened with the majority of international mail items) to a targeted risk-return intervention strategy. The organisational culture had to change and adapt, which was challenging for many staff. The infrastructure of several mail centres had been designed and operated for increased quarantine intervention rather than risk-based intervention.

8. In the larger facilities, Australia Post has difficulty separating and presenting international mail of interest to the department. Consequently, more international mail items than necessary are screened to ensure items of interest are assessed. Improvements in the presentation of mail of interest to the department would reduce the amount of mail that the department screens and increase the mail clearance rate.

### **Profiles**

9. National profiles introduced in 2011 have not been reviewed or updated since. As national profiles are vital to effective international mail assessment, they should be reviewed and updated more regularly. The benefit would be that staff could target mail items of current biosecurity concern, rather than mail items that are no longer of concern. This would increase productivity and allow more efficient clearance of mail items.

10. The effectiveness of national profiles will improve with the availability of pre-arrival information for international mail items. The department's support for Australia Post's involvement in the Universal Postal Union trial of pre-arrival data sharing is commended. The department should continue to support similar activities, as and when the opportunity arises.

### **Communications**

11. During initial fieldwork, the IIGB noted that communication and information sharing between Mail Program and Cargo Program officers regarding emerging risks appeared to be limited. Given that the programs dealt with similar products, especially international online purchases, there appeared to be benefits in sharing information on trends, risks and detections. It should be noted that since 1 May 2014, the Compliance Division has been restructured, with a merging of the mail and cargo sections; this has enhanced the sharing of information.

12. Each month the department compiles detailed performance indicator statistics nationally and for each mail centre. The information reflected in the monthly reports is complex. During fieldwork the IIGB was informed that operational staff in the mail centres did not use these statistics because they could not understand the information. The information in the monthly reports is useful and informative; however, the department should consider its target audience when disseminating information.

13. The department has been liaising with major online marketing sites such as eBay and Amazon, to encourage the presentation of warnings to users intending to sell and buy items of biosecurity concern. Other overseas suppliers have been contacted regarding Australia's biosecurity requirements, and those sites monitored. In addition to media and promotional activities to increase public awareness, the department has also initiated specific education campaigns.

### **Fees and charges**

14. The Mail Program is funded through government appropriation, with some funding received from Australia Post. Unlike air cargo, the department does not charge the importer/online customer/recipient of international mail items a fee for inspection.

## **Air cargo**

15. All cargo imported into Australia is recorded in the Integrated Cargo System (ICS), which is managed by the Australian Customs and Border Protection Service. As highlighted in previous IIGB reports, the importer/broker/freight forwarder is responsible for entering accurate information into the system and the department relies on their integrity and honesty in assessing the relevant biosecurity risks.

### **Profiles**

16. Profiles are pivotal in assessing biosecurity risks in self-assessed clearance (SAC) consignments. The department should regularly review a system-generated report (produced directly from the ICS) to determine any appropriate profile changes. Department staff without privileged access should examine and scrutinise the report. This independence and segregation of duties is important. Privileged access must be monitored and supervised closely to ensure it is not misused. At present, profiles may be changed, either intentionally or by accident, which could lead to release of goods of biosecurity concern.

17. Privileged access should be restricted to staff who absolutely require this level of access. Consequently, privileged access should be reviewed regularly to ensure it is essential.

### **Free line surveillance**

18. Free line air cargo surveillance is important in ensuring that the department's profiles and assessment and screening techniques are working efficiently and effectively. A random sample of air cargo is screened using X-ray equipment to ensure it contains no articles of biosecurity concern. Regional air cargo staff record free line surveillance results on the Air Cargo SharePoint site. The IIGB has been advised that one location is not undertaking free line surveillance due to difficulties accessing cargo during deconsolidation.

### **Pre-inspection clearances**

19. Officers in some regions informed the IIGB that some consignments were cleared and released without the required inspection. The officers explained that they had the necessary knowledge and experience to clear goods without inspection, because they understood the environment and what was being imported into their region. The officers explained that only goods of no biosecurity concern are released without inspection. While this approach is sound, it is important that the department verify what goods are being released without inspection. This information could be used to improve profiles to ensure these goods are not sent for inspection in the future.

### **Import permits**

20. Similar to international mail items, items that enter Australia as SAC consignments and require an import permit are not readily identifiable. The IIGB was advised that, on some occasions, SAC consignments that required import permits were released without inspection. Where SAC consignments are delivered to quarantine approved premises without the appropriate inspection, the operator must advise the department that they have received an item without inspection and the department initiates appropriate action.

## Conclusion

21. Items that have been purchased internationally online are not easily identifiable to Australia Post, courier companies, freight forwarders or the department. Consequently, online purchases are assessed with all other mail and cargo items arriving in Australia.
22. Pre-arrival information for items arriving as cargo must be supplied to the department, which allows them to be screened and assessed before arrival at the Australian border. By contrast, for items arriving at the Australian border as international mail, pre-arrival information is generally not available. Consequently, border clearance processes for mail are more labour intensive than for cargo.
23. It is accepted that the department cannot physically inspect all goods imported into Australia due to the extremely large volume of mail and cargo items entering Australia (approximately 211 million items in 2012–13). The department relies on information available to assess biosecurity risks. Items are sometimes released without the necessary checks.
24. International mail and cargo are assessed for biosecurity risks differently, with different risk categorisations for commodities being imported into Australia. This is primarily due to the commercial and non-commercial nature of the goods being imported. Generally, the Cargo Program managed commodities imported in bulk for commercial purposes and the Mail Program managed non-commercial goods. It should be noted that these programs have now been merged under the Compliance Division.
25. Volumes of international mail and cargo items are likely to increase, as is availability of prohibited or high biosecurity risk items, so the department must continue to improve its systems to ensure that items of biosecurity concern are located and assessed effectively and efficiently.
26. The department should continue working with online businesses such as eBay and Amazon to increase online shoppers' awareness of biosecurity risks when purchasing goods to be sent to Australia. Overseas online sellers also should be made aware of Australia's biosecurity requirements, where relevant and practicable. The department's efforts in proactively contacting overseas suppliers and monitoring sites for items of concern, are acknowledged.
27. The increase in volumes of international mail and air cargo entering Australia, and the potential biosecurity risks associated with a significant proportion of these items, justifies the department's ongoing attention. In general, the department is managing the risks appropriately but the recommendations in this report reflect areas for possible improvement.
28. It is noted that the Australian National Audit Office has recently undertaken a separate performance audit in the department and the Australian Customs and Border Protection Service, *Screening of international mail* (ANAO 2014). While this IIGB report covers a broader range of pathways, related to online purchases, the ANAO report deals with screening of international mail in more detail.

## Recommendations

The full department response to the recommendations is at Appendix A.

### Recommendation 1

paragraph 3.26	<p>The department should regularly review and where necessary update national profiles for international mail for currency, efficiency and effectiveness.</p> <p><b>Department's response:</b> Agreed</p>
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### Recommendation 2

paragraph 3.32	<p>The department should grant relevant Mail Program staff in Canberra and regions, access to appropriate internet sites such as online shopping sites, for work use.</p> <p><b>Department's response:</b> Agreed</p>
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### Recommendation 3

paragraph 3.39	<p>The department should ensure its monthly performance reports to mail centre managers include simplified relevant information to improve service delivery. For example, reports should identify processes performing satisfactorily and any areas for improvement.</p> <p><b>Department's response:</b> Agreed</p>
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### Recommendation 4

paragraph 4.25	<p>An independent department officer without privileged access should review Integrated Cargo System reports regularly to ensure all profile amendments are authorised and amended correctly.</p> <p><b>Department's response:</b> Agreed</p>
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### Recommendation 5

paragraph 4.27	<p>The department should regularly review officers' access to the Integrated Cargo System, particularly for privileged access to amend or deactivate SAC profiles, to ensure such access is necessary.</p> <p><b>Department's response:</b> Agreed</p>
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**Recommendation 6**

paragraph 4.32	<p>The department should ensure that all regions perform free line surveillance activities regularly to determine if the department's profiles and assessment and screening techniques are efficient and effective.</p> <p><b>Department's response:</b> Agreed</p>
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Dr Michael Bond  
Interim Inspector-General of Biosecurity  
4 March 2015

**Acknowledgement:** The initial planning and most fieldwork for this audit were undertaken under the supervision of the previous IIGB, Dr Kevin Dunn.

This audit was delayed due to more urgent operational priorities in 2013, together with the need to broaden the scope after the initial draft report had been prepared. Responsibility for the content and recommendations of the final report rests with the current IIGB.

## Introduction

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### 1. Background

1.1 Online shopping is a form of electronic commerce that allows customers to use the internet to purchase goods or services directly from a seller anywhere in world. Customers can shop anywhere, at any time, from a range of electronic devices and this has increased the convenience of online shopping. Customers can browse/seek multiple products across several sellers and often find products for lower prices.

1.2 The Australia Bureau of Statistics reports that the number of households with access to the internet continues to increase, totalling 7.3 million households in 2012–13 and representing 83 per cent of all households (up from 79 per cent in 2010–11). According to the Australian Bureau of Statistics, 76 per cent of Australia's 15.4 million internet users made a purchase or order over the internet in 2012–13 (ABS 2014).

1.3 Research in 2010 showed that there is widespread participation by Australians in aspects of the digital economy, with 88 per cent of Australian household internet users participating in one or more e-commerce activities in the previous six months (ACMA 2010).

1.4 The Productivity Commission, in *Economic structure and performance of the Australian retail industry*, reported that online shopping was becoming more common in Australia (PC 2011). It noted that the Australian Bureau of Statistics did not produce data for domestic and overseas online retail purchases in Australia. However, it reported that market analysts estimate the domestic online share of total retail sales in Australia to be between 3 and 7 per cent. The Productivity Commission estimated that the share was 4 per cent and overseas online purchases account for a third of total online sales. In 2010, domestic and overseas online sales accounted for 6 per cent of total retail spending in Australia, which equated to \$12.6 billion. The Productivity Commission projected that online sales in Australia would grow by 10 to 15 per cent per annum over the next three years (PC 2011).

1.5 Australia online customers can purchase almost anything from anywhere around the world, including items that pose high biosecurity risks to Australia. Shipping options are sometimes restricted or can be selected by the customer at the time of purchase. Shipping options are either international mail (post), which is handled by Australia Post, or air/sea cargo, which is handled by courier companies or freight forwarders.

1.6 The online trade in items of biosecurity concern has been recognised internationally as a growing area of risk (IPPC 2012, Pearson and Hill 2014). For example, a 2012 study in Germany (Kaminski *et al.* 2012) found that only 32% of plants purchased online had an accurate customs declaration when received. A study by the International Plant Protection Convention (IPPC) in 2012 identified seeds as the most common type of plant material offered for sale online. One of the challenges faced in regulating online purchasing is that retailing websites vary in the level of detail presented in relation to phytosanitary regulations (IPPC 2012). High quality seller sites include notices to buyers prior to purchase, that particular phytosanitary requirements exist for Australia, and the seller may decline to ship to specific locations due to phytosanitary regulations.

1.7 Items that have been purchased internationally online are not easily identifiable to Australia Post, courier companies or the department. Consequently, online purchases are assessed with all other mail or cargo items arriving in Australia.

1.8 All international mail (including online purchases) that arrives at the mail centres is sorted into one of four different mail classes: letters, other articles, parcels and express mail services. Most international online purchases are sent as other articles, parcels or express mail services.

1.9 During 2013-14 the Australian National Audit Office (ANAO) undertook a performance audit of the department and the Australian Customs and Border Protection Service, *Screening of international mail* (ANAO 2014). This audit undertook a detailed review of the screening of international mail but did not consider the specific risks involved in online shopping. The ANAO audit noted that the department had decided not to develop profiles targeting risk material in the letter class due to limitations imposed by the volume of mail and the difficulty in separating targeted from untargeted groups. The audit also noted that the department assessed that the quantity of risk material that could be contained in a letter-sized item was limited.

1.10 Table 1 provides data on the number of international mail items that arrived in Australia between 1 July 2008 and 30 June 2013.

**Table 1 International mail items received in Australia by mail class, 2008–13**

Mail class	2008–09	2009–10	2010–11	2011–12	2012–13
Letters	116 045 913	105 985 310	99 209 636	101 000 880	115 694 894
Other articles	15 075 419	26 342 728	45 528 671	55 753 295	63 910 832
Express mail services	2 459 713	3 024 004	3 577 790	3 840 764	3 585 538
Parcels	2 345 527	2 519 852	3 129 311	3 617 212	3 387 489
Registered <sup>a</sup>	1 240 293	1 774 508	833 160	539 581	na

<sup>a</sup> Registered mail is no longer classified as a separate entity. Registered class mail is included in the letter, other articles and parcels information.

Source: Department of Agriculture, April 2014

1.11 During fieldwork, the then Air Cargo Program advised the IIGB that the majority of international online purchases are non-commercial imports that arrive by air and have a value equal to or less than \$1 000. Consequently, the IIGB narrowed the focus of this audit by assuming that the value of international online purchases arriving in Australia as self-assessed clearance (SAC) goods was less than \$1 000. Goods valued over \$1 000 require a full import declaration, and the IIGB did not focus on those for this audit.

1.12 Table 2 shows the number of SAC consignments imported into Australia by courier companies from 1 July 2008 to 30 June 2013.

**Table 2 Self-assessed clearance consignments arriving in Australia, 2008–13**

Year	2008–09 <sup>a</sup>	2009–10	2010–11	2011–12	2012–13
Air cargo	na	8 412 917	10 987 750	15 170 340	25 054 624
Sea cargo	na	77 405	89 658	88 714	125 732
Totals	na	8 490 322	11 077 408	15 259 054	25 180 356

<sup>a</sup> Data from 1 July 2008 to 30 June 2009 was unavailable.

Source: Department of Agriculture, April 2014

1.13 The data in tables 1 and 2 show the significant increase in SAC consignments compared to international mail items in the five years to 30 June 2013. The total volume of

SAC consignments increased by approximately 297 per cent, and the total volume of international mail increased by approximately 136 per cent.

1.14 In 2012–13 approximately 186 million items entered Australia as international mail and the remaining 25 million items arrived as SAC consignments which were handled as air/sea cargo. These figures represent the total of imported goods arriving in Australia; data for international online purchases are not readily available. Approximately 211 million items entered Australia in 2012–13, highlighting the large volume of items which need to be assessed by the department. As volume is likely to increase into the future, as is the availability of prohibited or high biosecurity risk items, the department must continue to enhance and refine its systems to ensure it locates and assesses items of biosecurity concern effectively and efficiently.

1.15 The department requires pre-arrival information for items arriving as cargo. This allows the department to screen and assess items prior to their arrival at the Australian border. However, for items arriving at the Australian border as international mail, pre-arrival information is generally not available. Consequently, border clearance processes for mail are more labour intensive than for cargo (Treasury 2012). Australia Post is currently conducting a trial in association with the Universal Postal Union (UPU) to provide pre-arrival data for bar-coded (e.g. EMS, Parcel) mail (Koch 2014).

1.16 The Mail Program and the Cargo Program used different risk categories for imported commodities, primarily because of the commercial and non-commercial nature of the goods. Generally, the Cargo Program managed bulk commodities for commercial purposes and the Mail Program managed non-commercial goods.

1.17 The programs assessed international mail and cargo for biosecurity risks differently; both programs have advantages and challenges. See sections 3 and 4 for descriptions of how international online purchases enter Australia as international mail (post) and air cargo (SAC consignments).

### **Departmental controls**

1.18 Sections of the *Quarantine Act 1908* provide department officers with examination powers:

- section 44C, Examination of goods on importation
- section 52, Examination of animals on importation
- section 53, Examination of plants on importation
- section 55A, Power to order goods into quarantine
- section 70A, Power to search goods.

1.19 The power to examine is defined in section 5(1) of the act and provides the basis for officers to obtain information about the level of biosecurity risk posed by the goods. This includes documentary assessment, physical inspection and performance of tests and sampling as required.

1.20 Goods are imported in contravention of the act if they do not meet the import conditions because:

- they are prohibited

- they do not meet specified import conditions
- they have been imported without an import permit or the conditions of the import permit have not been met, or
- they have failed to satisfy other requirements in the Quarantine Proclamation 1998.

1.21 Goods imported in contravention of the act may be seized and destroyed in accordance with section 68(1). In June 2013, the department implemented policy to allow for the immediate destruction of goods that:

- have been imported in contravention of the Act
- are valued at less than \$100, and
- are assessed as not being of sentimental value.

## **2. Methodology**

### **2.1 The methodology for this review included:**

- an entry meeting with stakeholders to enable the IIGB to
  - communicate review objectives and scope
  - outline responsibilities
  - identify risks to the review and any appropriate mitigation strategies
  - request background information to assist the review process
  - provide an opportunity for all parties to discuss the review and seek clarification from the IIGB about the proposed review process
- review of background material related to the biosecurity risks and their management for international online purchases
- review of relevant departmental documentation and information (for example, standard operating procedures, work instructions and communication material)
- review of performance and effectiveness of the department's profiling and other risk-based intervention strategies
- desktop review of international mail and air cargo handling processes, focusing on international online purchases
- assessment of the department's procedures and operations at the border (for example, at Australia Post gateway facilities and cargo terminal operators)
- exit interviews with stakeholders to
  - provide an overview of initial findings and observations
  - provide an opportunity for stakeholders to correct any misunderstandings or errors and provide feedback on the review process
  - outline the process for release of and response to the draft report
- development of the draft report, with key findings and recommendations
- a 'fact check' of the draft report by the department to correct any misunderstandings or errors and to provide further feedback on the review process
- finalisation of the draft report and provision to the Secretary, Department of Agriculture, seeking formal management comments from the department
- development of the final report and provision to the Minister for Agriculture with formal management comments
- the minister's approval (or not) to publish the final report on the IIGB's website.

### **2.2 The agencies and groups consulted by the IIGB as part of this audit are listed at Appendix C.**

## **Out of scope**

2.3 This audit did not examine:

- domestic online purchases
- commercial considerations
- air cargo and sea cargo (full import declarations)
- technical procedures in the treatment, destruction and re-exportation of international online purchases.

## Observations and findings

### 3. International mail

3.1 An international online purchase that arrives in Australia as international mail (post) will be directed to one of the four international mail centres operated by Australia Post:

- Brisbane Airport Transit Centre
- Melbourne Gateway Facility
- Perth Gateway Facility
- Sydney Gateway Facility.

3.2 Items that have been purchased online from overseas are not easily identifiable to Australia Post or the department. Consequently, all international mail items (including online purchases) that arrive at the mail centres are sorted into one of four different mail classes: letters, other articles, parcels and express mail services. Most international online purchases are sent as other articles, parcels or express mail services. Table 3 summarises the four different mail classes.

**Table 3 Mail class descriptions**

Mail class	Description
Letters	Postcards, enveloped letters, papers, brochures and books and magazines wrapped in plastic. They are not more than 500 grams in weight and 2 centimetres thick.
Other articles	Articles that do not fit into letter class: <ul style="list-style-type: none"> <li>• small (weighing up to 500 grams)</li> <li>• large (weighing between 500 grams and two kilograms).</li> </ul>
Parcels	Articles that weigh more than two kilograms and less than 20 kilograms and that are limited in size to 105 centimetres long and 140 centimetres wide.
Express mail services	Priority international courier service for items that weigh up to 20 kilograms. Each item has a unique barcode.

Source: Department of Agriculture, December 2013

3.3 International online purchases can arrive in Australia by air, sea (surface mail) or be surface air lifted (SAL). Surface mail is sent by land and sea. SAL mail is processed and transported by surface in the origin country and then transported by air to the destination country. All surface mail that arrives in Australia is directed to the Sydney Gateway Facility for processing. Table 4 shows the proportion of all international mail items by mail class and arrival method. The majority of international mail arrives in Australia by air.



**Table 4 Proportion of international mail items by mail class and arrival route, at 30 June 2013**

Mail class	Arrival method	Percentage (%)
Letters and other articles <sup>a</sup>	Air mail	94
Letters and other articles <sup>a</sup>	SAL mail	0
Letters and other articles <sup>a</sup>	Surface mail	6
Parcels	Air mail	83
Parcels	SAL mail	7
Parcels	Surface mail	10
Express mail services	Air mail	100
Express mail services	SAL mail	0
Express mail services	Surface mail	0

<sup>a</sup> Figure cannot be separated, as Australia Post combines letters and other articles for volumes by arrival method.

Source: Department of Agriculture, April 2014

3.4 Table 5 shows the number of international mail items that arrived in Australia (at each international mail centre) between 1 July 2008 and 30 June 2013. International mail volumes (particularly for other articles) increased over the five years.

**Table 5 International mail items received in Australia, 2008–13**

Location	Mail class	2008–09	2009–10	2010–11	2011–12	2012–13
<b>Brisbane Airport Transit Centre</b>	Letters	6 607 500	6 316 771	6 581 762	6 855 299	6 438 410
	Other articles	1 313 046	1 947 091	3 595 561	4 381 398	5 864 998
	Express mail services	159 970	231 334	306 766	358 881	353 992
	Parcels	62 653	73 799	89 729	329 349	281 821
	Registered <sup>a</sup>	101 943	263 629	451 837	328 906	na
<b>Melbourne Gateway Facility</b>	Letters	18 665 356	14 886 943	16 676 223	17 301 886	21 249 851
	Other articles	3 464 913	5 467 738	11 330 187	12 293 111	11 762 369
	Express mail services	932 065	1 150 350	1 344 612	1 370 510	1 192 638
	Parcels	692 587	781 055	1 001 480	1 094 853	963 922
	Registered <sup>a</sup>	915 523	1 210 452	na	na	na
<b>Perth Gateway Facility</b>	Letters	7 268 720	7 648 150	7 957 200	7 933 759	8 204 640
	Other articles	1 077 152	1 392 569	2 029 152	2 724 745	3 518 758
	Express mail services	58 518	72 321	103 715	124 263	142 346
	Parcels	65 954	82 456	77 448	80 433	114 814
	Registered <sup>a</sup>	222 827	300 427	381 323	210 675	na
<b>Sydney Gateway Facility</b>	Letters	83 504 337	77 133 446	67 994 451	68 909 936	79 801 993
	Other articles	9 220 308	17 535 330	28 573 771	36 354 041	42 764 707
	Express mail services	1 309 160	1 569 999	1 822 697	1 987 110	1 896 562
	Parcels	1 524 333	1 582 542	1 960 654	2 112 577	2 026 932
	Registered <sup>a</sup>	na	na	na	na	na

	Letters	116 045 913	105 985 310	99 209 636	101 000 880	115 694 894
	Other articles	15 075 419	26 342 728	45 528 671	55 753 295	63 910 832
<b>National totals</b>	Express mail services	2 459 713	3 024 004	3 577 790	3 840 764	3 585 538
	Parcels	2 345 527	2 519 852	3 129 311	3 617 212	3 387 489
	Registered <sup>a</sup>	1 240 293	1 774 508	833 160	539 581	na

<sup>a</sup> Registered mail is no longer classified separately. Registered class mail is included in the letter, other articles and parcels information.

Source: Department of Agriculture, April 2014

3.5 It is important to note that Australia Post does not record items on a per item basis; rather, it records items by weight. Therefore, table 5 provides approximate numbers for letters, other articles and parcels based on the average weight per item. Express mail services are identifiable by individual barcodes. Therefore, these items are accurately recorded on a per item basis.

3.6 Table 5 shows the increase in international mail volumes in the five years to 30 June 2013. The total volume international mail increased by approximately 136 per cent. In particular, the volume of other articles increased rapidly, by approximately 424 per cent, whereas parcels and express mail services saw increases of approximately 144 and 146 per cent respectively. With volumes likely to increase in the future, the department must continue to enhance and refine its systems and processes to ensure it locates and assesses items of biosecurity concern effectively and efficiently.

3.7 The Sydney Gateway Facility processes the majority of international mail. In 2012–13 Sydney processed approximately 68 per cent of international mail, while Melbourne, Brisbane and Perth processed approximately 19 per cent, 7 per cent and 6 per cent respectively.

3.8 Australia Post cannot easily separate international mail that is of interest to the department. Consequently, the department screens more international mail items than necessary to ensure it assesses items of interest. Improvements in Australia Post's presentation of mail of interest to the department would reduce the amount of mail the department screened and increase the mail clearance rate.

3.9 Table 6 shows the number of international mail items that were quarantined/seized (in each international mail centre) between 1 July 2008 and 30 June 2013.

**Table 6 Numbers of international mail items quarantined in Australia, 2008–13**

Location	Mail class	2008–09	2009–10	2010–11	2011–12	2012–13
<b>Brisbane Airport Transit Centre</b>	Letters	155	46	53	109	27
	Other articles	1 533	1 177	929	526	474
	Express mail services	1 635	1 830	2 341	2 061	1 609
	Parcels	333	190	141	214	227
	Registered <sup>a</sup>	80	116	121	102	na
<b>Melbourne Gateway Facility</b>	Letters	4 533	3 845	2 230	1 261	300
	Other articles	3 569	3 937	4 490	3 686	2 118
	Express mail services	4 000	4 791	6 202	4 892	3 218
	Parcels	4 244	3 650	3 818	2 621	1 818
	Registered <sup>a</sup>	581	690	1	na	na

<b>Perth Gateway Facility</b>	Letters	562	250	136	69	7
	Other articles	1 540	1 379	1 306	504	227
	Express mail services	901	990	1 523	995	440
	Parcels	1 020	797	758	530	231
	Registered <sup>a</sup>	237	305	325	105	na
<b>Sydney Gateway Facility</b>	Letters	7 978	8 123	6 113	3 683	1 137
	Other articles	20 978	14 624	13 698	8 308	5 005
	Express mail services	20 046	16 264	20 649	10 080	2 876
	Parcels	38 753	32 492	34 218	17 780	8 422
	Registered <sup>a</sup>	na	na	na	na	na
<b>National totals</b>	Letters	13 228	12 264	8 532	5 122	1 471
	Other articles	27 620	21 117	20 423	13 024	7 824
	Express mail services	26 582	23 875	30 715	18 028	8 143
	Parcels	44 350	37 129	38 935	21 145	10 698
	Registered <sup>a</sup>	898	1 111	447	207	na

<sup>a</sup> Registered mail is no longer classified separately. Registered class mail is included in the letter, other articles and parcels information.

Source: Department of Agriculture, April 2014

3.10 Table 6 shows that the number of items quarantined (seized) greatly reduced over the five years to 30 June 2013. The total number of items quarantined in 2008–09 was 112 678 and in 2012–13 was 28 136. This was a reduction of approximately 75 per cent.

3.11 Changes to the *Quarantine Proclamation 1998* have reduced the number of international mail items referred for biosecurity assessment. Import permit requirements have been removed for a specific list of commercially prepared and packaged low risk/high volume items for personal use, such as egg noodles and meat jerky.

3.12 The department reports on its website that, with the rapid expansion of the internet, the importation of goods purchased through e-commerce mail orders poses a significant biosecurity risk to Australia. Mail order/online purchases constitute a significant proportion of items seized after departmental screening.

3.13 In 2012–13 the department estimated that 99.9 per cent of incoming mail items were compliant with quarantine regulations. Therefore the department would have to locate less than 0.1 per cent of arriving mail to identify items of biosecurity concern.

### Mail Assessment

3.14 The department implements biosecurity controls through assessing, screening and inspecting international mail items.

3.15 Officers use profiles to determine whether international mail items should be screened. They also use profiles to determine appropriate screening and inspection methods. Most profiles have been developed nationally. However, individual mail centres can use their particular information and knowledge to develop local profiles to enhance the effectiveness and efficiency of national profiles.

3.16 A direct access clearance can be applied to approved companies where the mail arrives with manifests that detail the contents of each individual mail item within the consignment. Manifests are provided prior to the arrival of the consignment at the mail centre. Department officers assess each manifest for items of biosecurity concern. The

department maintains a national mail manifest clearance register, which lists all companies that are approved for clearance.

3.17 Knowledge of seasonal and cultural events can assist the department when the risk that international mail contains items of biosecurity concern may be elevated, for example, Chinese New Year, Christmas or Thanksgiving.

### **Challenges**

3.18 Since 2008, the department has moved from increased quarantine intervention (where officers screened and intervened with the majority of international mail items) to a targeted risk-return intervention strategy. The organisational culture had to change and adapt, which was challenging for many staff. The infrastructure of several mail centres had been designed and operated for increased quarantine intervention rather than risk-based intervention.

3.19 Managing international mail is challenging, as the Low Value Parcel Processing Taskforce highlighted. No pre-arrival information is available for the majority of international mail that arrives at the Australian border. Australia Post operates within the Universal Postal Union (UPU) framework and has limited or no control over mail items until they arrive at the border. Consequently, border processes in the mail environment are more labour intensive than for cargo (Treasury 2012). The unavailability of pre-arrival information for mail items is now being addressed by the UPU internationally. Currently, Australia Post is participating in a trial with the UPU in which 16 international postal organisations provide pre-arrival information regarding items being shipped to Australia. This trial currently applies only to bar-coded mail. The department, in association with the Australian Customs and Border Protection Service, is collaborating with Australia Post to assess the suitability of the provided data for use in border risk assessment and profiling.

3.20 In order to address these biosecurity risks, it is desirable that, in the future, further research is undertaken to enhance detection capability. The increase in mail volume and labour costs would justify investment in, for example, more sophisticated X-ray technology. In considering new detection capabilities, the department should prioritise the evaluation of technologies which can potentially contribute to the efficient screening of letter class mail. An ability to efficiently screen letter class would permit the development of profiles targeting specific cohorts within this class of mail.

3.21 Given the many challenges to addressing biosecurity risk in the international mail the department should continue to engage with developers of potentially useful technologies and possibly participate in early stage trials of technologies in development.

### **Profiles**

3.22 National profiles introduced in 2011 have not been reviewed or updated since. Some mail centres have developed local profiles and implemented targeted operations when required.

3.23 The department can undertake targeted operations to investigate or identify potential biosecurity risks in international mail. These may be in response to known periods of heightened risk or be in response to new operational intelligence.

3.24 The Mail Program captures a considerable amount of useful information and this should be used to enhance national profiles. The IIGB was informed that the risk

categorisations were being reviewed to ensure they targeted the correct commodities. After it completes this project, the program should review, and where necessary, update national profiles for international mail.

3.25 As national profiles are crucial in assessing international mail, they should be reviewed and updated more regularly to ensure their effectiveness. Staff would then target current biosecurity risk items, rather than items no longer of concern. This would result in increased productivity and allow items to be cleared more efficiently. Individual mail centres should continue to use local profiles and targeted operations to complement national profiles.

#### **Recommendation 1**

3.26 The department should regularly review and where necessary update national profiles for international mail for currency, efficiency and effectiveness.

**Department's response:** Agreed.

A review is currently underway to update current national mail profiles for international mail, with implementation expected early 2015. Outcomes of the review of risk categorisation levels assigned to commodities in the Mail and Passenger System, which is also underway, will complement profile development and assist the department to focus on targeting the greatest risk.

The department is also working with Australia Post and the Australian Customs and Border Protection Service (ACBPS) to improve our ability to identify and capture mail articles that present a biosecurity risk, including those that represent a threat to our environment.

#### **End-point survey**

3.27 The department uses end-point survey results in the development and refinement of profiles and in reporting against performance indicators, nationally and locally. End-point surveys are conducted by randomly sampling international mail items at each mail centre for detailed inspection. End-point surveys provide assurance; they indicate the number of items of biosecurity concern not detected as part of normal mail assessment. Each mail centre has a minimum number of items to be sampled across all mail classes per month.

3.28 End-point surveys are important in determining whether the national profiles are operating effectively and whether individual mail centres should implement local profiles or initiate targeted operations. The Compliance Program and individual mail centres use them to identify new and emerging trends and determine whether controls such as screening methods are effective.

3.29 End-point survey results can indicate that a profile should be developed or reviewed. Each mail centre has a risk manager who is responsible for developing local profiles. Risk managers must have a good understanding of the risks and potential risks in their mail centre. The risk manager is responsible for ensuring the end-point surveys are undertaken.

3.30 Staff access to internet sites is restricted, in line with the department's information technology security policy. However, key Canberra-based Compliance Program staff and regional mail centre risk managers need to access e-commerce sites such as eBay and Amazon to research, develop profiles and assess unidentifiable mail items at the border.

Department staff should not need to use their personal devices to access internet sites for work purposes. The department should grant these staff ongoing access to required internet sites.

3.31 It was noted that the department has recently engaged the Centre of Excellence for Biosecurity Risk Analysis (University of Melbourne) to review the methodology of end-point surveys.

**Recommendation 2**

3.32 The department should grant relevant Mail Program staff in Canberra and regions, access to appropriate internet sites such as online shopping sites, for work use.

**Department's response:** Agreed.

Relevant staff have been granted access to restricted internet sites, including online auction sites (eg. eBay), for the purposes of investigation and to assist in activities such as Direct Access assessment and profile development. Active monitoring of these sites has resulted in the detection of items containing undeclared seed and plant material.

3.33 Mail centres capture (and often double-handle) considerable amounts of data and information. Mail centre staff often record information on paper forms, and the information is then entered into the appropriate system(s). This double-handling increases the time taken to record information and the risk of inaccurate data being entered into the department's information systems. Accurate collection and recording of data is critical to the integrity of future decisions. The department uses these data in its risk-return model.

3.34 Mail centre staff could trial the use of mobile devices such as tablets. Direct electronic data entry rather than manual data capture and information double-handling would make recording information more efficient and improve data integrity in, for example, recording information in an end-point survey.

3.35 Mail centre staff must ensure that data are captured and recorded accurately and reflect international mail volumes and assessment, screening and inspection activities. Profiles are developed using historical data recorded by mail centre staff. Poor data entry and inaccurate records can lead to inefficient/ineffective profiles.

**Communications**

3.36 Mail Program communication and information sharing were strong and extended to all mail centres. The internal Passenger and Mail Portal contains useful information on performance indicators (nationally and for individual mail centres) and operational notices. The risk manager network is a good initiative. Risk managers hold regular teleconferences and meet face-to-face annually to discuss issues and emerging risks at the mail centres.

3.37 Prior to May 2014, communication and information sharing between the Mail Program and the Cargo Program appeared to be minimal. Given that the programs dealt with similar products, especially for international online purchases, it appeared that they would benefit from sharing information on trends, risks and detections. It should be noted that since 1 May 2014, the Compliance Division has been restructured, with a merging of the mail and cargo sections; this has greatly enhanced the sharing of information.

3.38 Each month the department compiles detailed performance indicator statistics nationally and for each mail centre. The information reflected in the monthly reports is complex. During fieldwork the IIGB was informed that operational staff in the mail centres did not use these statistics because they could not understand the information. The information in the monthly reports is useful and informative; however, the department should consider its target audience when disseminating information. This information would be useful for Canberra-based Compliance Program staff who are analysing data and modelling, but operational managers in the mail centres would not require this level of detail. Operational managers need high-level information regarding processes that are working well and what needs improvement or attention.

### **Recommendation 3**

3.39 The department should ensure its monthly performance reports to mail centre managers include simplified relevant information to improve service delivery. For example, reports should identify processes performing satisfactorily and any areas for improvement.

#### **Department's response:** Agreed.

The department's reporting was simplified in March 2014, after the IIGB's initial fieldwork was completed. Work is also underway on building a dashboard that will improve capability in running *ad hoc* reporting to meet operational requirements. The dashboard will provide readily accessible performance indicator data.

3.40 The department has a memorandum of understanding with Australia Post and the Australian Customs and Border Protection Service for operations at Australia Post facilities. It outlines the principles for managing border agency risks and facilitating international mail assessment. The department has a good relationship with these parties. This was particularly evident in the small mail centres, such as Brisbane and Perth, where the staff cohort across the three agencies is smaller.

3.41 The department and the Australian Customs and Border Protection Service refer items of interest to each other.

3.42 The IIGB was informed that the department is also working with a number of organisations, such as eBay and Amazon, to increase online shoppers' awareness of biosecurity risks when purchasing goods to be sent to Australia. The department has extended this excellent initiative to include other online organisations/businesses. The proactive engagement with sellers, and monitoring of their websites, contributes to increased informed compliance with Australia's import regulations and will contribute to decreased risk material entering the country. The viability of this activity is dependent on the department investing in ongoing review of the types of risk material being sold online and ensuring that identified issues are addressed with vendors as early as possible.

3.43 The department's website provides useful information on items/commodities that cannot be imported into Australia. The Import Conditions Database outlines the Australian import conditions for more than 20 000 plant, animal, microbial, mineral and human products. In addition to the Import Conditions Database, the department has also developed websites, such as '*What can't be mailed to Australia*' and '*Mail order and internet*

*purchases.* These sites allow members of the public to review items that should not be mailed to Australia and information on ordering international goods online.

3.44 In addition to general media and other promotional activities such as the *Border Security* television program to increase public awareness, the department has also initiated specific education campaigns. In 2013, the department contacted 5165 Australians who had received non-permitted plant or seed imports through international mail. They received a brochure informing them of Australia's biosecurity import requirements, with links to the department's website. Of the recipients, 345 sought additional information from the website and a further 41 contacted the department directly.

### **Funding, fees and charges**

3.45 The Mail Program is funded through government appropriation, with some funding received from Australia Post. Unlike for air cargo, the department does not charge the importer/online customer/recipient of international mail items a fee for inspection of mail items.

3.46 From 1 January 2014 the Mail Program increased fees for treatments and re-export services for any international mail that does not meet import conditions. The fees had been unchanged for 10 years, and this amendment reflects the current cost of delivering these services. The fee for treatment services—such as fumigation, gamma irradiation or heat treatment—increased from \$42.50 to \$75. The fees for re-export of international mail items increased from \$42.50 to \$95.



## 4. Air cargo

4.1 The IIGB understands, based on historical information and the then Air Cargo program's assessment, that international online purchases generally are non-commercial imports, arrive by air and have a value less than \$1 000. Consequently, the IIGB narrowed the audit focus by assuming that international online purchases arriving in Australia were mostly self-assessed clearance (SAC) goods with value equal to or less than \$1 000. Goods valued over \$1 000 require a full import declaration and were not included in this audit. It is important to note that SAC declarations are not required for the clearance of goods with a value equal to or less than \$1 000 that arrive in Australia by international mail (post).

4.2 An international online purchase arriving as an express courier item will land at one of several Australian air or sea ports—most likely Sydney, Melbourne, Perth or Brisbane. As is the case with international mail, neither courier companies nor the department can easily identify international online purchases. All express courier items (including online purchases) are assessed collectively under the same processes.

4.3 Approximately 90 per cent of imported air cargo SAC consignments are processed at the Conference of Asia Pacific Express Carriers (CAPEC) premises. The CAPEC represents the major express courier services: DHL, FedEx, TNT and UPS. Table 7 shows the number of SAC consignments imported into Australia by express couriers (both CAPEC and non-CAPEC members) from 1 July 2008 to 30 June 2013.

4.4 Table 7 shows that the volume of SAC consignments imported into Australia by the CAPEC and non-CAPEC members increased by approximately 297 per cent. Air and sea SAC consignments increased by approximately 298 per cent and 162 per cent respectively.

**Table 7 Self-assessed clearance consignments imported into Australia, 2008–13**

SAC Consignments	2008–09 a	2009–10	2010–11	2011–12	2012–13
Air cargo	na	8 412 917	10 987 750	15 170 340	25 054 624
Sea cargo	na	77 405	89 658	88 714	125 732
Total	na	8 490 322	11 077 408	15 259 054	25 180 356

a Data from 1 July 2008 to 30 June 2009 was unavailable.

Source: Department of Agriculture, April 2014

4.5 The Australian Customs and Border Protection Service provided the data to the department in table 7, from the Integrated Cargo System (ICS). All cargo imported into Australia is recorded in the ICS. The department was only able to source data from 1 July 2008 to 30 June 2013 on total volumes of cargo imported by express couriers, not detailed figures by financial year or by port/state of arrival.

4.6 During 2012–13 the majority of SAC consignments (99.5 per cent), imported by the CAPEC and non-CAPEC members, arrived in Australia by air. Of the total 25 180 356 SAC consignments, 25 054 624 arrived in Australia by air and the remaining 125 732 arrived by sea.

4.7 Table 8 shows the number of SAC consignments that were referred from the ICS for biosecurity assessment between 1 July 2008 and 30 June 2013.

**Table 8 Self-assessed clearance consignments referred from ICS for biosecurity assessment, 2008–13**

State of arrival	2008–09	2009–10	2010–11	2011–12	2012–13
New South Wales	249 630	319 513	437 980	444 766	412 454
Victoria	72 573	89 297	113 871	115 746	107 153
Queensland	23 828	28 998	46 925	58 390	38 521
South Australia	7 554	8 586	11 524	21 238	13 826
Western Australia	27 642	44 041	65 212	74 423	66 877
Tasmania	2	2	4	4	0
Northern Territory	1 159	1 294	1 718	1 057	1 824
Australian Capital Territory	4	5	2	4	0
Totals	382 392	491 736	677 236	715 628	640 655

Source: Department of Agriculture, April 2014

4.8 Table 8 shows that the number of items referred to the department for biosecurity assessment increased between 2008–09 and 2011–12; however, in 2012–13, the number of items reduced by approximately 10.5 per cent. At this time the Cargo Program reviewed its risk categorisation for lower risk items and reduced intervention rates accordingly. The Cargo Program continues to focus on items that pose higher biosecurity risks—through enhancing profiles—to ensure that appropriate items are referred for biosecurity assessment. Changes to the *Quarantine Proclamation 1998* also affected the number of SAC consignments referred for biosecurity assessment. Import permit requirements have been removed on a specific list of commercially prepared and packaged low risk/high volume items for personal use, such as egg noodles and meat jerky.

#### **Self-assessed clearance consignment assessment**

4.9 The department implements a number of biosecurity controls to manage the biosecurity risks associated with international online purchases entering Australia as SAC consignments.

4.10 As described in paragraph 4.7, all cargo imported into Australia is entered in the ICS, which is managed by the Australian Customs and Border Protection Service. The importer/broker/freight forwarder enters the consignment details in the ICS at least 48 hours before the estimated time of arrival at the first Australian port (for sea cargo) or at least two hours before the estimated time of arrival at the first Australian airport (for air cargo). The department has access to and uses the ICS to monitor, target and profile imported SAC consignments with potential biosecurity risks.

4.11 Importers can use one of three different types of SAC declarations. The two most commonly used are the cargo report SAC declaration and the SAC (short form) declaration. The third type, the SAC (full form) declaration, is used at the client's discretion. The SAC (full form) allows clients to pay duties, GST and other taxes on all imported goods as required. The type of SAC declaration used depends on the nature of goods being imported.

4.12 Each SAC declaration requires basic information, including the identity of the importer, details of the consignment and description of the goods. SAC declarations can only be lodged electronically. The department uses the information on the declaration, as well as other details, to assess the biosecurity risk. As highlighted in previous IIGB reports, the

department relies on the integrity and honesty of the importer/broker/freight forwarder, who is responsible for entering accurate information into the ICS.

4.13 The inherent risk that a reputable online supplier will falsely declare items is low, as they gain no benefit or advantage by making a false declaration. However, the risk that smaller online sellers, selling items online through eBay or Amazon, will declare items incorrectly is greater. For both, there is a risk that goods may be inaccurately declared exists. The risk of suppliers making incorrect declarations is higher when goods are sent privately, not as a business transaction.

4.14 All SACs are assessed electronically by the department's profiles, which are incorporated in the ICS. The SAC National Coordination Centre (SAC NCC), based in Sydney, creates and maintains the profiles in the ICS. The SAC NCC enhances the profiles regularly as required, using intelligence, data analysis and trends, and emerging risks.

4.15 If a SAC consignment matches a profile—that is, if the goods are potentially of biosecurity concern—the consignment is referred automatically to the department for document assessment. When a consignment is referred to the department, the consignment is recorded in the department's SAC application for assessment. This is an electronic application, currently available to the CAPEC members only. Departmental officers have access to all documentation and supporting material for the consignment, such as invoices and mandatory declarations, to examine for their ultimate assessment.

4.16 The SAC NCC initially screens SACs referred to the department. Since 12 May 2014, all SAC cargo reports and short form SAC consignments have been processed by the SAC NCC. This ensures greater consistency in the department's SAC consignment screening, regardless of where the goods arrive in Australia.

4.17 Non-CAPEC members can supply SAC documentation by email to the SAC NCC for assessment. If they cannot submit electronically, they can provide documentation to their regional office in person.

4.18 All SAC documentation must meet the department's *Minimum document requirements policy* (DAFF 2012). This policy defines the minimum requirements for documents presented to the department to assess the consignment biosecurity risk.

4.19 After the document assessment, some goods may be directed to the relevant region for physical inspection. This is usually due to the possible presence of biosecurity risk material or lack of documentation to assess the biosecurity risk. Consignments can be either released after inspection or directed for treatment. Any consignments directed for treatment are upgraded to the department's import management system (AIMS).

4.20 Some SAC consignments are automatically upgraded to AIMS. For example, consignments that require an import permit must be upgraded to AIMS for appropriate management.

4.21 Officers in some regions informed the IIGB that some SAC consignments were cleared and released without the required inspection. The officers explained that they had the knowledge and experience to clear certain goods without inspection, because they understood the environment and what was being imported into their region. The officers explained that only goods of no biosecurity concern are released without inspection. While this approach is sound, it is important that the department verifies what goods are being released without inspection. This information could be used to improve profiles to ensure these goods are not sent for inspection in the future.

4.22 Similar to international mail items, items that enter Australia as SAC consignments and require an import permit are not readily identifiable. The IIGB was advised that, on some occasions, SAC consignments that required import permits were released without inspection. Where SAC consignments are delivered to quarantine approved premises without the appropriate inspection, the operator must advise the department that they have received an uninspected item and the department then initiates appropriate action.

### **Profiles**

4.23 Profiles are pivotal in assessing biosecurity risks of SAC consignments. Nine department staff have privileged (administrator) access to amend or deactivate the department's profiles in the ICS. The IIGB was informed that any profiles that are amended or deactivated are logged/recorded in the ICS in the individual profile records. Department staff record changes to profiles in an Excel spreadsheet, which is saved and archived monthly. With thousands of profiles in the ICS, it would take staff considerable time to verify each profile to determine whether changes were recorded accurately in the Excel spreadsheet.

4.24 The department should regularly review a system-generated report (from the ICS) to determine any appropriate profile changes. Staff would no longer need to record profile changes in the Excel spreadsheet. Staff without privileged access should be authorised to examine the report. This independence and segregation of duties is important. The department does not receive system-generated reports from the ICS on profile changes. The department would have to request this from the Australian Customs and Border Protection Service (ACBPS).

Privileged access must be monitored and supervised closely to ensure it is not misused. At present, profiles may be changed, either intentionally or by accident, which could lead to the release of SAC consignments of biosecurity concern.

#### **Recommendation 4**

4.25 An independent department officer without privileged access should review the Integrated Cargo System reports regularly to ensure all profile amendments are authorised and amended correctly.

#### **Department's response:** Agreed.

It would be ideal to receive a system-generated report from the Integrated Cargo System (ICS) to examine and scrutinise changes to profiles. However, the ICS currently does not have the capability to produce such reports. The department will consider the ICS changes required to fully implement this recommendation. It should be noted that given the ICS is owned by ACBPS, change requests must be managed through their processes and lead times can be extensive.

4.26 Privileged access should be restricted to staff who absolutely require this access. The IIGB was informed that three department staff with privileged access had it as a backup only, in case the other six staff with privileged access are unavailable. The IIGB was informed that none of the three staff had made profile changes for several years.

### **Recommendation 5**

4.27 The department should regularly review officers' access to the Integrated Cargo System, particularly privileged access to amend or deactivate SAC profiles, to ensure such access is necessary.

**Department's response:** Agreed.

The department has procedures in place to ensure ICS access is only provided to users when such access is deemed necessary, but will look to strengthen these procedures. All Department of Agriculture users are required to hold a minimum 'Baseline Level Security Clearance' before permission is granted to access the ICS. In addition, users wishing to gain ICS access must have their request approved by their supervisor /manager to confirm their job requires access at the requested level. There are several different user levels available within the ICS, however to create or modify profiles users must have access at 'Owner' or 'Authoriser' level. Users with 'Owner' level access cannot create or modify profiles unless approved by someone with 'Authoriser' level access.

Furthermore, the department conducts annual user audits to ensure access is necessary and at appropriate level. The latest audit was conducted in May 2014 and resulted in the number of users with 'Authoriser' level access being reduced from 36 to 12.

In addition to the above measures:

- 1) ACBPS periodically runs sweeps resulting in any un-used accounts being automatically disabled.
- 2) The department has procedures in place to remove ICS access when officers leave the department or move to another area within the department where such access/level of access is not necessary.

The regular review of officer access to the ICS relating to profiling privileges has also been added to the National Cargo Profiling Management Policy.

### **Free line screening and general surveillance**

4.28 General surveillance of the air cargo pathway includes surveillance of operations and at quarantine approved premises. The department should continue its joint surveillance activities with the Australian Customs and Border Protection Service across all the regions. Surveillance activities assist the department to monitor the overall risk status of the air cargo pathway. It is also important that all surveillance activities and information on any incidents be recorded to assist the department to improve management of biosecurity risks associated with air cargo.

4.29 Free line air cargo surveillance is important in ensuring that the department's profiles and assessment and screening techniques are working efficiently and effectively. A random sample of air cargo is screened by X-ray to ensure it contains no articles of biosecurity concern. If the screening detects items that have otherwise bypassed the department's controls, the department uses these to enhance and improve its profiles and assessment techniques.

4.30 During fieldwork for this audit, the IIGB was informed that one location is not undertaking free line surveillance due to difficulties accessing cargo during deconsolidation. Regional air cargo staff record results from free line surveillance on the Air Cargo SharePoint site.

4.31 The type of air cargo received in Australia varies from region to region. For example, Perth receives large volumes of soil and rock samples for testing because of extensive mining operations, and associated analytical facilities, in Western Australia. Other regions generally would not receive these goods. It is important that all regions undertake free line surveillance to ensure the department manages biosecurity risks across all types of cargo and regions. This would increase the likelihood that profiles are working effectively.

**Recommendation 6**

4.32 The department should ensure that all regions perform free line surveillance activities regularly to determine if the department's profiles and assessment and screening techniques are efficient and effective.

**Department's response:** Agreed.

The department notes the value of free line surveillance and undertakes this activity in the higher volume regions. The national data collected from this activity is used to determine the effectiveness and efficiency of the department's controls and confirms that the current profiles are targeting and managing high risk cargo.

**Use of technology and detection methods**

4.33 Regional department staff inspect SAC consignments at the CAPEC and non-CAPEC premises. Some CAPEC premises have facilities available for department staff so that SAC consignments can be processed and released efficiently. Some of these premises are located significant distances from the department's regional offices and from each other, and while at the premises staff do not have access to the department's IT system(s) to release SAC consignments. The inspectors either contact staff by phone at the regional office to enter their results into the department's systems or return to the office to complete processing.

4.34 The department is trialling mobile devices to assist staff to process imported cargo more efficiently. Staff complete inspections and then enter information into the department's systems at the CAPEC or non-CAPEC premises, hence improving efficiency. The department then would be able to charge clients fairly and accurately on the total time taken to complete the inspection(s).

4.35 The department currently does not use detector dogs to screen SAC consignments arriving in Australia. The use of detector dogs in the future, could potentially improve the effectiveness of free line or general surveillance.

## **Communication**

4.36 SAC NCC produces monthly updates on the number of SAC consignments screened. The updates provide a yearly comparison and report on profile effectiveness and other operational information such as staffing levels and incidents. SAC NCC provides the updates to the Cargo Executive for oversight.

4.37 The IIGB noted that communication and information sharing between the Cargo Program and the Mail Program officers regarding emerging risks appeared to be limited. Given that the programs deal with similar products, especially international online purchases, they would benefit from sharing information on trends, risks and detections. It should be noted that since 1 May 2014, the Compliance Division has been restructured, with a merging of the mail and cargo sections; this has enhanced the sharing of information.

4.38 The department assesses international online supplier product catalogue information to determine a product's biosecurity risk prior to its import into Australia. If the department considered the product had an acceptably low level of biosecurity risk, it could exclude that product from assessment and profile screening. This is a positive initiative to facilitate air cargo clearance.

4.39 When the department detects prohibited items through inspection, it liaises with overseas suppliers either directly or through the CAPEC members and provides the list of prohibited items for future imports. This helps the suppliers to understand the department's biosecurity intervention strategy and exclude prohibited items from future shipments of online purchases. The department should continue to engage and collaborate with industry to increase its profile and industry awareness of Australia's biosecurity risks.

4.40 The department uses various communication strategies to deliver information on biosecurity risks associated with importing cargo to Australia. The department places flyers inside any packages that have been opened and inspected to explain its inspection actions to buyers/importers. These flyers also assist importers by directing them to the department's website for more information or to contact the Air and Sea Cargo Program directly by email.

## **Funding, fees and charges**

4.41 The Air and Sea Cargo Program managed the air cargo function. The management of SAC consignments is funded entirely through cost recovery.

4.42 The department charges inspection fees to the CAPEC and non-CAPEC members, and these fees vary between courier companies and freight forwarders. The majority of the CAPEC premises have standing daily or weekly inspection bookings due to the large volume of SAC consignments requiring inspection. The department charges for inspections hourly or per visit. Non-CAPEC premises may have only a few SAC consignments requiring inspection each year. Premises book inspections when required and the department charges them for the time taken to perform the service.

4.43 If SAC consignments are upgraded or referred to AIMS for further assessment, the department charges a lodgement fee of \$25 per entry. From there, it applies the normal entry management processing fees. For initial processing, the department charges a time based fee, with \$40 covering the first half hour of processing. For complex entries, where initial processing takes more than half an hour, it charges an additional \$40 per quarter hour.

4.44 Where the department requires additional information to complete an entry, it charges an additional \$40 per entry. It also applies the time based fee to every quarter hour of assessment. The additional information fee is chargeable only once, regardless of how many times the department requests further information for that entry.



## Appendix A: Department response

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Australian Government  
Department of Agriculture

SECRETARY

Ref: EXEC2014-06929

Dr Michael Bond  
Interim Inspector-General of Biosecurity  
Department of Agriculture  
GPO Box 858  
Canberra ACT 2601

Dear Dr Bond

Thank you for your letter of 19 December 2014 regarding your draft audit report *Managing biosecurity risks associated with international online purchases* and for the opportunity to provide comment. I note you have broadened your review to consider the potential for illegal seeds to be imported into Australia via the international mail pathway as requested by the Minister for Agriculture, the Hon Barnaby Joyce MP.

The department agrees with the recommendations in the draft report. I am pleased to inform you that work towards addressing these recommendations has commenced and actions under some recommendations have already been completed.

Specific comments in response to the recommendations are provided at Annex A. There are no matters referenced in your report that are considered prejudicial to the public interest and therefore should not be made publically available.

If you require any further clarification on our comments, please contact Ms Nicola Hinder, Assistant Secretary Pathway Compliance on 02 6272 3506 or by email to [Nicola.Hinder@agriculture.gov.au](mailto:Nicola.Hinder@agriculture.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'P Grimes'.

Paul Grimes

27 February 2015

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## **ANNEX A**

### **Department of Agriculture responses to draft recommendations**

#### **Recommendation 1**

The department should regularly review and where necessary update national profiles for international mail for currency, efficiency and effectiveness.

***Response:***

Agreed.

A review is currently underway to update current national mail profiles for international mail, with implementation expected early 2015. Outcomes of the review of risk categorisation levels assigned to commodities in the Mail and Passenger System, which is also underway, will complement profile development and assist the department to focus on targeting the greatest risk.

The department is also working with Australia Post and the Australian Customs and Border Protection Service (ACBPS) to improve our ability to identify and capture mail articles that present a biosecurity risk, including those that represent a threat to our environment.

#### **Recommendation 2**

The department should grant relevant Mail Program staff in Canberra and regions, access to appropriate internet sites such as online shopping sites, for work use.

***Response:***

Agreed.

Relevant staff have been granted access to restricted internet sites, including online auction sites (eg. ebay), for the purposes of investigation and to assist in activities such as Direct Access assessment and profile development. Active monitoring of these sites has resulted in the detection of items containing undeclared seed and plant material.

#### **Recommendation 3**

The department should ensure its monthly performance reports to mail centre managers include simplified relevant information to improve service delivery. For example, reports should identify processes for performing satisfactorily and any areas for improvement.

***Response:***

Agreed.

The department's reporting was simplified in March 2014, after the IIGB's initial fieldwork was completed. Work is also underway on building a dashboard that will improve capability in running adhoc reporting to meet operational requirements. The dashboard will provide readily accessible performance indicator data.

#### **Recommendation 4**

An independent department officer without privileges access should review Integrated Cargo System reports to ensure all profile amendments are authorised and amended correctly.

#### **Response:**

Agreed.

It would be ideal to receive a system generated report from the Integrated Cargo System (ICS) to examine and scrutinise changes to profiles. However, the ICS currently does not have the capability to produce such reports. The department will consider the ICS changes required to fully implement this recommendation. It should be noted that given the ICS is owned by ACBPS, change requests must be managed through their processes and lead times can be extensive.

As an interim measure, the department has developed a report to extract details of all profile amendments. This report will be used to conduct an assurance process for the authorisation of profiles in accordance with the revised National Cargo Profile Management Policy, which received executive endorsement in October 2014. An independent assessment of the rigour of this process has recently been completed and findings will be actioned as appropriate.

#### **Recommendation 5**

The department should regularly review officers' access to the Integrated Cargo System, particularly for privileged access to amend or deactivate SAC profiles, to ensure access is necessary.

#### **Response:**

Agreed.

The department has procedures in place to ensure ICS access is only provided to users when such access is deemed necessary, but will look to strengthen these procedures.

All Department of Agriculture users are required to hold a minimum 'Baseline Level Security Clearance' before permission is granted to access the ICS. In addition, users wishing to gain ICS access must have their request approved by their supervisor/manager to confirm their job requires access at the requested level.

There are several different user levels available within the ICS, however to create or modify profiles users must have access at 'Owner' or 'Authoriser' level. Users with 'Owner' level access cannot create or modify profiles unless approved by someone with 'Authoriser' level access.

Furthermore, the department conducts annual user audits to ensure access is necessary and at appropriate level. The latest audit was conducted in May 2014 and resulted in the number of users with 'Authoriser' level access being reduced from 36 to 12.

In addition to the above measures:

1) ACBPS periodically runs sweeps resulting in any un-used accounts being automatically disabled.

2) The department has procedures in place to remove ICS access when officers leave the department or move to another area within the department where such access/level of access is not necessary.

The regular review of officer access to the ICS relating to profiling privileges has also been added to the National Cargo Profiling Management Policy.

**Recommendation 6**

The department should ensure that all regions perform free line surveillance activities regularly to determine if the department's profiles and assessment and screening techniques are efficient and effective.

***Response:***

Agreed.

The department notes the value of free line surveillance and undertakes this activity in the higher volume regions. The national data collected from this activity is used to determine the effectiveness and efficiency of the department's controls and confirms that the current profiles are targeting and managing high risk cargo.

## **Appendix B: Conduct of the audit**

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### **Role of the Interim Inspector-General of Biosecurity**

As part of its preliminary response to the 2008 review of Australia's quarantine and biosecurity arrangements (the Beale review), the Australian Government agreed to establish a statutory office of Inspector-General of Biosecurity. The role would be established under new biosecurity legislation currently being developed. In advance of this enabling legislation, interim administrative arrangements are in place.

On 1 July 2009 the government appointed an Interim Inspector-General of Biosecurity (IIGB). The scope of the role covers those systems and their risk management measures for which the Department of Agriculture is responsible.

The role also includes biosecurity measures relating to human health and environmental responsibilities undertaken by the department on behalf of the Department of Health and the Department of the Environment.

The IIGB works cooperatively with the department, other relevant Australian Government departments, competent authorities and organisations/companies involved in the biosecurity continuum.

The IIGB is independent from the organisational and functional arrangements of the department's biosecurity-related divisions and reports to the Australian Government Minister for Agriculture.

IIGB reports are publicly available unless they contain confidential or sensitive information.

### **The Interim Inspector-General of Biosecurity's program**

The IIGB's program of activities includes a comprehensive agenda of systems performance audits designed to provide assurance of biosecurity systems and risk management measures across Australia's biosecurity continuum.

To compile the program, the IIGB considers potential audit/review topics from a variety of sources, including:

- consultation with the department and relevant industries
- outcomes of other relevant reviews/inquiries, such as the Australian National Audit Office and internal audits
- observations from previous IIGB audits
- expert advice
- media coverage.

The IIGB also considers the minister's requests to undertake specified audits or reviews of the biosecurity system.

The IIGB prioritises audit/review topics. This includes an indicative qualitative risk assessment to assess the effects and likelihood of breakdowns in the biosecurity systems being audited.

The IIGB also:

- avoids duplication with other biosecurity-related assurance/audit activities
- balances effort and coverage across the biosecurity continuum and sectors
- balances effort and coverage of the elements of the risk management processes outlined in the ISO 31000:2009 standard.

**The audit team**

Auditors Ajay Singh and Cassandra Valentine assisted the IIGB to undertake this audit. Updates to the final report were prepared by Jonathan Muller.

## **Appendix C: Agencies, groups and individuals consulted by the Interim Inspector-General of Biosecurity**

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The Interim Inspector-General of Biosecurity consulted and acknowledges the valuable assistance provided by these agencies, groups and individuals:

- Pathway Compliance Branch (previously the Passenger and Mail Branch and the Cargo and Shipping Branch), Compliance Division, Department of Agriculture—responsible for developing operational policy to enable the effective biosecurity clearance by service delivery staff of inbound international mail and cargo using a range of assessment, screening and inspection methods
- Brisbane, Melbourne, Perth and Sydney offices, Department of Agriculture—provides quarantine and biosecurity services for clearance of international mail and cargo at the Australian border
- Australia Post International Gateway Facilities in Brisbane, Melbourne, Perth and Sydney
- CAPEC and non-CAPEC premises in Brisbane, Melbourne, Perth and Sydney
- Industry stakeholders.

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