Efficiency of the Australian Passport Office

Department of Foreign Affairs and Trade

Canberra ACT

7 February 2024

Dear President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of Foreign Affairs and Trade. The report is titled *Efficiency of the Australian Passport Office.* I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website — http://www.anao.gov.au.

Yours sincerely

Grant Hehir
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

Audit team

Jocelyn Watts
Joshua Carruthers
Michaelia Liu
Dale Todd
Tracey Bremner
Brian Boyd

Contents

Audit snapshot

Auditor-General Report No. 13 2023–24

Efficiency of the Australian Passport Office

? Why did we do this audit?

▶ The efficiency of the DFAT's processing of passport applications is important to the ability of Australian citizens to travel overseas and ensuring the process obtains the most benefit from available resources. Previous ANAO performance audits focused on the passports function were completed in May 2012 and April 2003.

🔑 Key facts

▶ Australian citizens are entitled to be issued with a passport under the *Australian Passports Act 2005*. Passport fees are imposed as taxes.

▶ The department's key performance indicators for providing efficient passport services relate to how quickly it processes applications once in its systems, discounting any time applications are placed 'on hold'.

📝 What did we find?

▶ The delivery of passport services has not been efficient.

▶ Processes are partly in place for the efficient processing of passport applications. The arrangements focus on timeliness with insufficient attention given to resource efficiency. The department's approach is not customer focused.

▶ Passport applications are not being processed in a time and resource efficient manner.

1 2 3 What did we recommend?

▶ The Auditor-General made nine recommendations aimed at improving the measurement of time efficiency, a greater focus on resource efficiency, improved complaints handling and improving the department's time and resource efficiency. The department agreed to all nine recommendations.

3.1m

passports issued in 2022–23.

24%

of applications processed between June 2022 and June 2023 took longer than six weeks.

56%

fewer applications processed per full-time equivalent staff member per quarter in 2022–23 compared to before borders closed.

Summary and recommendations

Background

1.   Australian citizens are entitled to be issued with a passport under the *Australian Passports Act 2005* (the Passport Act).[1] A passport enables travel across borders (with the necessary visas or entitlements) and within Australia can also act as important proof of identity. Non-citizens may be eligible to apply for other types of travel documents.[2]

2.   The Department of Foreign Affairs and Trade (DFAT) is responsible for issuing passports to Australian citizens in line with the Passport Act, with delivery of passport services in Australia and overseas being one of DFAT's three key outcomes.

3.   In July 2006, DFAT created the Australian Passport Office (APO) as a separate division to provide passport services. DFAT has offices in each Australian capital city to deliver passport services and works with DFAT diplomatic and consular missions to provide services to Australians located overseas. The Australian Trade and Investment Commission (Austrade) also provides passport services in eleven overseas locations (nine countries) where DFAT does not have a diplomatic or consular presence.[3]

Effect of international border closures on demand for passport services

4.   Beginning in January 2020 travel restriction measures were progressively implemented in response to the emergence of coronavirus disease 2019 (COVID-19). Following the closure of the international border, the number of applications lodged dropped such that average quarterly demand for passport services during the border closure remained about three and a half times lower than the average before implementation of border restrictions. As a result, over the six quarters of border restrictions, 2.2 million fewer passports were issued when compared to the previous six quarters.

5.   Demand for passports began increasing immediately following the reopening of the international border in November 2021. The number of applications lodged in the seven quarters following the reopening of the international border was on average 22 per cent higher than pre-pandemic levels per quarter. The increased demand for services was consistent with the passports demand modelling conducted by DFAT. That modelling predicted as early as December 2020 that the low number of passports lodged in 2020 would result in a 'pent-up demand surge' in 2022, providing the department with time to prepare for a sustained increased demand for passport services.

Rationale for undertaking the audit

6.   The efficiency of DFAT's processing of passport applications is important to the ability of Australian citizens to travel overseas and ensuring the process obtains the most benefit from available resources. Previous ANAO performance audits focused on the passports function were

---

1   Applications must be in the approved form and accompanied by the relevant fee (refer to paragraph 1.6).
2   Non-citizen travel documents include Certificates of Identity and Convention Travel documents. The Australian Passports Determination 2015 sets out the circumstances in which the Minister (or their delegate) may issue these types of travel documents.
3   Delivery of passport services and consular services is one of Austrade's two outcomes.

completed in May 2012[4] and April 2003.[5] This performance audit was conducted to provide independent assurance to the Parliament that the processing of passports by DFAT is efficient.

Audit objective and criteria

7.   The objective of the audit was to assess the efficiency of DFAT's delivery of passport services through the Australian Passport Office. To form a conclusion against the audit objective, the following high-level criteria were adopted:

- Has DFAT put in place efficient processes for the processing of passport applications?
- Is DFAT's processing of passport applications efficient?

Conclusion

8.   DFAT has not been efficiently delivering passport services. While the department has timeframe targets for processing applications those targets are not customer focused and are not being consistently met. There are no resource efficiency targets; the average cost to produce a passport has increased more than the increase in the price of labour; and staff efficiency, which was improving up until the COVID-19 pandemic, has deteriorated since the international border was reopened.

9.   Processes are partly in place for the efficient processing of passport applications. The arrangements focus on timeliness of processing with insufficient attention given to resource efficiency. In addition, the department's approach is not sufficiently customer focused:

- calculations of the time taken to process passport applications do not reflect the full amount of time experienced by citizens from when they lodge their application to when they receive a passport; and
- the department does not centrally capture and analyse all complaints received so as to identify improvement opportunities.

10.   Passport applications are not being processed in a time and resource efficient manner:

- DFAT has not achieved its target to process 95 per cent of routine passports within 10 business days for three out of the last five financial years. Following the reopening of the border, an increasing proportion of applicants chose to pay an additional fee to have their application processed as a priority within two business days. The department's performance in processing priority applications has declined over time.
- DFAT's resource efficiency has declined when considered in terms of the average cost to process passport applications and the average number of passport applications processed per full-time equivalent (FTE) staff member (Australian Public Service (APS) employees plus contractors). Additional staff to process applications once the international border reopened were not engaged and trained in time to avoid a significant processing backlog developing.

---

4   Auditor-General Report No.33 2011–12 *Management of ePassports.*
5   Auditor-General Report No.37 2002–03 *Passport Services.*

Supporting findings

Passport processing arrangements

11.   Appropriate performance measures have not been established to enable an assessment of the department's passport processing efficiency:

- Time efficiency: the department has two targets (one for routine applications and another for priority applications) to demonstrate timeliness of processing that could be used as efficiency proxy measures. Both require improvement so that they measure the turnaround experienced by applicants. The department's current approach is to calculate the time applications spend in the department's processing systems (excluding the time it takes for an application to enter the systems as well as the time it takes to provide the passport to an applicant once processing has been completed) and exclude the time an application might spend on 'hold'.

- Resource efficiency: the department has no performance measures. This situation is at odds with the department previously agreeing to a 2022 internal audit recommendation that it develop efficiency measures for functions that are transactional in nature (such as passport services) that measure the cost of inputs relative to outputs. (See paragraphs 2.3 to 2.22)

12.   Once an application is registered in its processing systems, DFAT is able to capture data that can be used to inform an assessment of its time efficiency in delivery of passport services, although the department relies on manual workarounds when calculating performance using this data. Data is not currently captured for analysis of the time taken from an applicant perspective from when an application is lodged through to the passport being provided to the applicant.

13.   Relevant and reliable data is available on resource usage for Australian-based staff in the APO which could be used to measure efficiency. While expenditure information is captured at a department-wide level, a reliable measure on the cost of passport services is not available. In 2021, DFAT commenced the development of an activity-based cost model. The model does not include an apportionment of corporate enabling and overseas costs. (See paragraphs 2.23 to 2.33)

14.   DFAT uses two workflow systems for passport processing, an approach the department has long recognised as being inefficient. While DFAT diplomatic and consular missions have access to systems, policies and procedures to support efficient processing, Austrade officials with responsibility for delivery of passport services have not been provided with the same access when delivering the same services. DFAT has not achieved the intended benefits from projects to improve photo quality for overseas passport applicants and automate manually intensive workflow steps. Passport policy and standard operating procedures for processing are available to DFAT staff on a centralised intranet site. (See paragraphs 2.34 to 2.54)

15.   The funding arrangements for passport processing are not designed to promote efficiency in the delivery of passport services and are based on outdated assumptions with the result that those arrangements do not support the efficient use of resources. Ministers have agreed that Department of Finance (Finance) and DFAT should revise the passport funding agreement to cover the full costs of passport provision. (See paragraphs 2.55 to 2.64)

16.   DFAT does not have appropriate arrangements in place to manage complaints about passport processing. While complaints made via the online portal are captured in a centralised database, other important avenues where complaints may be made (such as the public-facing Passport Enquiries inbox as well as contracted service providers for the lodgement of passport applications and the call centre) are not included. As a result, DFAT does not have a complaint system capable of producing complete and reliable passport complaint data so as to analyse performance and identify opportunities for improvement. (See paragraphs 2.65 to 2.78)

Passport processing efficiency

17.   DFAT has not achieved its target to process 95 per cent of routine passports within 10 business days for three out of the last five financial years.

18.   The department's target processing time differs to its advice to applicants on its website to allow a 'minimum of 6 weeks to receive a passport, no matter where you apply' because the department's performance measurement does not capture the period from application lodgement through to the receipt of the passport by the applicant and discounts the time that application processing is on 'hold'. While the 10 business days internal processing target has not changed, advice to customers on how long they will need to wait to receive a passport was 'three weeks' up until October 2021, changing to 'up to six weeks' from November 2021 to May 2022 and since June 2022 has been a 'minimum of six weeks'. The incongruity between the department's timeliness performance targets and its public messaging reflects that the department's approach to measuring time efficiency is not customer focused.

19.   An increasing proportion of applicants are choosing to pay an additional fee to have their application processed within two business days, resulting in substantial additional passports revenue being received by the Australian Government. A change in methodology for calculation of 'two business days' approved by DFAT in February 2020 resulted in more favourable performance results for DFAT against the priority processing target. The change in methodology was not transparently disclosed in its performance statements.

20.   DFAT's processes do not assist applicants to seek refunds in circumstances where priority applications are not processed within two business days. In 2022–23, DFAT refunded $733,224 in priority fees while up to $15.9 million in revenue was retained from applicants who may have been eligible to claim a refund.

21.   Processing times for complex applications are not publicly reported or captured by DFAT's performance measures. While the proportion of complex applications, when compared to total passport applications processed, has remained stable over time, processing times for complex applications have increased from a median of 10 business days in 2017–18 to 46 business days in 2022–23, in excess of the six to eight weeks timeframe communicated to applicants.

22.   DFAT may place applications on 'clock-stopping holds' which stops an application's recorded processing time. DFAT guidance states that clock-stopping holds should be used when contact is 'being attempted' or 'has been made with the person or area relevant to the hold' to gain further information relevant to the application. The department undertakes insufficient analysis of its use of manual holds to identify the factors causing these to occur and opportunities to improve its time efficiency in processing passport applications by reducing how often and for how long applications are placed on hold. (See paragraphs 3.2 to 3.61)

23.   Apart from 2020–21 and, to a lesser extent, 2021–22, the average cost per passport produced has been growing over time (being 23 per cent higher in 2022–23 than it was five years earlier compared with a 15 per cent increase in the wage price index). A higher average cost to produce passports in 2020–21 and 2021–22 reflected the lower number of passports produced rather than a significant increase in costs. Cost growth as passport application demand increased following the re-opening of international borders has been in the areas of supplier expenses and additional processing staff obtained through contractual arrangements (rather than employees).

24.   Staff efficiency was steadily improving up until the COVID-19 pandemic. This reflected a consistent and generally slightly increasing number of passports being produced and a slight decline over time in the number of processing staff. The average number of passport applications processed per FTE (employees plus contractors) has not returned to pre-pandemic levels, averaging 384 per FTE per quarter throughout 2022–23, 56 per cent lower than the 865 per FTE achieved on average in eleven quarters before the closure of the international border and corresponding drop in demand for passport services.

25.   The timing of the post border reopening increase to processing resources (through contractors) was such that there were insufficient trained and experienced resources available to prevent a large backlog in applications developing from late 2021. The backlog in applications grew considerably over the next year, peaking in September 2022 at 428,750 applications on hand. (See paragraphs 3.62 to 3.89)

Recommendations

Recommendation no. 1 **Paragraph 2.13**	The Department of Foreign Affairs and Trade improve its performance measures to include an explicit focus on the time it takes from an applicant perspective from the lodgement of an application through to the receipt or collection of a passport. **Department of Foreign Affairs and Trade response:** *Agreed.*
Recommendation no. 2 **Paragraph 2.17**	The Department of Foreign Affairs and Trade establish and report on performance measures that address the efficiency with which it uses resources in processing passport applications. **Department of Foreign Affairs and Trade response:** *Agreed.*
Recommendation no. 3 **Paragraph 2.41**	The Department of Foreign Affairs and Trade improve the processing of passport applications by equipping Austrade staff with responsibility for delivery of passport services in overseas locations with the same access to passport systems as is provided to its departmental officers in overseas locations. **Department of Foreign Affairs and Trade response:** *Agreed.*

Recommendation no. 4 **Paragraph 2.77**	The Department of Foreign Affairs and Trade improve its complaints handling for passports processing by: (a) expanding the capture of complaints data to include all relevant channels including the Passport Enquiries inbox as well as from third-party service providers; and (b) recording passport complaints received via any channel in an electronic system capable of producing complaint data that is reliable and complete. **Department of Foreign Affairs and Trade response:** *Agreed.*
Recommendation no. 5 **Paragraph 3.11**	The Department of Foreign Affairs and Trade improve transparency over its passport application processing by improving its systems to expand its published processing time to the number of consecutive business days that applicants can expect their passport to take from application submission to passport receipt. **Department of Foreign Affairs and Trade response:** *Agreed.*
Recommendation no. 6 **Paragraph 3.23**	The Department of Foreign Affairs and Trade ensure any methodology changes that impact on reported performance, and the rationale for the changes, are explained in reporting. **Department of Foreign Affairs and Trade response:** *Agreed.*
Recommendation no. 7 **Paragraph 3.28**	The Department of Foreign Affairs and Trade provide refunds of the priority processing fee paid by all applicants where the department does not meet the processing timeframe advertised for those applications. **Department of Foreign Affairs and Trade response:** *Agreed.*
Recommendation no. 8 **Paragraph 3.59**	The Department of Foreign Affairs and Trade analyse its use of manual holds to identify the factors causing these to occur and opportunities to improve its time efficiency in processing passport applications. The department should seek to minimise the number of applications that are placed on hold, and the time they spend on hold. **Department of Foreign Affairs and Trade response:** *Agreed.*
Recommendation no. 9 **Paragraph 3.66**	The Department of Foreign Affairs and Trade adopt an activity-based costing approach to reporting on the cost of the department providing passport services. **Department of Foreign Affairs and Trade response:** *Agreed.*

Summary of entity response

26.   The proposed report was provided to DFAT, Finance and Austrade. Extracts of the report were also provided to: Australia Postal Corporation (Australia Post), Community and Public Sector Union, Customer Driven Solutions Pty Ltd, Datacom Systems (AU) Pty Ltd, Grosvenor Performance Group Pty Ltd, Mühlbauer ID Services GmbH (Mühlbauer), Serco Citizen Services Pty Ltd, Synergy Group Australia Pty Ltd and UiPath S.R.L. The letters of response that were received for inclusion in the audit report are at Appendix 1. Summary responses, where provided, are included below.

Austrade

Austrade has noted the Australian National Audit Office's findings.

Australia Post

Australia Post notes that, while the extract of the proposed report provided contains various references to Australia Post, there are no recommendations included for consideration by Australia Post. Should there be aspects of the full and final report that require our review or response, Australia Post representatives are available to assist.

Australia Post recognises the critical importance of an efficient passport services process, including the efficiency of arrangements in place to manage complaints about passport processing. Noting the extract identifies findings related to complaints management, Australia Post will ensure relevant complaints data received by Australia Post is provided to DFAT in compliance with contractual requirements. If complaints data is requested by DFAT that is not required under the existing contract, Australia Post will work with DFAT to identify and implement a mutually agreeable solution.

Mühlbauer

Upon receiving reports from DFAT indicating that an increased number of photos and signatures that had been processed by Mühlbauer's Image Enhancement software (MBIE) required manual processing, Mühlbauer immediately conducted a detailed analysis of statistical information and test data made available by DFAT and identified three key criteria that negatively affected performance when compared to tests and validation carried out as part of the rollout process. There is a clear correlation between poor quality input photos and increased manual workload.

Mühlbauer has provided DFAT with a detailed report, describing methodology and the details of our findings, alongside with recommendation to mitigate the identified root causes. Mühlbauer stands committed and continues to work with DFAT's team on adjustments to key processing parameters and machine learning algorithms within the MBIE software, by providing additional training and assisting DFAT with revised guidelines for photographs submitted as part of an applicant's passport application.

Addressing these key topics should immediately reduce the number of photos requiring manual processing and drastically reduce the workload and processing times.

Key messages from this audit for all Australian Government entities

27.　　Below is a summary of key messages, including instances of good practice, which have been identified in this audit and may be relevant for the operations of other Australian Government entities.

Performance and impact measurement

- For service delivery functions, measurement of efficiency should include a focus on the customer experience. That is, span the period from the request for the service through to the receipt of the intended output by the customer. Irrespective of whether services are being delivered through employees or by engaging contractors or other third parties, the entity remains accountable for the efficient delivery of the full suite of services.

- It is important that entities consider processing efficiency in terms of the resources consumed to produce outputs as well as the time taken. For high volume functions such as passport application processing, an activity-based costing approach offers advantages including in terms of identifying the factors driving costs thereby providing insights and evidence for management decision making.

Program design

- Well-designed application forms and processes support administrative efficiency, because as complete and accurate information as possible is obtained on the first attempt. This reduces costly rework to fix errors caused when incomplete or inaccurate information has been provided, or the need to place applications on 'hold'.

Audit findings

1. Background

Introduction

1.1   Australian citizens are entitled to be issued with a passport under the *Australian Passports Act 2005* (the Passport Act). [6] A passport enables travel across borders (with the necessary visas or entitlements) and within Australia can also act as important proof of identity. Non-citizens may be eligible to apply for other types of travel documents.[7]

1.2   The Department of Foreign Affairs and Trade (DFAT) is responsible for issuing passports to Australian citizens in line with the Passport Act, with delivery of passport services in Australia and overseas being one of DFAT's three key outcomes.

1.3   In July 2006, DFAT created the Australian Passport Office (APO or Passport Office) as a separate division to provide passport services. DFAT has offices in each Australian capital city to deliver passport services and works with DFAT diplomatic and consular missions to provide services to Australians located overseas. The Australian Trade and Investment Commission (Austrade) also provides passport services in eleven overseas locations (nine countries) where DFAT does not have a diplomatic or consular presence.[8]

Passport application process

1.4   The methods by which a customer can apply for a passport depends on the application type[9] and whether the applicant lives in Australia or overseas. In 2017, DFAT implemented the Online Passport Application System (OPAS)[10], which enabled adult customers to generate applications online for a new passport or renewal. Adults applying online are directed to the digital capture process, which sends data to DFAT systems digitally and generates a short 'application checklist' for the customer to print and lodge in person. Child and overseas applicants may use OPAS to generate application forms which the applicant (or their parent or guardian) populates digitally. These forms are not tailored to individual circumstances and no data is delivered to the DFAT systems digitally.

1.5   Applications generated using OPAS must still be lodged in person at a state or territory Passport Office, a participating Australian Postal Corporation (Australia Post) outlet or a diplomatic or consular mission, except in some limited circumstances.[11] DFAT advised the ANAO in

---

6   Applications must be in the approved form and accompanied by the relevant fee (refer to paragraph 1.6).

7   Non-citizen travel documents include Certificates of Identity and Convention Travel documents. The Australian Passports Determination 2015 sets out the circumstances in which the Minister (or their delegate) may issue these types of travel documents.

8   Delivery of passport services and consular services is one of Austrade's two outcomes.

9   Application types include child or adult applications, whether an application is for a first-time passport holder or renewal or other types of travel documents such as sponsored passports, concurrent passports, emergency passports, or other non-citizen travel documents.

10   The delivery of OPAS was one of the key deliverables of the Passport Redevelopment Program. DFAT received $100.8 million over six years in the 2010–11 Budget to 'replace the existing passport IT system with a centralised system. The replacement system will more effectively meet the projected increase in passport demand and introduce greater security and fraud prevention systems.'

11   As of late-2022, overseas customers renewing their adult passports or lodging subsequent child applications may mail-in their application forms to diplomatic or consular missions.

November 2023 that in 2022–23, 76 per cent of application forms submitted were generated using OPAS. Appendix 3 sets out the passport application process in more detail.

Passport application fees

1.6   Passport and other travel document fees[12] are determined by the *Australian Passports (Application Fees) Act 2005* (Passport Application Fees Act) and Australian Passports (Application Fees) Determination 2015 (the Passport Fees Determination). These fees are imposed as taxes[13], meaning that the passport application fee charged to customers is not related to the cost of issuing the document.[14] Passport revenue collected is returned to the Consolidated Revenue Fund. DFAT is funded for delivery of passport services through the Budget process, underpinned by a funding arrangement with the Department of Finance (Finance).

1.7   Figure 1.1 illustrates the quantum of passport services revenue reported by DFAT as well as the department's reported passport expenses. With the exception of 2020–21 when revenue declined due to the border closure resulting in a significant drop in passport applications, passport revenue collected has exceeded DFAT's reported 'actual expenses' since 2016–17.

Figure 1.1:   DFAT's expenditure on passport services and revenue collected
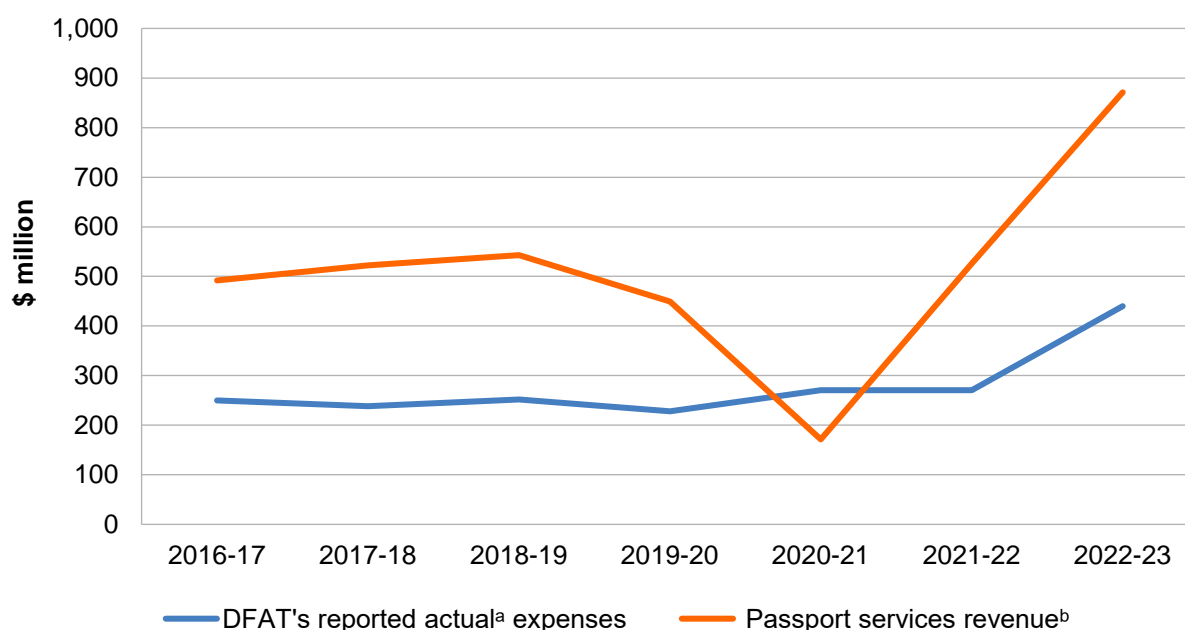
Note a: DFAT's reported actual expenses on passport services is presented in the agency resourcing statement in Appendix 3 of its annual report and does not form part of the audited financial statements. DFAT advised the ANAO in September 2023 that the 'actual expenses' reflect 'the budget estimate (per the [Passport Funding Arrangement]) plus/minus no-win no-loss adjustment at year end…we do not reconcile PFA estimate to actual expenditure'.

Note b: Passport services revenue is reported in DFAT's audited financial statements.

Source: DFAT annual reports.

---

12   Appendix 4 sets out passport and other travel document fees as of 1 January 2024.

13   *Australia Passport (Application Fees) Act* section 4.

14   ibid., subsection 5(3). The Australian Government Charging Framework (including the cost recovery guidelines) does not apply to activities where the cost of the activity is recovered via general taxation, such as passport services. See Department of Finance (Finance), *Resource Management Guide 302: Implementing the Charging Framework (What is the Australian Government Charging Framework?),* Finance, available from https://www.finance.gov.au/government/managing-commonwealth-resources/implementing-charging-framework-rmg-302/what-australian-government-charging-framework [accessed December 2023].

1.8   DFAT advised the ANAO in November 2023 that:

> In periods during 2020-21, up to 40 per cent of passport office staff were redeployed to Services Australia or other functions within DFAT such as consular services, to support the government response to COVID (subject of other ANAO reviews)…These costs were not shifted from the department, as no APS agency seconding staff during COVID had their costs shifted as part of the APS2000 mass-secondment project. Each department continued to cover their own staffing costs.

Demand for passport services

1.9   DFAT's 2018–19 Annual Report noted a long-term year-on-year increase in demand for passports, with the 2.1 million travel documents issued that financial year being a new record. This represented a 39 per cent increase from the 2008–09 financial year.

1.10   Figure 1.2 sets out demand for passport services, as well as the number of passports issued between July 2017 and June 2023. Demand for passport services was stable in 2017–18 and 2018–19, both in terms of the number of applications submitted and the seasonality of the applications (that is, the number of applications submitted in a particular month). The number of applications lodged in 2017–18 and 2018–19 was 2,059,028 and 2,084,255 respectively (the number of applications submitted in 2018–19 was one per cent higher than 2017–18).

1.11   Beginning in January 2020 travel restriction measures were progressively implemented in response to the emergence of coronavirus disease 2019 (COVID-19). On 1 February 2020 the Australian Government issued a requirement for Australian citizens, permanent residents and their immediate families returning from China to self-isolate for 14 days. On 24 March 2020 the international border was closed to prevent Australians travelling overseas.[15] The international border remained closed until 1 November 2021.[16]

---

15   See Auditor-General Report No. 12 2021–22 *Management of International Travel Restrictions during COVID-19,* paragraph 1.7 to 1.8.

16   Department of Health and Aged Care, 'We're opening our borders to the world' [Internet], media release, 1 November 2021, available from https://www.health.gov.au/news/were-opening-our-borders-to-the-world [accessed December 2023].

Figure 1.2: **Passport applications lodged and processed from July 2017 to June 2023**
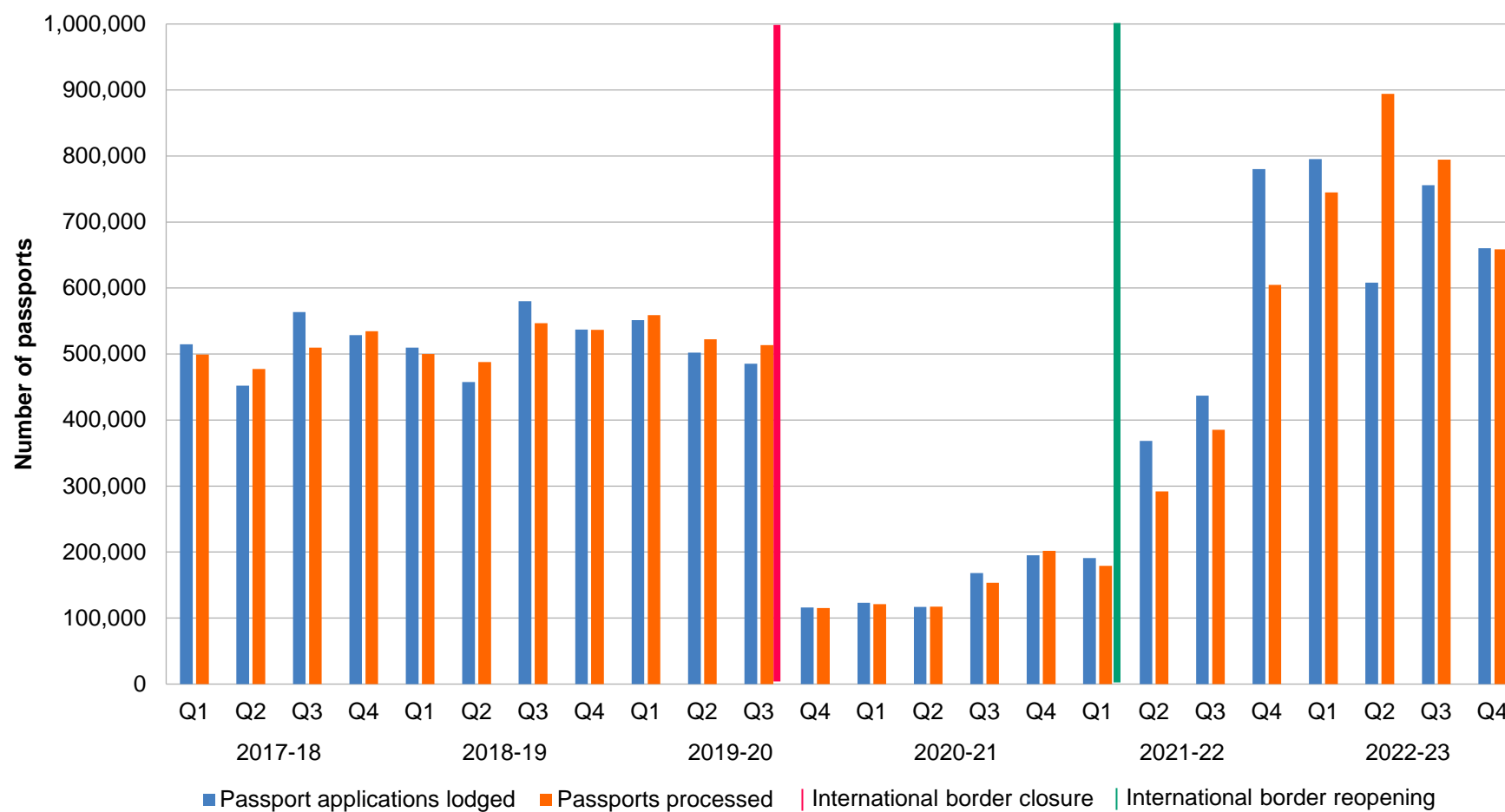
Source: ANAO analysis of DFAT records.

1.12   Following the closure of the international border, the number of applications lodged dropped from 485,358 applications in quarter 3 2019–20 to 115,939 in quarter 4 2019–20 (Figure 1.2). Average quarterly demand during the border closure remained about three and a half times lower than the average before implementation of border restrictions (151,693 applications per quarter compared to 516,547 applications, respectively). Over the six quarters of border restrictions, 2.2 million fewer passports were issued when compared to the previous six quarters.

1.13   Demand for passports began increasing immediately following the reopening of the international border in November 2021. This was noted in the 2021–22 DFAT Annual Report:

> Following Australia's 1 November 2021 border reopening, the department faced unprecedented demand for passports as Australians started travelling overseas again. The department issued almost 1.5 million passports in 2021–22, about two-and-a-half times the number seen the year before.

1.14   The number of applications lodged in the seven quarters following the reopening of the international border was on average 22 per cent higher than pre-pandemic levels per quarter. The increased demand for services was consistent with the demand modelling conducted by DFAT to predict the number of passport applications that will be submitted in the coming months. After the closure of the international border, this simulated demand model was updated monthly to reflect public health advice, travel advice, COVID-19 trends and other possible influences on consumer sentiment (Figure 1.3). The passports demand modelling predicted as early as December 2020 that the low number of passports lodged in 2020 would result in a 'pent-up demand surge' in 2022, providing the department with time to prepare for a sustained increased demand for passport services (Figure 1.3).

Figure 1.3: Forecast passport demand and actual demand
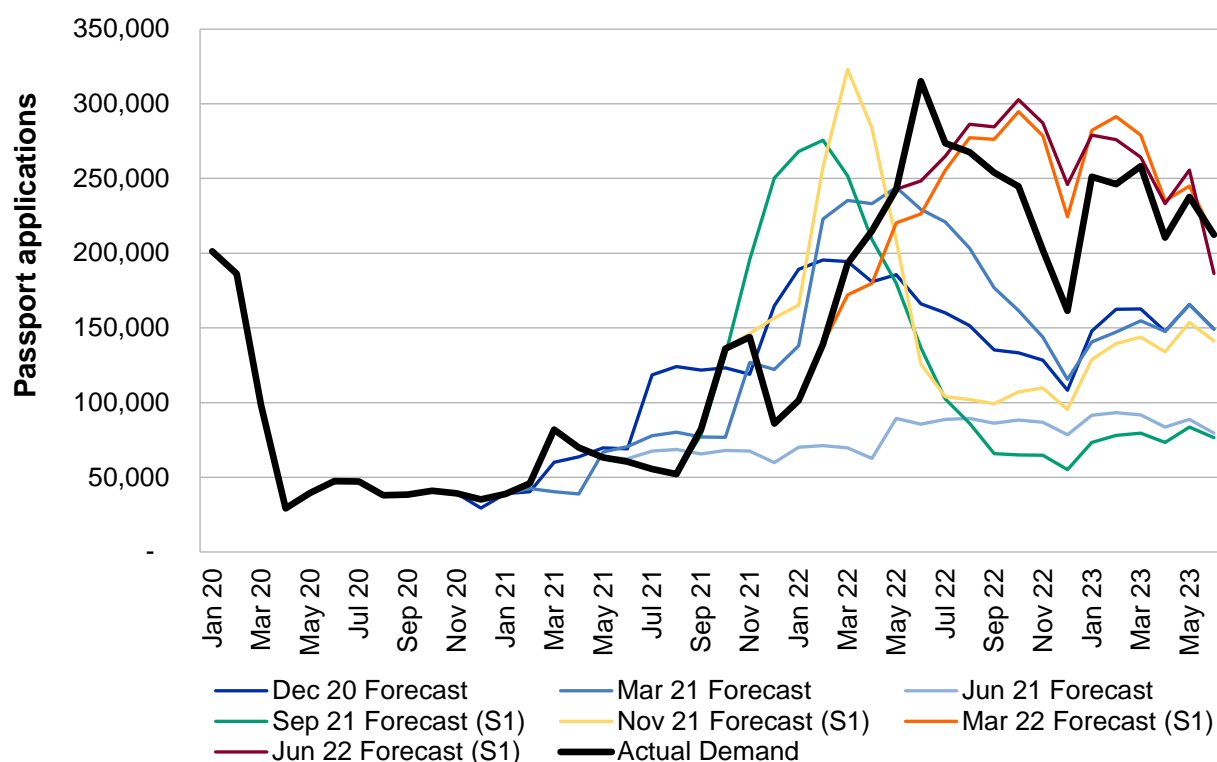
Note: DFAT advised the ANAO in September 2023 that it transitioned to a scenario-based simulation model to forecast passport demand following the closure of the international border due to changes in traveller behaviour. From September 2021, DFAT generated five possible recovery scenarios to forecast passport demand. The scenario variables lay in the timing and rate of demand growth. The forecasts presented in the figure are of scenario 1, which predicted the highest growth of demand for passport services with an accelerated recovery.

Source: ANAO analysis of DFAT data.

1.15 With the exception of a forecast created in June 2021, each simulated demand curve predicted that a spike in demand would occur following the reopening of the international border. The November 2021 forecast indicated that demand following the border reopening would reach a peak of 320,000 applications in March 2022. The prediction of volume was accurate; actual demand reached a peak of 315,141 applications in June 2022.

1.16 In February 2022, the modelling team advised DFAT Executives that:

> Four out of five forecast scenarios anticipate demand will exceed pre-pandemic levels for a sustained period in the coming two years. In these periods, applications rates are likely to exceed 10,000 applications per business day. It would be prudent to prepare for a surge from April 2022.

Rationale for undertaking the audit

1.17 The efficiency of the DFAT's processing of passport applications is important to the ability of Australian citizens to travel overseas and ensuring the process obtains the most benefit from available resources. Previous ANAO performance audits focused on the passports function were

completed in May 2012[17] and April 2003.[18] This performance audit was conducted to provide independent assurance to the Parliament that the processing of passports by DFAT is efficient.

Audit approach

Audit objective, criteria and scope

1.18   The objective of the audit was to assess the efficiency of DFAT's delivery of passport services through the Australian Passport Office. To form a conclusion against the audit objective, the following high-level criteria were adopted:

•   Has DFAT put in place efficient processes for the processing of passport applications?

•   Is DFAT's processing of passport applications efficient?

1.19   The scope of the audit examined the volume of passports processed between July 2017 and June 2023. The scope did not include passport fees as they are imposed as taxes (see paragraph 1.6).

1.20   During the conduct of this audit of passport services efficiency, the ANAO observed a number of practices in respect of the conduct of procurement by DFAT through its Australian Passport Office that merited further examination. As a result, the Auditor-General decided to remove the procurement-related sub-criterion from the efficiency audit and to commence a separate audit of whether the procurements DFAT conducts through its Australian Passport Office comply with the Commonwealth Procurement Rules and achieve value for money. That audit is scheduled to table in July 2024.

Audit methodology

1.21   This audit referenced the ANAO's methodology for auditing efficiency, ANAO Special Considerations for Efficiency Auditing Methodology and Guidance, which is based on a general model for assessing public sector performance. Efficiency is defined as 'the performance principle relating to the minimisation of inputs employed to deliver the intended outputs in terms of quality, quantity and timing.'[19]

1.22   The methodology recognises that an examination of efficiency needs to be 'fit for purpose' for each entity or subject matter being audited. In most cases, this is likely to include:

•   identifying if the audited entity has its own efficiency measures in place;

•   identifying the relevant inputs and outputs, as well as the policy outcome(s) being sought;

•   determining appropriate performance measures, drawing on data for inputs and outputs;

•   determining suitable comparators to benchmark against it, to identify relative efficiency;

•   identifying the key operational processes that are used to transform inputs into outputs (or outcomes) and the linkages between these elements; and

---

17   Auditor-General Report No.33 2011–12 *Management of ePassports.*

18   Auditor-General Report No.37 2002–03 *Passport Services.*

19   This definition is provided in the *Standard on Assurance Engagements ASAE 3500 Performance Engagements* issued by the Auditing and Assurance Standards Board, applied by the ANAO in its performance audit work.

- undertaking appropriate audit procedures to understand and account for any material differences in the comparison of measured efficiency.

1.23   Specific audit procedures undertaken included:

- examining DFAT, Austrade and Finance records;

- meetings with key staff;

- analysis of DFAT passport application[20], financial and staffing data; and

- observing the processing of applications, including the conduct of passport interviews, passport production processes (including scanning, data verification, signature and image cropping and personalisation of passport booklets) and application assessment at five APO sites and two locations in New Zealand (one DFAT location and one Austrade location).

1.24   The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately $593,833.

1.25   The team members for this audit were Jocelyn Watts, Joshua Carruthers, Michaelia Liu, Dale Todd, Tracey Bremner and Brian Boyd.

---

20   The data presented in the audit report is drawn from DFAT's Passport Issue and Control System, meaning it is not subject to the same quality checks as audited financial statements. The ANAO did not audit the underlying systems producing the data.

2. Passport processing arrangements

Areas examined

The ANAO examined whether the Department of Foreign Affairs and Trade (DFAT) has established efficient processes for the processing of passport applications.

Conclusion

Processes are partly in place for the efficient processing of passport applications. The arrangements focus on timeliness of processing with insufficient attention given to resource efficiency. In addition, the department's approach is not sufficiently customer focused:

- calculations of the time taken to process passport applications do not reflect the full amount of time experienced by citizens from when they lodge their application to when they receive a passport; and

- the department does not centrally capture and analyse all complaints received so as to identify improvement opportunities.

Areas for improvement

The ANAO made four recommendations aimed at improving aspects such as the measurement of time efficiency, a greater focus on resource efficiency, and improved complaints handling and one opportunity for improvement aimed at reducing DFAT's reliance on manual workarounds in its performance reporting.

2.1   The accountable authority of a Commonwealth entity has a duty under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) to govern the entity in a way that promotes the efficient use and management of the public resources for which they are responsible, and to measure and assess the performance of the entity in achieving its purposes.[21] The core outcomes set out in the Portfolio Budget Statements for achieving DFAT's purpose include the provision of timely and responsive passport services.

2.2   Reflecting the PGPA Act obligation for the efficient use and management of resources, the ANAO examined:

- the performance measures DFAT has adopted as well as whether information to apply those measures is being collected;

- the policies, procedures and systems in place to support efficient passport processing;

- funding arrangements; and

- complaints handling arrangements.

Does DFAT have appropriate performance measures to enable an assessment of passport processing efficiency?

Appropriate performance measures have not been established to enable an assessment of the department's passport processing efficiency:

---

21   *Public Governance, Performance and Accountability Act 2013*, sections 8 ('proper'), 15 and 38.

- Time efficiency: the department has two targets (one for routine applications and another for priority applications) to demonstrate timeliness of processing that could be used as efficiency proxy measures. Both require improvement so that they measure the turnaround experienced by applicants. The department's current approach is to calculate the time applications spend in the department's processing systems (excluding the time it takes for an application to enter the systems as well as the time it takes to provide the passport to an applicant once processing has been completed) and exclude the time an application might spend on 'hold'.

- Resource efficiency: the department has no performance measures. This situation is at odds with the department previously agreeing to a 2022 internal audit recommendation that it develop efficiency measures for functions that are transactional in nature (such as passport services) that measure the cost of input relative to output.

DFAT's external performance measures

2.3   The Public Governance, Performance and Accountability Rule 2014 requires that an entity's corporate plan include details of how the entity's performance will be measured and assessed through 'specified performance measures for the entity that meet the requirements of section 16EA' and 'specified targets for each of those performance measures for which it is reasonably practicable to set a target'. The performance measures for an entity meet the requirements of subsection 16EA(e) if they include measures of an entity's efficiency if those things are appropriate measures of an entity's performance.[22] Related Department of Finance (Finance) guidance advises that 'key activities that are transactional in nature (such as the processing of welfare or grant payments, the operation of call centres or revenue collection functions) lend themselves to efficiency measurement'.[23]

2.4   The Finance guidance further advises that:

Efficiency is generally measured as the price of producing a unit of output, and is generally expressed as a ratio of inputs to outputs. A process is efficient where the production cost is minimised for a certain quality of output, or outputs are maximised for a given volume of input. In a public sector context, efficiency is generally about obtaining the most benefit from available resources; that is, minimising inputs used to deliver the policy or other outputs in terms of quality, quantity, and timing.[24]

2.5   In a 2018–19 audit of performance statements the ANAO made the following recommendation to DFAT and three other entities: 'Entities review their performance measurement and reporting frameworks to develop measures that also provide the Parliament and public with an understanding of their efficiency in delivering their purposes.' DFAT 'agreed with

---

22   Public Governance, Performance and Accountability Rule 2014, subsection6E(2) item 5 and subsection 16EA(e).

23   Finance, *Developing performance measures (resource management guide 131): Measures of outputs, efficiency &effectiveness* [Internet], Finance, available from https://www.finance.gov.au/government/managing-commonwealth-resources/developing-performance-measures-rmg-131/measures-outputs-efficiency-effectiveness [accessed December 2023].

24   ibid.

qualification'.[25] DFAT also agreed to implement a recommendation of a February 2022 internal audit report which recommended it:

> Establish efficiency measures which fit the definition as articulated by Finance Guidance. These should generally measure cost of input in comparison to output. The department should concentrate on developing efficiency measures for the functions that are transactional in nature in the first instance, such as the Australian Passport Office. Where this is not possible in the coming performance cycle (i.e. 2022-23), clearly articulate how 'efficiency proxy' measures will provide an indication of efficiency over time (for example, processing timeliness measures), and then work towards bona-fide efficiency measures at the earliest opportunity.[26]

2.6   DFAT's 2022–23 Corporate Plan contained two performance measures relating to passport services, with associated targets. They were not efficiency measures nor presented as efficiency proxy measures.[27] The two performance measures are outlined in Table 2.1, along with the results reported in DFAT's 2022–23 Annual Report.

Table 2.1:   DFAT's performance measures related to passport services for 2022–23

Performance measure	Targets for 2022–23 (and 2023–24 to 2024–25)	Reported results for 2022–23
Effectiveness measures		
6.1 The department maintains a high standard in processing passports.[a]	95 per cent of passports processed within 10 business days.	Not achieved (61 per cent)
	98 per cent of priority passports processed within two business days.	Not achieved (91 per cent)
Output measures		
6.4 Clients are satisfied with passport services.	85 per cent satisfaction rate of overall passport service from client survey.	Achieved (85 per cent)

Note a: Performance measure 6.1 has been updated in DFAT's 2023–24 annual report to 'Australian passports are processed efficiently.' The associated targets and percentage benchmarks have not changed.

Source: 2022–23 DFAT Corporate Plan and 2022–23 DFAT Annual Report.

2.7   In the absence of an efficiency measure, the two timeliness targets against performance measure 6.1 could provide a partial assessment of passport processing efficiency as proxy

---

25   Auditor-General Report No.17 2018–19 *Implementation of the Annual Performance Statements Requirements 2017–18*, Recommendation no.3, paragraph 3.86. DFAT's full response at paragraph 3.92 was:

> The department agrees in part to Recommendation 3. We agree that efficiency measures, although challenging to develop, are useful, especially with respect to program and service delivery. The department agrees to review our measures and frameworks with this in mind. We note that the development of meaningful measures in policy performance is nascent across the Australian Public Service, especially with respect to efficiencies. As such, the department will work closely with the Department of Finance and other policy entities to consider options for new efficiency measures.

26   DFAT also noted that 'designing efficiency measures is a noted challenge for many departments…will aim for development of efficiency measures where possible during broader performance information reviews for [Portfolio Budget Statement] 2023–24.' The DFAT Audit Committee agreed to close this recommendation in June 2023, although no such efficiency measures have been implemented.

27   Finance guidance states that: 'A proxy measure is an indirect measure of the activity which is strongly correlated with the activity to measure effectiveness and/or efficiency of the activity … If proxy measures are used, it is good practice for entities to include in their corporate plan an explanation of why they are being used and demonstrate why the proxy measure is suitable.' See Finance, *Developing performance measures (resource management guide 131): Measures of outputs, efficiency &effectiveness* [Internet].

measures. These targets have appeared in DFAT's Corporate Plans since 2016–17 and DFAT has long reported on its passport processing performance in terms of days taken (see Appendix 5 for DFAT's reported performance since its 1999–2000 Annual Report).

2.8   The appropriateness of the timeliness targets as effectiveness measures and/or efficiency proxy measures is undermined by how DFAT calculates and reports its performance. It is not transparent in the Corporate Plans or Annual Reports that DFAT's calculation of business days taken is not based on the time elapsed from the customer's perspective. This is notwithstanding that DFAT has either control over or influence over each step in the process of obtaining an Australian passport. For example, DFAT contracted the Australian Postal Corporation (Australia Post) to provide passport application lodgement services nationally at a cost of $357.4 million between 1 July 2017 and 30 June 2024, in addition to its passport postage services.

2.9   The start and end points that DFAT uses in its calculation of processing time reported against performance measure 6.1 differs based on where a customer lodges their application, the location where the passport is printed and whether the applicant elects to collect the passport or receive it by mail. Appendix 6 outlines the different measures of processing time based on these factors.

2.10   For the majority of applications reported against performance measure 6.1[28], DFAT reports the time taken from the registration of the application in the main computerised Passport Issue and Control System (PICS) through to the final quality assurance of the completed passport booklet or receipt of the passport by the state and territory office. Time taken is not measured, for example, from the point of a person lodging an application at Australia Post through to passport despatch to the applicant or receipt by the applicant. This is even though, under the relevant contract, data is required to be collected on the time spent by customers waiting for an appointment at an Australia Post outlet and the time between lodgement by a customer at Australia Post to its delivery to a state or territory office for processing.

2.11   Further, not every business day between the start and end point is necessarily included in DFAT's calculation of processing time. DFAT excludes the time an application is placed on a clock-stopping hold in the system. There are many reasons an application may be placed on a clock-stopping hold by processing officers, such as if additional information is required from a customer, and this pauses the processing clock (that is, the time counted towards DFAT's performance targets). Eight per cent of routine passport applications processed in 2022–23 were placed on a clock-stopping hold in the system at least once for a median duration of 2.8 days per application and an average duration of 5.3 days (see further ANAO analysis at paragraph 3.39 to 3.58). To reduce hold times, DFAT can influence customer compliance through its information products, form design and its contracts with Australia Post, which require staff to check during application lodgement that the form has been completed correctly and that the photograph meets the Commonwealth's standards.

2.12   Greater transparency in service performance perceived by the applicant could be achieved by adequately measuring the full range of processing steps. The incongruity between DFAT's targets and its customer messaging is discussed at paragraphs 3.5 to 3.11 and the ANAO's analysis of the

---

28   In 2022–23, of passports processed, ANAO analysis of PICS data indicates that 94 per cent were lodged at a participating Australia Post outlet, 4 per cent were lodged overseas and 2 per cent were lodged at a state or territory passport office.

affect of clock-stopping holds on DFAT's time efficiency in processing passport applications is outlined at paragraphs 3.39 to 3.59.

Recommendation no. 1

2.13   The Department of Foreign Affairs and Trade improve its performance measures to include an explicit focus on the time it takes from an applicant perspective from the lodgement of an application by the applicant through to the receipt or collection of a passport.

Department of Foreign Affairs and Trade response: *Agreed.*

2.14   *DFAT accepts this recommendation.*

2.15   *Among other things, the department will explore publishing Australia Post delivery timeframes alongside the processing timeframes currently published.*

DFAT's internal performance measures

2.16   DFAT has not established internal performance measures that enable an assessment of passport processing efficiency. DFAT reports internally each week against its external performance measures relating to passport services. In terms of output volumes, as of August 2023, DFAT has established output targets for each step of passport processing based on resource availability, staff composition, skills, competencies and expected demand. State and territory DFAT officers are responsible for monitoring output daily and ensuring these are within the expected range.[29]

Recommendation no. 2

2.17   The Department of Foreign Affairs and Trade establish and report on performance measures that address the efficiency with which it uses resources in processing passport applications.

Department of Foreign Affairs and Trade response: *Agreed.*

2.18   *DFAT accepts this recommendation.*

2.19   *The department is considering the suitability and application of an efficiency measure as part of the ANAO's audit of DFAT's 2023–24 Annual Performance Statements.*

---

29   DFAT's resource planning and workload management to deliver passport services is discussed further at paragraph 3.85).

Austrade's performance measures

2.20   In a 2016–17 audit of performance statements, the ANAO directed the following recommendation to the Australian Trade and Investment Commission (Austrade) and three other entities: 'Entities review their performance measurement and reporting frameworks to develop measures that provide the Parliament and public with an understanding of their efficiency in delivering their purpose/s.' Austrade 'agreed'.[30]

2.21   Austrade's 2022–23 corporate plan contains one performance measure related to its delivery of passport services to Australians overseas: 'Effective delivery of consular and passport services to Australians overseas'.[31] This performance measure (and associated targets) is set by the memorandum of understanding (MOU) between DFAT and Austrade on the delivery of passport services. There are no efficiency measures in Austrade's corporate plan related to the delivery of passport services, although Austrade advised the ANAO in November 2023 that the accuracy rate is being used 'as a proxy efficiency measure'.[32]

2.22   The MOU also contains other timeliness indicators for application scanning, financial reconciliation and the forwarding of fees collected. These could be used as proxy efficiency measures. From the systems it maintains, DFAT provides information to Austrade monthly on Austrade's performance against the indicators in the MOU. Austrade officers responsible for passport processing do not have access to performance reporting in real time as DFAT has not provided Austrade access to Atlas, one of the key passport processing systems (refer to paragraph 2.39 for more information).

Does DFAT collect relevant and reliable information on its passport processing efficiency?

Once an application is registered in its processing systems, DFAT is able to capture data that can be used to inform an assessment of its time efficiency in delivery of passport services, although the department relies on manual workarounds when calculating performance using this data. Data is not currently captured for analysis of the time taken from an applicant perspective from when an application is lodged through to the passport being provided to the applicant.

Relevant and reliable data is available on resource usage for Australian-based staff in the Australian Passport Office (APO or Passport Office) which could be used to measure efficiency. While expenditure information is captured at a department-wide level, a reliable measure on the cost of passport services is not available. In 2021, DFAT commenced the development of an

---

30   Auditor-General Report No.33 2017–18 *Implementation of the Annual Performance Statements Requirements 2016–17*, Recommendation no.1, paragraph 2.81. Austrade's full response at paragraph 2.84 was:

> Austrade agrees with this recommendation, and notes that it is currently reviewing its performance measurement and reporting framework. As part of this process, it will consider measures that demonstrate the organisation's efficiency in achieving its purpose.

31   The target set for each year from 2022–23 to 2025–26 is: '97 per cent of passport applications are processed accurately as per Australian Passport Office benchmark.' The performance measure and associated targets have not changed in the 2023–24 Austrade Corporate Plan.

32   If proxy measures are used, it is good practice for entities to include in their corporate plan an explanation of why they are being used and demonstrate why the proxy measure is suitable.' See Finance, *Developing performance measures (resource management guide 131): Measures of outputs, efficiency &effectiveness* [Internet].

activity-based cost model. The model does not include an apportionment of corporate enabling and overseas costs.

Collection of input and output data

2.23   DFAT collects data on the number of domestic staff responsible for delivery of passport services. Data is available from PeopleSoft, which is DFAT's main human resources management system. Data extracted from Peoplesoft is suitable to determine the number of domestic (Australian) staff delivering passport services from April 2021, but does not enable an assessment of the number of overseas staff delivering passport services or corporate enabling staff supporting the delivery of passport services. Expenditure information on passport services is captured within DFAT's Financial Management Information System.

2.24   DFAT collects data on the number of passports issued and the timeframe taken for application processing once the application is in its processing system. Data is available from PICS, which is the core passport processing system and 'the source of truth for passports data'. PICS has suitable functionality for registering passport application details and calculating passport processing time for different types of travel documents once an application is captured within the department's processing systems.

2.25   Data is not currently available to enable a calculation of time efficiency from an applicant perspective (that is, from when an application is lodged through to when the passport is received). Some information is collected, or should be available, to DFAT on Australia Post's performance against the Passport Application Lodgement Services contract which could be used to provide greater transparency in service performance to applicants. This includes time spent by customers waiting for an appointment at an Australia Post outlet and the time an application spends in the mail between lodgement by a customer to the time it is delivered to the APO. This is of particular relevance to measuring the customer experience, as 92 per cent of passports processed between July 2017 and June 2023 were submitted at an Australia Post outlet.

Reliability of data

Passports processed

2.26   PICS calculates the turnaround timeframe for each travel document application, as well as the proportion of routine passports issued within ten business days and the proportion of priority passports issued within two business days. DFAT approved changes to the calculation of priority application turnaround benchmarks in February 2020. DFAT did not implement these changes in PICS, instead relying on manual workarounds in an Excel spreadsheet to recalculate the number of priority applications that passed the new definition of a two business day turnaround.[33]

2.27   ANAO analysis indicates that between July 2017 and June 2023 there were 83,858 form numbers duplicated in PICS reporting used by DFAT for reporting its progress against performance measure 6.1 (Table 2.1). DFAT's methodology control documentation notes that, for annual reporting cycle 2022–23, 'Where there are duplicate records of the same form number, the record with the longest processing time is maintained. Other records are removed.'

---

33   The change of definition of 'business day' and the favourable effect on DFAT's reported performance in processing priority passports is discussed further at paragraphs 3.20 to 3.22.

2.28   Performance measure methodologies should be designed in a way to produce accurate data, be applied consistently and be able to be substantiated.[34] Manual workarounds, such as re-calculation of system generated results or manual removal of duplicates, increase the risk that performance information produced and reported is not reliable.

Opportunity for improvement

2.29   DFAT reduce its reliance on manual workarounds in its calculation of results against performance measure 6.1 to reduce the risk that performance information reported is not reliable.

Expenditure information

2.30   While activity-based costing has existed since the 1980s[35], until 2021 DFAT did not have an activity-based costing model for passport services. At an agreed cost of up to $436,700 (including GST) DFAT engaged Synergy Group Australia Pty Ltd (Synergy) in February 2021[36] to produce an activity-based cost model. A framework from Synergy outlined that:

> Currently a framework to achieve cost transparency is absent within the APO. This absence reduces the APO's ability to have clear visibility of the activity costs that contribute to the portfolio's delivery of services. A lack of operational transparency has the potential to results in inaccuracies and inefficiencies. This Framework seeks to define consistent assumptions and outline the APO's approach to support management reporting and decision making.

> The purpose of this Framework (alongside an activity and a service catalogue) is to provide a single and holistic source of truth outlining a structured approach, methodology and set of assumptions used to cost services and activities. This will help identify funding shortfalls (surplus) in relation to the Passport Funding Agreement (PFA) and streamline the internal reporting process.

2.31   The approach to the market did not include provision for the successful tenderer to be re-engaged to refresh the cost base of the model that was developed as it was planned that a team of full-time internal employees would contribute to the development and maintenance of the cost model. Instead, through a direct source procurement, in September 2022 DFAT engaged Synergy at a cost of $87,890 (including GST) to 'undertake a one-off post implementation refresh' of the activity-based costing model for the APO. The scope of services included updating the cost base from 2020–21 to 2021–22.[37] The value of this additional contract was increased in February 2023 to $114,084.30 (including GST). A second amendment was made on the same day in February 2023

---

34   Finance, *Developing performance measures (resource management guide 131): Reliable & verifiable* [Internet], Finance, available from https://www.finance.gov.au/government/managing-commonwealth-resources/developing-performance-measures-rmg-131/reliable-verifiable [accessed December 2023].

35   See for example, R.Cooper, "Does your company need a new cost system?", Journal of Cost Management (Summer), pp. 45–54.

36   DFAT's record of the procurement stated that it issued a request to quote to nine suppliers included on the Australian Federal Police's Capability Support Services Panel with three responses received of which the one from Synergy was assessed as providing the best value for money.

37   DFAT's approval for entry into the contract identifies that the 'method of procurement is open tender' and it will use the Digital Transformation Agency's Digital Marketplace Deed of Standing Offer, although only one supplier was approached to undertake the work. See paragraph 1.20.

to increase the contract value to $251,584.30 for 'additional services' to update the cost base to 2022–23.[38]

2.32   While the model provides DFAT a tool for calculating the average cost per passport, and for analysing costs, the data generated by the model has not been used by the department to monitor its efficiency or as the basis for its public reporting on passport services expenditure. For example, in its 2021–22 annual report the department reported passport program expenses of $267.5 million, 68 per cent higher than the $159.6 million identified by its activity-based costing model. This reflects, in part, that the department's model is not full activity-based costing as it does not include an apportionment of corporate enabling and overseas costs.

2.33   DFAT advised the ANAO in November 2023 that the software that supports the costing model was no longer supported by the department and 'DFAT plans to convert the ClearCost model into an Excel workbook to support the cost model being managed and updated by APS officers.' This approach by the department was at odds with the approach it took at the time of the procurement. All three tenderers who responded to the Request for Quote in October 2020 offered an excel-based solution. Synergy's quote contained both an excel and a ClearCost option. DFAT selected Synergy without specifying in the approval minute or in the contract which option it had chosen. During the course of the engagement with Synergy, DFAT proceeded with the ClearCost based model and separately procured ClearCost subscription services at a cost of $59,950 from June 2021 to June 2024.

Do DFAT's systems, policies and procedures support efficient processing of passport applications?

> DFAT uses two workflow systems for passport processing, an approach the department has long recognised as being inefficient. While DFAT diplomatic and consular missions have access to systems, policies and procedures to support efficient processing, Austrade officials with responsibility for delivery of passport services have not been provided with the same access when delivering the same services. DFAT has not achieved the intended benefits from projects to improve photo quality for overseas passport applicants and projects to automate manually intensive workflow steps. Passport policy and standard operating procedures for processing are available to DFAT staff on a centralised intranet site.

Systems

2.34   DFAT uses different systems to process applications and authorise the issue of passports.

- Delta: used by processing staff to process paper application forms including paper forms generated online for clients overseas and all child applications. Delta was first implemented between 1998 and 2000.[39]

---

38   Whereas DFAT reported the original procurement of Synergy as being for the provision of 'costing services', the updates to the costing model were reported by the department on AusTender as being for 'computer services'.

39   Auditor-General Report 2002–03 No.37 *Passport Services,* p.41

- Atlas: used by processing staff to process adult (checklist[40]) passport applications lodged in Australia and to view client records. Atlas was first implemented in June 2018 and was one of the deliverables of the Passport Redevelopment Program.

- Travel Document and Related Document Issuance System (TARDIS): used as the offshore system for Australian travel document issuance (including emergency passports).

2.35   While most passport applications are reviewed individually by a processing officer to assess an applicant's citizenship, identity and eligibility, a proportion of applications may bypass the assessment process on a risk basis and be issued by bulk approval or with reduced checks. For example, DFAT's weekly reporting between 5 June 2023 to 30 June 2023 indicates that there were 215,437 applications assessed in this time period, 103,894 (48 per cent) were finalised in Delta, 73,659 (34 per cent) were finalised through bulk approval processes or with reduced checks in Atlas and Delta and 37,884 applications (20 per cent) were finalised in Atlas.

Decommissioning legacy systems

2.36   In the 2010–11 Budget, DFAT was provided with $100.8 million over six years to replace the existing passport IT system (the project known as the Passport Redevelopment Program), noting that this measure would 'return efficiencies' in later years. These targeted efficiencies were reliant (in part) on decommissioning of legacy systems including Delta. DFAT's 2018–19 Portfolio Budget Submission stated that this saving was to be deferred to 2020 to allow for development testing of new replacement systems.

2.37   Decommissioning of Delta was also identified in a September 2018 business case as being necessary to 'remove inefficiencies and risks from managing multiple passport systems.' Key 'inefficiencies' identified by DFAT were maintenance of parallel passport policy and standard operating procedures for paper application forms and digital capture processes, maintenance of parallel versions of training materials, allocation of resources to support and maintain legacy systems (at the same time as supporting maintenance of new systems) and complexity of development activities as a result of maintaining two workflow systems.

2.38   As of November 2023, DFAT uses both Delta and Atlas to process passport applications and has not addressed the stated inefficiencies. Planned improvements to Atlas and the Online Passport Application System, such as digital capture of child and overseas applications, have not progressed.[41]A training environment for new processing officers is also not available in Atlas (meaning that new processing officers onboarded to meet increased passport demand in 2022–23 were instead trained in Delta). According to a March 2023 'Passport Blueprint Project', DFAT plans to decommission both Atlas and Delta in 2026 following a period of 'core system uplift and investment in new technologies.'

---

40   A checklist application is a short-form passport application generated by the Online Passport Application System (refer to paragraph 1.4 for more information).

41   One of the intended benefits of the digital capture online system was to assist customers to complete their application correctly, 'leading to reduction in the number of follow-ups from APO, and ensures applications are processed according to application type.' These benefits were not fully realised as digital capture was not extended to child and overseas applicants. The work effort and extended processing time caused by incorrect or incomplete information on application forms is examined at paragraph 3.39 to 3.60.

Overseas processing

2.39   DFAT and Austrade staff at overseas posts undertake passport interviews, as well as application scanning and data input.[42] Posts log on and off multiple systems when performing lodgement tasks and conducting checks and processes. These include accessing PICS to check applicant details, TARDIS to conduct lost and stolen checks, also TARDIS to input applicant information, TARDIS to scan photos and signatures and ImageWeb to review previous passports. DFAT's own analysis indicated that use of multiple systems was 'inefficient, duplicates effort and is a time-consuming process.' To address these 'inefficiencies', DFAT approved a project to provide diplomatic and consular missions with access to Atlas in November 2018.

2.40   While DFAT posts were equipped with access to Atlas throughout 2019, Austrade officials delivering passport services have not been provided with the same access (with the exception of one Austrade location that has access to DFAT systems). Austrade advised the ANAO in August 2023 that without access to Atlas 'Austrade staff are still trying to piece information together or have to rely on supervising missions or overseas support[43] to upload or provide guidance.'

Recommendation no. 3

2.41   The Department of Foreign Affairs and Trade improve the processing of passport applications by equipping Australian Trade and Investment Commission staff with responsibility for delivery of passport services in overseas locations with the same access to passport systems as is provided to its departmental officers in overseas locations.

Department of Foreign Affairs and Trade response: *Agreed.*

2.42   *DFAT accepts this recommendation.*

2.43   *The department is considering how Austrade staff could be provided with additional access to passport systems in overseas locations, noting significant changes to systems, access permissions and policy may be required.*

2.44   DFAT has also pursued different system upgrades to improve its efficiency in processing overseas applications. A recurring issue for overseas applicants is accessibility of suitable overseas photo providers.[44]

2.45   Between October 2018 and January 2022 DFAT implemented a mobile capture application (referenced internally as 'Atlas Mobile Capture' or 'AMC') for overseas posts to digitally capture a client's face and signature. The initial business case outlined benefits of introducing a mobile capture application, including that 'the new process will eliminate issues regarding poor photo quality derived from scanning photos into the system or from clients obtaining poor quality photos from overseas suppliers.' While the risk for the project was assessed as low in October 2018, it was

---

42   Onshore (domestic) DFAT staff undertake assessment of applications and personalisation of passport booklets (except in circumstances where an emergency passport is issued). Refer to Appendix 3 for the full range of processing steps.

43   The overseas support unit is part of the Canberra passport office and provides support services to overseas posts, including guidance on passport processes, clarity on passport policy, troubleshooting for TARDIS and support to the training unit with outreach to the overseas network.

44   For example, one of the top three reasons overseas applications were placed on clock-stopping holds between July 2017 and June 2023 was due to poor image quality (refer to Table 3.5 for more information).

discontinued in January 2022 following a review by Grosvenor Performance Group Pty Ltd (Grosvenor)[45] which made findings about the project planning and implementation.

- The original purpose and business problem behind the development of the mobile capture application was not agreed. Feedback provided noted that the 'AMC sounds like a solution looking for a problem'.

- The application met the original requirements of the request for quote, but these requirements were not reflective of the business needs.

- The project included limited engagement, consultation and testing with end-users resulting in a solution considered not fit for purpose. The most common issues reported were posts being unable to take compliant passport photos through bullet-proof glass, not having the correct lighting levels or having insufficient space to take photos. For example, end-users noted that:

  − 'the use case when it was originally developed was flawed, it wasn't tested with overseas posts to check if it actually met their needs.'

  − 'the auto-flash on the phones can't be turned off and it makes the photos unacceptable'; and

  − 'the post does not provide adequate space for photo shooting.'

- Despite sufficient guidance and training material, two thirds of posts did not use the mobile capture application.

Automation

2.46   An APO Automation Strategy was endorsed by DFAT in January 2019. The purported benefits of automation set out in the strategy were reduction of costs, reduced work effort for passport processing and improved staff participation, motivation and career path development. The strategy recognised that while automation is already used in the APO's systems[46], there were opportunities in the short-term for greater efficiency through automation.

2.47   In March 2022, the APO briefed the DFAT Audit Committee that one of the 'levers' to increase capacity and manage demand following the re-opening of the international border was system improvement (specifically automation).[47] The briefing set out that automation work had begun on the design and development of data verification through robotic processing automation[48]

---

45   DFAT engaged Grosvenor in October 2021 via the AFP Capability Support Services Panel arrangement to conduct an 'independent assessment' of its Atlas mobile capture solution at an agreed value of $82,724.74 via a direct source approach (although this is disclosed as 'open tender' on AusTender). DFAT justified its single source approach by referencing Grosvenor's 'professionalism' and 'quality output' through its engagement on the review and refinement of APO's existing passport demand and capacity plan (refer to paragraphs 3.87 to 3.88 below and paragraph 1.20).

46   For example, optical character recognition (OCR) is used to read an applicant's information on checklists and paper forms and smart forms are used to ensure a client is only asked questions relevant to the answers given and their situation in digital capture forms.

47   The planning for increased passport demand as a result of the re-opening of the international border is set out further at paragraph 3.79 to 3.89 and Appendix 8.

48   Robotic process automation uses automation technologies to mimic back-office tasks of human workers, such as extracting data, filling in forms and moving files. See IBM, *What is robotic process automation?* [Internet], IBM, available from https://www.ibm.com/topics/rpa [accessed January 2024].

as customer applications are scanned (to be implemented in April 2022) and automatic cropping, background removal and image enhancement of photo images (to be implemented in July 2022).

2.48 These recent automation projects have not reduced work effort required to process passports, decreased cost or achieved greater efficiency in passport processing.

- A contract with UiPath S.R.L (UiPath) for improved data capture technology was signed in November 2021. The intended benefits of this project were 'improved data integrity, accuracy and efficiency in our capture and verification processes...' The software was not implemented into DFAT's workflow process and the project was terminated in November 2022. This means that DFAT presently relies on its employees to verify that items have been scanned correctly. DFAT advised the ANAO in November 2023 that it paid UiPath $2.7 million for the delivery of its software.[49]

- Automatic cropping software from Mühlbauer ID Services GmbH was implemented in workflow processing in September 2022 as part of the roll-out of the new series (R Series) of passport.[50] Analysis undertaken by DFAT in November 2023 indicates that the number of photos and signatures requiring re-cropping has increased and that 50 per cent of images cropped using the software are failed, requiring manual cropping by a second person.[51] This has resulted in extended processing times and the cost of rework due to incorrect cropping or image background removal was estimated by DFAT to be $6.3 million (62.5 FTE).

2.49 An increasing proportion of applications are being issued through bulk approval processes or with reduced checks. DFAT has also considered implementing automatic approval of some adult renewal applications. Draft advice from the Australian Government Solicitor (AGS) in February 2019 (which the department did not have finalised[52]) set out that:

> There is a reasonable argument that s47 of the Passports Act provides scope to achieve an outcome under which using specified technological methods results in specified outcomes (including the making of simple decisions) for the purposes of the Act. However, while this scope exists, there is nothing in the current terms of the Passports Determination indicating that the process of using the technological methods prescribed for the purposes of s47(1)(a) is intended to involve or result in the making of a decision having effect for the purposes of the Passports Act...While we think the Passports Act would permit the making of a determination that specified

---

49 See paragraph 1.20.

50 DFAT started the roll-out of the R-Series passport in September 2022. A key difference compared to prior series of passports is that the photo page is made of polycarbonate. See DFAT, *New-look passport* [Internet], DFAT, available from https://www.dfat.gov.au/news/news/new-look-passport [accessed December 2023].

51 The CPSU's submission to the ANAO in September 2023 similarly observed that 'the introduction of a new photo crop program, which was required for the new parameters of the polycarbonate passports has caused further problems...Members report it once took 30 seconds to crop a photo and signature but now it can take over five minutes. They also estimate that around 30% of applications cannot be finalised because it must be re-done due to auto-cropping.'

52 DFAT advised the ANAO in November 2023 that the advice was finalised. The ANAO pointed out to the department that evidence it provided in support of having finalised the advice were two further versions of draft advice, both of which were unsigned and labelled as draft. In response, DFAT advised the ANAO, and provided supporting evidence, that it 'subsequently instructed AGS that the advice had been overshadowed by the broader changes being made in relation to automation within the biometrics program, and that DFAT may revert to AGS when undertaking changes to the Determination.' These instructions were provided to the AGS in July 2019, five months after the initial draft advice was received from AGS.

automated decision-making processes to meet the requirements of s 8 of the Act, we think there is real doubt that the Passports Determination as presently worded achieves this.

2.50   In November 2023, DFAT advised the ANAO that it was not currently working on any changes to the automation decision making rules for adult renewals.

Passport modernisation

2.51   Australia is one of three countries in the Passport Six (P6) with no universal digital passport application capability, as illustrated by Table 2.2.

Table 2.2:   Comparison of P6 nations' digital passport capabilities

	Australia	**Canada**	**Ireland**	**New Zealand**	**UK**	**USA**
Digital photograph	✘	✘	✓	✓	✓	✘
Digital lodgement	✘a	✘	✓	✓	✓	✘
Integration with national digital identity	✘	✘	✓	✓	✘	✘
Online payment	✘	✘	✓	✓	✓	✘

Note a: Online lodgement using a digital photo is only available at overseas locations in exceptional circumstances such as natural disaster, crisis, living in a war zone or ongoing medical reasons. This was first introduced in September 2021 to assist passport application in areas affected by Covid-19.

Source: Australian, Canadian, Irish, New Zealand, UK and USA passport websites.

2.52   Under the National Identity Proofing Guidelines, in-person interaction is a requirement for the highest level of identity assurance.[53] This is the standard on which DFAT bases its requirements for sighting original personal identity documents in person. The National Identity Proofing Guidelines also state that:

> However developments in biometrics, mobile and other technology are continually improving the integrity of online or remote processes for identity proofing. AGD will continue to monitor these developments to determine whether in future this could offer government agencies with a viable alternative method for remote identity proofing with an equivalent 'gold standard' level of assurance.

2.53   APO's Passport Modernisation section is focusing on a digital application solution that will enable digital photographs, digital lodgement and online payment. In November 2023, DFAT advised the ANAO that:

> To meet Level of Assurance 4 under the National Identity Proofing Guidelines, an in-person interaction is required when establishing identity, not for subsequent confirmations of that identity (that is, passport renewals). This approach is being captured in plans for moving passports to a digital solution.

Policies, procedures and guidance

2.54   Passport policy and procedures are available to DFAT officers on an internal intranet site (COMPASS) which aims to provide a 'single source of truth for APO staff for policy and all resources that they need to process travel document applications.' There are thirty chapters of passport policy

---

53   Attorney-General's Department (AGD), *National Identity Proofing Guidelines,* AGD, Canberra, 2016, p. 11.

to support decision-making, standard operating procedures which provide detailed guidance to processing officers on each stage of the passport process (i.e. capture, assess, personalise and despatch) and standard email, letter and file note templates and forms.

Do funding arrangements for passport processing support the efficient use of resources?

The funding arrangements for passport processing are not designed to promote efficiency in the delivery of passport services and are based on outdated assumptions with the result that those arrangements do not support the efficient use of resources. Ministers have agreed that Finance and DFAT should revise the passport funding agreement to cover the full costs of passport provision.

2.55   DFAT and Finance agreed the Passport Services Funding Arrangement in November 2016. The funding arrangement was to be a 'true and full-cost model' for the global delivery of passport services.

2.56   The passport services funding model has fixed and variable components. Variable funding is adjusted to reflect actual movements in workload drivers, being the number of passports issued and changing supplier costs. As part of an annual funding model reconciliation, any movements in funding earned are recognised as adjustments to Revenue from Government in the current financial year.

Costing assumptions

2.57   Before 2016, the funding agreement was reviewed by Finance and DFAT every three years to reflect the actual costs of production and detailed benchmarking of staff requirements. Ministers agreed to extend the funding arrangement indefinitely in 2016 agreeing to accept the risk that indexation less the efficiency dividend may erode the cost base faster than procurement or technology could deliver offsetting savings.

2.58   The arrangement does not have a focus on promoting the efficient use of resources in DFAT's delivery of passport services.

2.59   The assumptions on which the funding model is based on have become outdated due to changes in passport services delivery.

• A new series of passport (R Series) was released in September 2022. Supplier costs have not been reviewed and updated to reflect that wallets and hint books are no longer produced as a result of the R Series.

• The number of domestic service delivery staff and the breakdown between APS staff and contractors has changed over time above the ceiling set out in the arrangement (refer to paragraph 3.69 to 3.70 and Figure 3.5).

• New business structures within DFAT are not reflected in the agreed staffing profile. For example, the workload management team, service recovery team and in-house call centre staff are not included in DFAT's staffing profile under the current funding arrangement.

- Funding for call centre services was based on Services Australia costs. As of May 2022, a third-party service provider (Datacom Systems (AU) Pty Ltd (Datacom)) provides call centre services on behalf of DFAT (with different charges).

2.60   Though the funding arrangement was intended to be a 'full-cost model', DFAT received supplementation in the 2023–24 Budget of $57.5 million over three years to support the costs associated with increased demand for passport services not covered by the existing funding arrangement ($54 million was incurred in 2022–23 financial year). The $57.5 million was comprised of $35.2 million for additional production and call centre staff (Serco Citizen Services Pty Ltd and Datacom), $11.6 million related to additional information and communications technology expenditure and $10.6 million related to additional property. Ministers also agreed that DFAT and Finance should revise the funding agreement to cover 'full costs of passport provision'.

2.61   The funding agreement does not include any provisions relating to how DFAT procures goods and services through contractual arrangements. DFAT is required to comply with the Commonwealth Procurement Rules. In November 2023, Finance advised the ANAO that:

> We note that non-corporate Commonwealth entities such as DFAT are required to observe the CPRs, including the core rule of value for money, and the overarching requirements of the Public Governance, Performance and Accountability Act 2013 under which the rules are made, to ensure that public resources are used in the most efficient, effective, ethical and economic manner. We support the reiteration of these requirements in the passport funding agreement. Finance provides a range of guidance to support compliance with the CPRs and welcomes the reiteration of or cross reference to relevant obligations, including achieving value for money.

No-win no-loss arrangement

2.62   The 2016 funding agreement includes a no-win no-loss arrangement about supplier costs. Where total supplier costs (excluding changes attributable to changes in passport processing volume) increase or decrease by more than $3 million in a single year, or by more than $4 million over two years, the quantum of budget funding provided to DFAT is adjusted.

2.63   Passport 'supplier costs' are defined in the Passport Services Funding Arrangement as including costs for passport interviews and application lodgement services (Australia Post), passport booklet costs (Note Printing Australia) and passport postage. There are other costs assigned to be paid to suppliers that are not subject to the no-win no-loss clause, such as paper application forms, freight costs and mail sorting services.

2.64   DFAT has described this clause as including 'elements that stifle innovation and efficiency by encouraging the potential deferral of measures that might result in savings that decrease overall funding.' Since the beginning of the new passport funding arrangement, the no-win no-loss clause has resulted in overall savings in one of the last six financial years (2016–17) and an overall increase to funding in one of the last six financial years (2022–23).

Does DFAT have appropriate arrangements in place to manage complaints about passport processing?

DFAT does not have appropriate arrangements in place to manage complaints about passport processing. While complaints made via the online portal are captured in a centralised database, other important avenues where complaints may be made (such as the public-facing Passport

> Enquiries inbox as well as contracted service providers for the lodgement of passport applications and the call centre) are not included. As a result, DFAT does not have a complaint system capable of producing complete and reliable passport complaint data so as to analyse performance and identify opportunities for improvement.

2.65   The Commonwealth Ombudsman's (Ombudsman) *Better Practice Complaint Handling Guide* states that good complaints handling will help agencies 'meet general principles of good administration, including fairness, transparency, accountability, accessibility and efficiency' and that the 'analysis of complaint data may identify opportunities for the improvement of administrative practices'.[54]

Findings of previous audits and reviews

2.66   Previous Auditor-General reports identified that DFAT did not have a department-wide complaints handling framework nor established standard processes for complaints handling across its overseas network of posts.[55]

2.67   In September 2020, DFAT completed an internal review of the APO's complaints handling. Review findings included that:

> While APO appears to handle complaints well, this report highlights: We do not have a clear complaint handling framework, thereby exposing us to reputational risk in the event of scrutiny (e.g. audit, public enquiry), the provision of consistent information to clients, and missing business improvement opportunities.

2.68   At the department-level, an internal audit report of February 2023 stated that 'As identified by the ANAO in June 2022, DFAT does not have a department-wide complaints management policy and process'.

2.69   In November 2022, the Ombudsman wrote to DFAT advising that it had finalised an investigation of complaints related to passport applications[56], had identified opportunities for improvement, and considered it appropriate to make 'comments under section 12(4) of the *Ombudsman Act 1976*'.[57] The letter outlined that the Ombudsman had 'received approximately 1104 complaints about issues related to passport applications' since 1 January 2022. The Ombudsman had elected to investigate two complaints (0.2 per cent) and 'use the information obtained during the course of these individual investigations, as well as verbal briefings with DFAT, to help us understand common complaints issues including any systemic causes'.

---

54   Ombudsman, *Better Practice Complaints Handling Guide* [Internet], Ombudsman, February 2023, available from https://www.ombudsman.gov.au/publications-resources-and-faqs [accessed December 2023].

55   See: Auditor-General Report No.39 2021–22 *Overseas Crisis Management and Response: The Effectiveness of the Department of Foreign Affairs and Trade's Management of the Return of Overseas Australians in Response to the COVID-19 Pandemic,* Recommendation no. 8 and paragraphs 3.121–3.127; Auditor-General Report No.31 2001–02 *Administration of Consular Services,* Recommendation no. 4 and pp.22,85–86; and Auditor-General Report No.16 2003–04 *Administration of Consular Services Follow-Up Audit,* pp.73–74.

56   The Ombudsman can receive and investigate complaints about the actions and decisions of Australian Government agencies. In this context, the Commonwealth Ombudsman identified 'Complaints about the Passport Services delivered by DFAT' as one of the top five areas complained about in 2021–22. See Ombudsman, *2021–22 Annual Report* [Internet], Ombudsman, available from https://www.ombudsman.gov.au/publications-resources-and-faqs [accessed December 2023].

57   In line with subsection 12(4) of the *Ombudsman Act 1976* (Cth), the Ombudsman may provide comments or suggestions arising from an investigation to a department.

2.70 The Ombudsman's observations of November 2022 included that the 'APO presently has no internal complaint handling policy and procedure documents.' The Ombudsman's comments included:

> we also consider it likely that the number of complaints the APO receives is being under-reported because:
>
> - There is a lack of guidance for frontline staff about how to identify when an approach is a complaint rather than feedback, and
>
> - It appears the APO's systems do not allow complaints to be received via all communications channels and centrally recorded.
>
> In our view, the APO's current complaint handling practice is insufficient for a high-volume service delivery organisation.
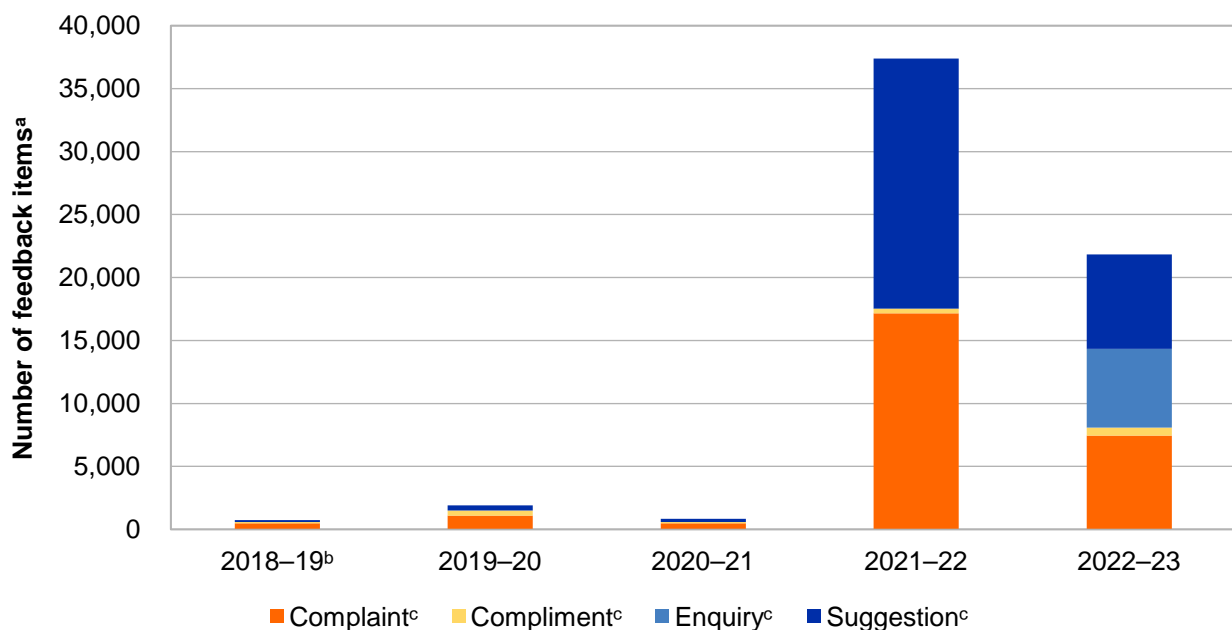
Passport complaints data

2.71 Customer enquiries about their passport applications, which may include complaints, can be received by DFAT through multiple channels. ANAO analysis of DFAT records indicates that only those complaints received through the online feedback portal are captured in a centralised system (being a SharePoint database). In contrast, an internal report to the APO Executive Committee showed that, while 42 per cent of the 70,583 enquiries received in May–July 2022 came via the online feedback portal, 56 per cent (39,394) came via the public-facing Passport Enquiries inbox.

2.72 A further shortcoming with the available data is that the department is not obtaining contractually required reporting from third-party service providers such as Australia Post and Datacom on feedback and complaints. Complaints made by passport customers to the call centre are not recorded by Datacom agents as being a complaint because this is not a contractual requirement.

2.73 The ANAO examined DFAT's high-level data on the feedback that is received through its online portal. The online portal had been available to passport applicants since April 2019 (when the online complaints portal was introduced). By 30 June 2023 DFAT had received 62,744 instances of feedback through the portal, including 26,683 recorded as complaints (43 per cent). As illustrated in Figure 2.1 volumes fluctuated over time, with the highest volume of feedback being received in 2021–22 and including 17,155 recorded complaints.

Figure 2.1:   Feedback received through the online feedback portal by financial year

Note a: Feedback items does not include complaints made through other channels available to passport applicants such as email, correspondence to local members of Parliament or Ministers, phone calls to the APO contact centre or social media channels.

Note b: The online feedback portal was available to passport applicants through the Passport Office website from April 2019.

Note c: Categories of feedback (suggestion, enquiry, compliment or complaint) are self-selected by applicants when lodging feedback through the online portal. The 'enquiry' category of feedback was introduced in May 2022.

Source: ANAO analysis of DFAT passport feedback portal data.

2.74   The volume of passport applications lodged also fluctuated (refer Figure 1.2). The ANAO indexed the available complaint data and the application data to quarter 4 of 2018–19, to observe how the variables changed over time relative to each other. As evident in Figure 2.2 the growth in complaints substantially outpaced the growth in applications from quarter 2 of 2021–22. At the peak in quarter 4 of 2021–22, complaints had increased 1865 per cent and applications had increased 45 per cent from quarter 4 of 2018–19. ANAO analysis indicates that customer dissatisfaction with passport services was relatively high for a period of five quarters.

Figure 2.2:   **Indexed comparison of complaints received through online feedback portal and passport applications lodged**
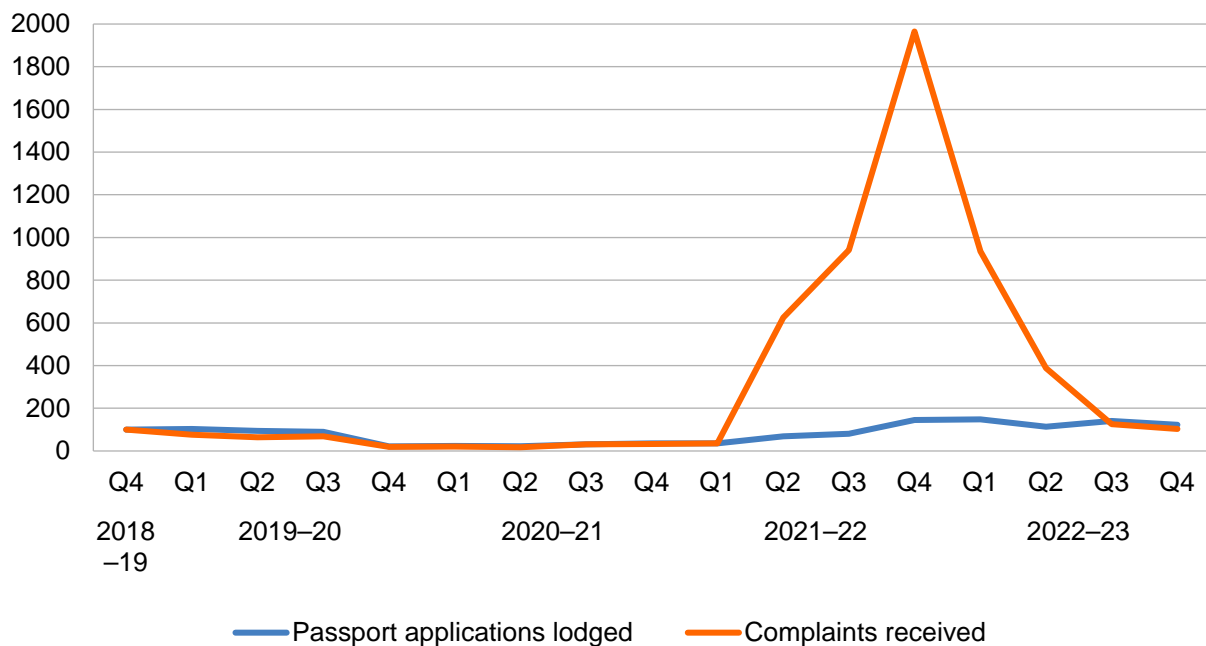
Index: Q4 2018–19 = 100.

Source: ANAO analysis of DFAT data.

Passport complaints handling system

2.75   The ANAO examined DFAT's current passport complaint handling system, and the system in place before the reopening of the international border in November 2021, against the eight better practice design principles set out in the Commonwealth Ombudsman's *Better Practice Complaint Handling Guide*. The results are set out in Appendix 7. The results related to the 2020–21 system were consistent with the findings of the previous audits and reviews outlined above. Some improvements were evident in the system in place as of October 2023. A centralised complaints handling function was established within the Passport Office in October 2022 and DFAT endorsed a 'Passport Office Feedback and Complaint Management Framework' in July 2023. Planned improvements include the development of procedural guidance to support implementation of the framework and training for staff delivering passport services on complaints management.

2.76   One of the shortcomings that remains unresolved is the lack of a complaints database. The *Better Practice Complaint Handling Guide* advises that 'complaints should be recorded in an electronic system capable of producing complaint data' and that ' Your agency should have an electronic system for end-to-end complaint management, if it delivers services direct to the public, or if it funds or contracts third parties to provide services to the public.'

Recommendation no. 4

2.77   The Department of Foreign Affairs and Trade improve its complaints handling for passports processing by:

(a)   expanding the capture of complaints data to include all relevant channels including the Passport Enquiries inbox as well as from third-party service providers; and

(b)   recording passport complaints received via any channel in an electronic system capable of producing complaint data that is reliable and complete.

Department of Foreign Affairs and Trade response: *Agreed.*

2.78   *DFAT accepts this recommendation.*

(a)   *The department has taken steps to ensure complaints data from channels referenced in the ANAO report are directed to the passport team responsible for responding to complaints, compliments and feedback.*

(b)   *The department will pursue opportunities to maximise the existing public-facing complaint/feedback portal (upgraded in 2022) to capture data from all channels. The department will separately explore whether an enterprise investigations case management system might be compatible for passport-related complaint management. Phased delivery of this capability is expected to commence in 2024–25.*

3.   Passport processing efficiency

Areas examined

The ANAO examined whether passports have been processed in a time and resource efficient manner.

Conclusion

Passport applications are not being processed in a time and resource efficient manner:

- The Department of Foreign Affairs and Trade (DFAT) has not achieved its target to process 95 per cent of routine passports within 10 business days for three out of the last five financial years. Following the reopening of the border, an increasing proportion of applicants chose to pay an additional fee to have their application processed as a priority within two business days. The department's performance in processing priority applications has declined over time.

- DFAT's resource efficiency has declined when considered in terms of the average cost to process passport applications and the average number of passport applications processed per full-time equivalent (FTE) staff member (employees plus contractors). Additional staff to process applications once the international border reopened were not engaged and trained in time to avoid a significant processing backlog developing.

Areas for improvement

The ANAO made five recommendations aimed at improving the department's time and resource efficiency. The ANAO also identified one opportunity for improvement.

3.1   The core outcomes set out in the Portfolio Budget Statements for achieving DFAT's purpose include the provision of timely and responsive passport services, with the Budget papers identifying the amount of funding that is being provided for the passport services program ($366 million in 2023–24). Accordingly, the ANAO examined:

- whether passport applications have been processed in a time-efficient manner; and
- whether passport applications have been processed in a resource-efficient manner.

Have passport applications been processed in a time-efficient manner?

DFAT has not achieved its target to process 95 per cent of routine passports within 10 business days for three out of the last five financial years.

The department's target processing time differs to its advice to applicants on its website to allow a 'minimum of 6 weeks to receive a passport, no matter where you apply' because the department's performance measurement does not capture the period from application lodgement through to the receipt of the passport by the applicant and discounts the time that application processing is on 'hold'. While the 10 business days internal processing target has not changed, advice to customers on how long they will need to wait to receive a passport was 'three weeks' up until October 2021, changing to 'up to six weeks' from November 2021 to May 2022 and since June 2022 has been a 'minimum of six weeks'. The incongruity between the

department's timeliness performance targets and its public messaging reflects that its approach to measuring time efficiency is not customer focused.

An increasing proportion of applicants are choosing to pay an additional fee to have their application processed within two business days, resulting in substantial additional passports revenue being received by the Australian Government. A change in methodology for calculation of 'two business days' approved by DFAT in February 2020 resulted in more favourable performance results for DFAT against the priority processing target. The change in methodology was not transparently disclosed in its performance statements.

DFAT's processes do not assist applicants to seek refunds in circumstances where priority applications are not processed within two business days. In 2022–23, DFAT refunded $733,224 in priority fees while up to $15.9 million in revenue was retained from applicants who may have been eligible to claim a refund.

Processing times for complex applications are not publicly reported or captured by DFAT's performance measures. While the proportion of complex applications, when compared to total passport applications processed, has remained stable over time, processing times for complex applications have increased from a median of 10 business days in 2017–18 to 46 business days in 2022–23, in excess of the six to eight weeks timeframe communicated to applicants.

DFAT may place applications on 'clock-stopping holds' which stops an application's recorded processing time. DFAT guidance states that clock-stopping holds should be used when contact is 'being attempted' or 'has been made with the person or area relevant to the hold' to gain further information relevant to the application. The department undertakes insufficient analysis of its use of manual holds to identify the factors causing these to occur and opportunities to improve its time efficiency in processing passport applications by reducing how often and for how long applications are placed on hold.

3.2   The *Australian Passports Act 2005* (Passport Act) states an Australian citizen is entitled, on application to the Minister, to be issued with a passport but does not specify a time limit.[58] DFAT reports on the percentage of routine passport applications processed within 10 business days and the percentage of priority passport applications processed within two business days. These key performance indicators (KPIs) are longstanding: DFAT first introduced a 10 day turnaround benchmark for routine passport applications in its 1999 Passport Client Services Charter and has reported against this measure in its annual report since.[59] DFAT began reporting on its performance in completing priority applications in 2002.[60] Respective targets of 95 per cent and 98 per cent were introduced in 2018–19.

3.3   A limitation of DFAT's recorded processing time for all applications within the Passport Issue and Control System (PICS) is that it does not capture the full range of processing steps from an

---

58   Applicants who pay the priority processing fee but are not issued with their travel document within two business days after the Minister (or their delegate) receives all the information requested for the purposes of being satisfied of the identity, entitlement or eligibility of the applicant, are entitled to request a refund of the priority fee under the Australian Passport Determination 2015.

59   See Appendix 5 for DFAT's reported performance since its 1999–2000 Annual Report.

60   The ability for customers to lodge an application, pay for priority processing and to have the passport processed within two business days was introduced in 2002.

applicant's perspective.[61] ANAO analysis presented below is based on available processing time captured within PICS data, meaning that the below analysis understates processing times experienced by applicants.[62]

Routine applications

3.4   The ANAO examined DFAT's performance against its target to process 95 per cent of passports within 10 business days. DFAT has not achieved its target for three out of the last five financial years as illustrated by Table 3.1. DFAT's lowest reported performance was in 2021–22, where 54 per cent of passport applications were processed within 10 business days, with a slight recovery evident in 2022–23 where 61 per cent of passport applications were processed within ten business days.

Table 3.1:   Routine passport applications between July 2018 to June 2023 and reported performance

Financial year	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
Number of passport applications[a]	1,806,014	1,861,670	1,550,213	568,479	1,193,130	2,625,968
Target for performance measure (%)	N/A[b]	≥95%	≥95%	≥95%	≥95%	≥95%
DFAT's reported result (%)	98%	86%	96%	98%	54%[c]	61%[d]
ANAO recalculated result based on PICS data[e] (%)	98%	85%	96%	96%	54%[c]	61%[d]
Difference (%)[e]	0	(-1%)	0	(-2%)	0	0
	🟢	🟥	🟢	🟥	🟢	🟢

Key: ◆ ANAO recalculation matched reported result ■ ANAO recalculation did not match reported result

Note a: Passports reported against this measure include adult, child and overseas applications and non-citizen travel documents (such as convention travel documents and certificates of identity). Applications categorised as priority and complex applications are not reported against this target.

Note b: The target of 95 per cent for routine applications was introduced in the 2018–19 Corporate Plan.

Note c: DFAT's performance for the 2021–22 financial year varied between 97 per cent of routine passports processed within 10 business days in quarter 1 and 39 per cent in quarter 4. DFAT did not meet its target for three out of the four financial year quarters.

Note d: DFAT's performance for the 2022–23 financial year varied between 11 per cent of routine passports processed within 10 business days in quarter 1 and 99 per cent in quarter 4. DFAT did not meet its target for three out of the four financial year quarters.

Note e: To test the verifiability of reported performance results, the ANAO obtained the data DFAT used to calculate passport processing performance between 2017–18 to 2022–23 and reperformed calculations based on the data provided and documented business rules. No manual interventions were applied by the ANAO to PICS data.

Source: ANAO analysis of DFAT PICS data and DFAT Annual Reports.

---

61   Appendix 6 illustrates that DFAT's measurement of processing time depends on the type of application, where the application was lodged and where the application was printed.

62   The limitations of DFAT's measurement of processing time against performance measure 6.1 is further discussed at paragraph 2.8 to 2.12.

Customer messaging

3.5   DFAT's target timeframes for processing routine applications differs to its advice to applicants on its website to allow a 'minimum of 6 weeks to receive a passport, no matter where you apply.'[63] The six weeks includes the time taken for 'your complete application [to be] received by the Australian Passport Office' which 'usually takes 1–3 business days', time taken by the Australian Passport Office (APO) to process the application and time taken for the passport to be posted to the applicant using registered mail (five to six business days according to the Australia Postal Corporation (Australia Post) website). Table 3.2 sets out DFAT's rate of achievement against its 10-business day timeframe target and processing time messaging on its website between July 2017 to June 2023.

Table 3.2:   Routine application processing times compared to customer messaging between July 2017 to June 2023

Time period	July 2017 – October 2021	November 2021 – May 2022	June 2022 – June 2023
Total routine applications, excluding overseas applications	5,725,523	710,061	2,685,108
Average applications per month	110,075	101,230	206,475
KPI turnaround time benchmark	10 business days	10 business days	10 business days
Failure rate against KPI	6%	46%	41%
Processing time messaging on APO website	Three weeks	Up to six weeks	Minimum of six weeks
Comparison against website messaging[a]	52%	30%	24% took longer than six weeks

Note a: To reflect website messaging, the calculations allowed three business days for DFAT to receive the application and six business days for Australia Post to deliver the passport.

Source: ANAO analysis of DFAT PICS data.

3.6   Following the re-opening of the international border, DFAT changed the service standard published on the APO website. In November 2021, DFAT's advice to customers on processing times for routine applications changed from 'three weeks' to 'up to six weeks.' Table 3.2 indicates that DFAT's processing times exceeded three weeks in 52 per cent of applications lodged between July 2017 and October 2021. Between November 2021 and May 2022, 30 per cent of applications exceeded the renewed six-week turnaround messaging.

3.7   In June 2022, DFAT updated its advice on passport turnaround times to advise applicants to allow a 'minimum of six weeks'. Removing the expected service standard increased uncertainty for applicants. Applicants no longer had an expectation on which to plan their travel or base their complaints if a reasonable timeframe had been exceeded. Table 3.2 indicates that 24 per cent of applications were processed in more than six weeks between June 2022 and June 2023.

---

63   DFAT, *How long to get a passport* [Internet], DFAT available from https://www.passports.gov.au/getting-passport-how-it-works/how-long-get-passport [accessed December 2023].

3.8   DFAT's performance against its public messaging further highlights the incongruity between its KPI benchmarks and customer focused messaging.

3.9   In the Commonwealth Ombudsman's (Ombudsman) investigation of November 2022, the Ombudsman observed that:

> the general information provided on the APO's website and the specific information provided to customers, can be inconsistent with actual outcomes due to capacity limitations. In turn, customers relying on APO's advice may be disadvantaged…The APO could consider drawing from and publishing data about the actual processing time of passport applications so that applicants have a more realistic expectation of the timeframes involved and can plan accordingly.

3.10   While DFAT acknowledged to the Ombudsman in December 2022 that providing customers 'with a better indication of processing times will greatly assist in improving customer satisfaction…alleviate the stress caused by the uncertainty around passport issuance timeframes and help customers plan ahead', no changes were made to its public messaging regarding processing timeframes until October 2023.[64] In November 2023, DFAT advised the ANAO that the number of consecutive business days that applicants can expect to wait from when they lodge their application to when they receive their passport 'is something the department cannot accurately measure at this time.'[65]

Recommendation no. 5

3.11   The Department of Foreign Affairs and Trade improve transparency over its passport application processing by improving its systems to expand its published processing time to the number of consecutive business days that applicants can expect their passport to take from application submission to passport receipt.

Department of Foreign Affairs and Trade response: *Agreed.*

3.12   *DFAT accepts this recommendation.*

3.13   *The department is developing a status tracker which will allow customers to monitor their passport application (expected to be delivered in 2024–25).*

3.14   *The department will also explore publishing Australia Post timeframes alongside the processing timeframes currently published.*

Domestic applications

3.15   Customers applying domestically (that is, within Australia) may lodge forms through a participating Australia Post outlet or in person at a DFAT state and territory office. Figure 3.1 sets out the average processing time (including clock-stopping holds) between July 2017 to June 2023

---

64   DFAT started reporting on the proportion of passports processed within 10 business days on a weekly basis on the APO website in October 2023. See for example DFAT, *Apply or Renew* [Internet], DFAT, available from https://www.passports.gov.au/apply-or-renew [accessed December 2023].

65   While data is not currently available to enable a calculation of time efficiency from an applicant perspective some information is collected, or should be available, to DFAT on Australia Post's performance against the Passport Application Lodgement Services contract which could be used to provide greater transparency in service performance to applicants (refer to paragraph 2.25).

for different types of routine applications (adult first-time applications, adult renewals, child applications and applications for non-citizen travel documents). Of note:

- Between quarter 1 2017–18 and quarter 1 2021–22, the average processing time for all domestic application types was below the 10 business day target timeframe.

- Average processing time for all domestic application types increased between quarter 2 2021–22 and quarter 1 2022–23.

  - Average processing times for first-time adult applications peaked in quarter 4 2021–22 at 33 business days (seven weeks).

  - Average processing times for child applications and adult renewals peaked in quarter 1 2022–23 at 41 business days (eight weeks) and 16 business days (three weeks) respectively.

  - Average processing time for non-citizen travel documents peaked in quarter 2 2022–23 at 62 business days (12 weeks).

- Average processing times for all application types lodged domestically returned to below 10 business days by quarter 4 2022–23.

3.16 A limitation of analysis presented in Figure 3.1 is that PICS data does not capture the time domestic applicants are required to wait for in-person interview appointments. For customers requesting to lodge their application with a participating Australia Post outlet, an appointment must be available within 24 hours for a priority passport or three business days for a routine passport.
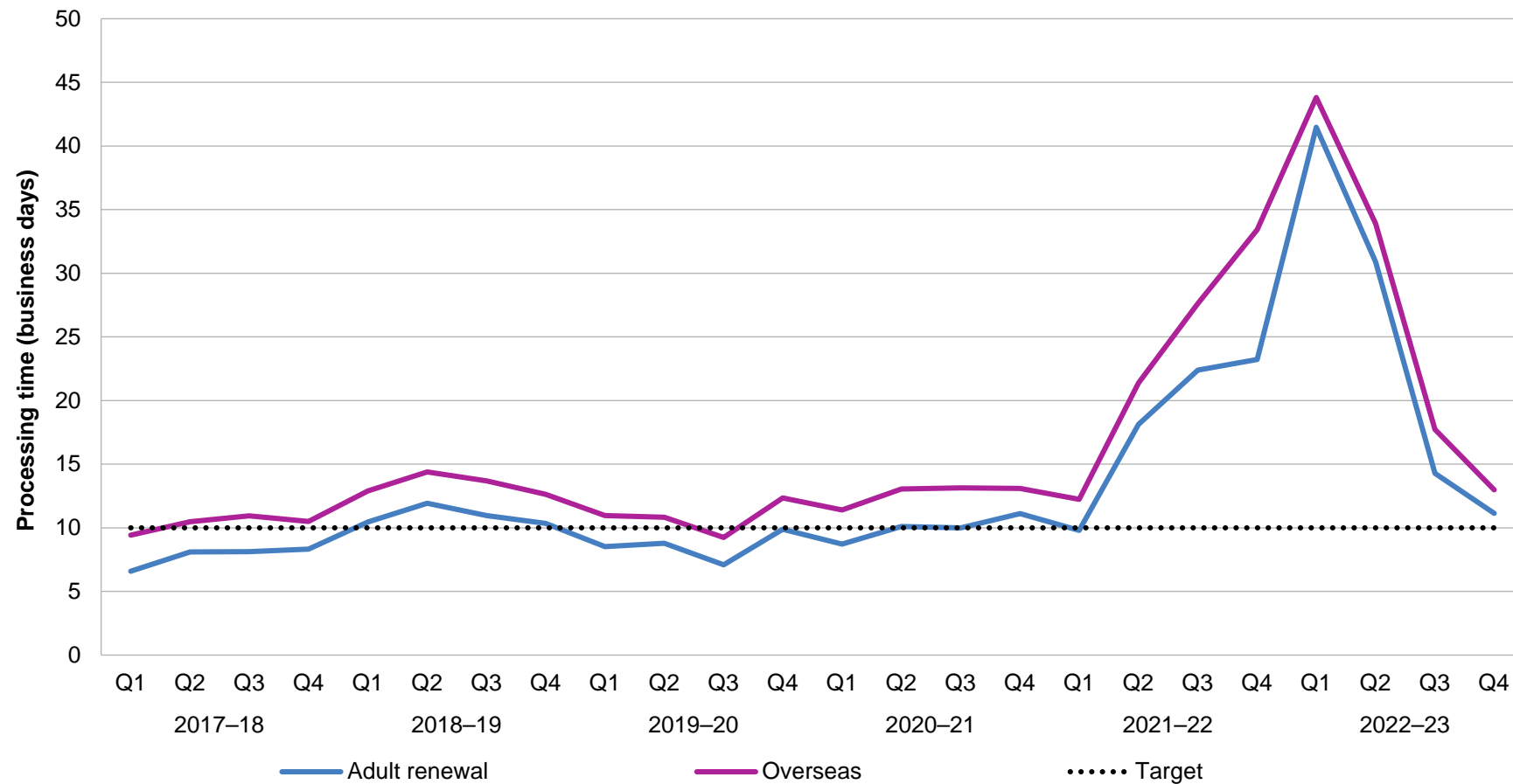
Figure 3.1:   Average processing time of domestic passport applications by application type July 2017 to June 2023
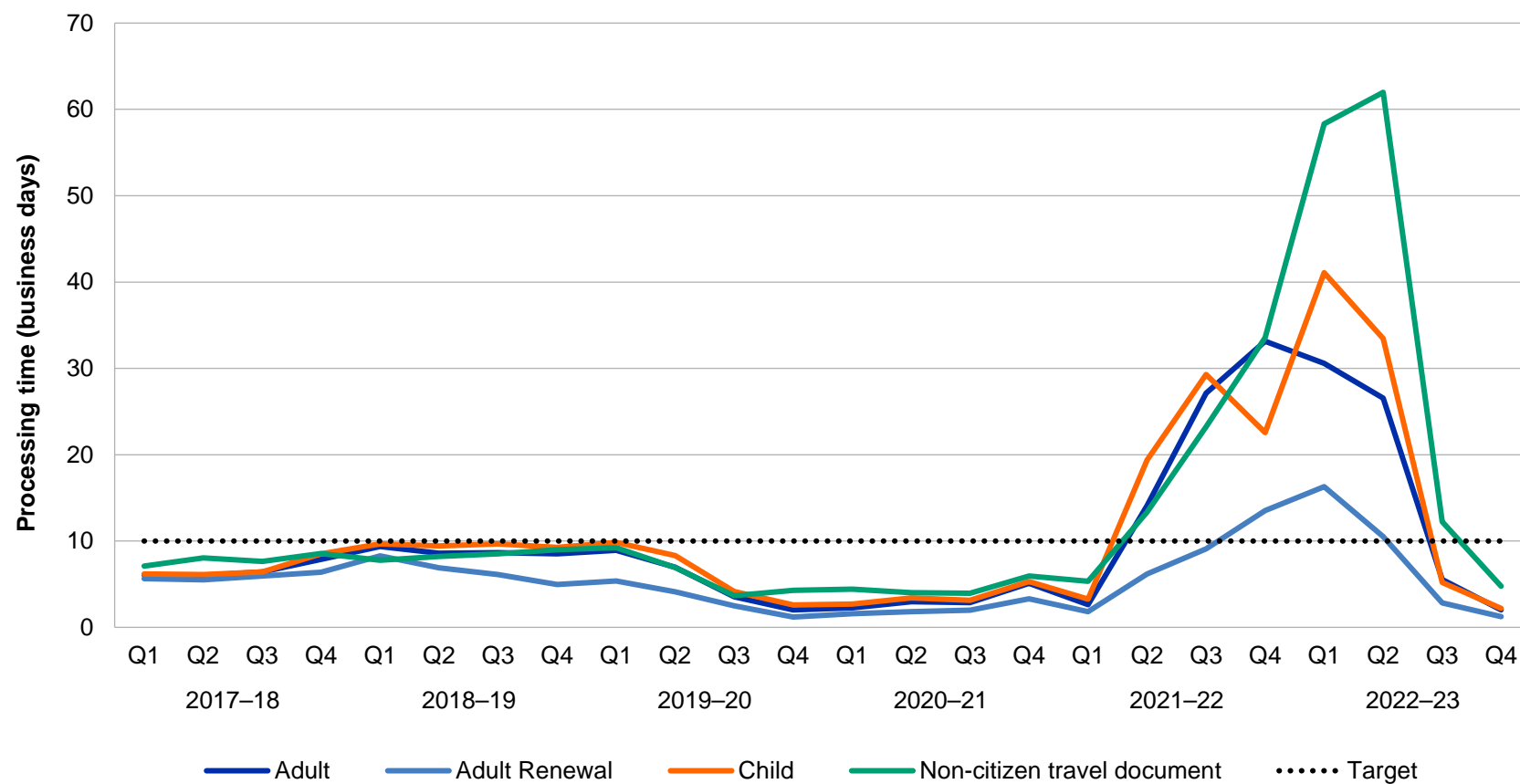
Note: Processing time for each application type includes the time applications are put on clock-stopping holds by processing officers.

Source: ANAO analysis of DFAT PICS data.

Figure 3.2:   Average processing time of overseas passport applications by application type July 2017 to June 2023

Note: Processing time for each application type includes the time applications are put on clock-stopping holds by processing officers. The 'overseas' application category includes first-time adult applications and all child applications lodged overseas.

Source: ANAO analysis of DFAT PICS data.

Overseas applications

3.17   Overseas passport services are delivered by Australian Government diplomatic and consular missions. Between July 2017 and June 2023, of passports processed, 499,583 passport applications were lodged overseas (representing 4.6 per cent of passports processed in this period). Overseas passport applicants pay higher fees than domestic applicants, including an overseas surcharge[66] and courier fees to mail-in applications (dependent on the overseas location). PICS reporting indicates that revenue collected from the overseas surcharge has increased from $8.6 million in the 2017–18 financial year to $12.7 million in the 2022–23 financial year.

3.18   Figure 3.2 sets out the average processing time for overseas applications between July 2017 and June 2023 by application type: overseas applications (this category captures first-time adult applications and child applications) and overseas adult renewals. Of note:

- Average processing times for all overseas application types increased between quarter 2 2021–22 and quarter 1 2022–23.

- Average processing times for applications peaked in quarter 1 2022–23 at 44 business days for overseas applications (nine weeks) and 41 business days for overseas adult renewals (nine weeks).

- Average processing times for all overseas application types decreased between quarter 2 to quarter 4 to 2022–23, although have not returned to below the 10 business day target.

3.19   A limitation of the analysis presented in Figure 3.2 is that PICS data does not capture the time overseas applicants are required to wait for in-person interview appointments. Feedback provided within DFAT from 16 overseas diplomatic and consular missions located in European Union countries in March 2022 indicated that wait times for interview appointments varied between three weeks to six months. Demand for interviews in overseas locations led DFAT to decide to enable applicants for adult renewals or subsequent child applications to mail-in applications, rather than attend appointments in-person.

Priority applications

3.20   Applicants may pay a priority processing fee ($252 as of January 2024) when lodging passport applications to have their passport processed within 'two business days'. The priority processing fee is in addition to the fee payable to have a passport application processed (as of January 2024, $346 for a 10 year validity passport for persons aged over 16 years). ANAO analysis of DFAT PICS data indicates that the proportion of priority applications processed, when compared to total passport applications processed, has increased from 9 per cent in 2017–18 to 17 per cent in 2021–22 and 14 per cent in 2022–23.[67] Priority fee revenue has increased from $34.3 million in 2017–18 to $96.9 million in 2022–23.

3.21   DFAT's reported performance for priority applications is based on the proportion of applications processed within two business days, although its calculation of two business days has

---

66   As of January 2024, the overseas surcharge for adult applications is $155 and for child applications is $76 (refer to Appendix 4 for more information).

67   Analysis prepared by DFAT in March 2022 indicates that there is a strong correlation between the number of applications on hand and priority processing fees paid. DFAT's analysis observed an increased priority lodgement rate in 2021–22 and that 'it is likely that around half of current PPFs come from customers anticipating long processing time'.

changed over time. For the 2017–18 and 2018–19 financial years, DFAT's calculation of its priority processing performance was based on a definition of two business days as meaning 48 hours. In February 2020, an internal review of passport processing KPIs observed that usage of exact timings can 'trigger a result of fail against the KPI when meeting priority processing times, even if the process is completed on the second business day.' DFAT approved a change in methodology in calculation of business days from being based on exact hours to business days being 'full days and end at the open of business the next business day.'[68] ANAO examined DFAT's performance against its priority processing target based on the 48-hour definition of 'two business days' to examine what impact the change in methodology had on DFAT's reported performance.

Table 3.3:   Priority passport applications between July 2017 and June 2023 and reported performance

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
Number of priority passport applications	185,847	180,250	135,547	18,320	254,675	429,650
Priority fee revenue ($m)	$34.3m	$36.0m	$29.0m	$4.0m	$58.5m	$96.9m
Target for performance measure (%)	N/A[a]	≥98%	≥98%	≥98%	≥98%	≥98%
DFAT's reported result (%)	98%	98%	98%	99%	94%	91%
ANAO recalculated result based on 2017–18 & 2018–19 methodology (%)	98%	98%	98%	98%	83%	83%
Difference (%)[b]	0	0	0	(-1%)	(-11%)	(-8%)

Note a: The target to process 98 per cent of priority applications within two business days was first introduced in the 2018–19 DFAT Corporate Plan.

Note b: To enable a comparison across financial years, the ANAO obtained the data DFAT used to calculate priority processing performance between 2017–18 to 2022–23 and reperformed calculations based on the provided data. No manual interventions were applied by the ANAO to PICS data.

Source: ANAO analysis of DFAT PICS data.

3.22   The percentage of priority passports processed within two business days has been declining since 2021–22, as demonstrated in Table 3.3. The department did not achieve its timeliness target in 2021–22 or 2022–23, reporting a result of 94 per cent and 91 per cent respectively against a target of 98 per cent. ANAO analysis of DFAT's performance based on the 48-hour definition of 'business days' indicates that its performance deteriorated to a greater extent than publicly reported (83 per cent processed within two business days in 2021–22 and 2022–23, a difference of 11 per cent and eight per cent to DFAT's reported performance results respectively). No explanatory note describing the change in methodology and advising users of

---

68   PICS is configured to calculate DFAT's priority processing performance based on a definition of two business days as meaning 48 hours. DFAT relies on manual workarounds to calculate its performance against this measure, thereby increasing the risk of error in its calculation.

performance information that results were not comparable with previous years was included in DFAT's performance statements in 2020–21 (or in later years).[69]

Recommendation no. 6

3.23   The Department of Foreign Affairs and Trade ensure any methodology changes that impact on reported performance, and the rationale for the changes, are explained in reporting.

Department of Foreign Affairs and Trade response: *Agreed.*

3.24   *DFAT accepts this recommendation.*

3.25   The Australian Passport Determination 2015 sets out the Minister (or their delegate) may refund a priority fee to an applicant if the passport is not issued within two business days of the Minister (or their delegate) receiving all information required to process the passport.[70] Applicants who pay the priority processing fee must apply in writing via letter to DFAT to have the fee refunded where DFAT does not meet the specified timeframe.[71]

3.26   DFAT's internal policy sets out that:

- standard turnaround time does not include delivery;

- in cases where a processing officer does not have all necessary information to permit the issue of the passport, the application will be placed on a clock-stopping hold and this period will not be counted towards the two business day turnaround; and

- staff should use PICS to determine the elapsed nett processing time, noting that the acceptable time for processing a priority passport should not exceed 20 hours (for the APO, a business day is considered one 10 hour working day).

3.27   ANAO analysis of DFAT data indicates that it did not meet the priority processing window of twenty hours for 73,769 applicants in 2022–23 (17 per cent of priority applications). Those applicants had paid priority processing fees of an estimated $16.6 million to the department. In 2022–23, DFAT refunded $733,224 in priority fees. This means that DFAT refunded priority fees for 4.4 per cent of applicants who paid the priority processing fee but did not have their passports processed within twenty hours. ANAO analysis indicates there was up to $15.9 million in priority processing revenue collected in 2022–23 where applicants may have had a basis for claiming a refund.

---

69   Guidance from Finance has recognised that when entities make changes to their performance measurement methodologies, it is good practice to include a note that details the start date for the revised methodology, the changes that occurred and the rationale. See Finance, *Resource Management Guide No.131: Basis for assessment over time* [Internet], Finance, available from https://www.finance.gov.au/government/managing-commonwealth-resources/developing-performance-measures-rmg-131/basis-assessment-over-time; Auditor-General Report No.4 2023–24 *Accuracy and Timeliness of Welfare Payments*, p.94.

70   Australian Passport Determination 2015, subsection 28(3).

71   DFAT, *Refunds* [Internet] available from https://www.passports.gov.au/refunds [accessed December 2023].

> ## Recommendation no. 7
>
> 3.28   The Department of Foreign Affairs and Trade provide refunds of the priority processing fee paid by all applicants where the department does not meet the processing timeframe advertised for those applications.
>
> **Department of Foreign Affairs response:** *Agreed.*
>
> 3.29   *DFAT accepts this recommendation.*
>
> 3.30   *The department has commenced a comprehensive review of passport legislation it administers and will consider and address this recommendation in that context.*

Complex applications

3.31   An application may be referred by a processing officer during the assessment phase for specialised case management in circumstances where a parent or guardian has applied for a child's passport without consent from all required parties.[72] Case officers assess applications and examine whether consent of all parties can be obtained or whether a court order permitting the issue of a travel document exists. In circumstances where this does not occur, case officers examine whether 'special circumstances[73]' exist, enabling the Minister (or their delegate) to issue a travel document without full parental consent.[74]

3.32   The ANAO examined whether the proportion of applications requiring specialised management has increased over time as this may impact average processing times. ANAO analysis of DFAT PICS data indicates that the proportion of applications requiring specialised case management, when compared to total passport applications processed, has remained stable over time (representing between 0.9 per cent to 1.4 per cent of the total number of passport applications processed between July 2017 and June 2023).

3.33   DFAT advises applicants that child applications which claim special circumstances generally take six to eight weeks (or more). Figure 3.3 indicates that processing times for complex applications has increased from a median of 10 business days (including clock-stopping holds) in 2017–18 to 46 business days (including clock-stopping holds) in 2022–23.

---

72   The Minister must not issue an Australian travel document to a child unless each person who has parental responsibility for the child consents to the child to have an Australian travel document or an order of a Court of the Commonwealth permits the child to have an Australian travel document, travel internationally or spend time with another person who is outside Australia. See *Australian Passports Act 2005* (Cth) subsection 11(1).

73   The 'special circumstances' in which the Minister may issue a child passport without full parental consent are set out in the *Australian Passport Act 2005* subsection 11(2) and Australian Passport Determination clause 10.

74   The approach of having a dedicated case manager and single point of contact for an applicant claiming special circumstances differs to standard applications which operate on 'Get Next' principles, where multiple processing officers may interact with a case from the beginning to finalisation of the assessment phase.

Figure 3.3:   Median processing time for complex applications July 2017 to June 2023
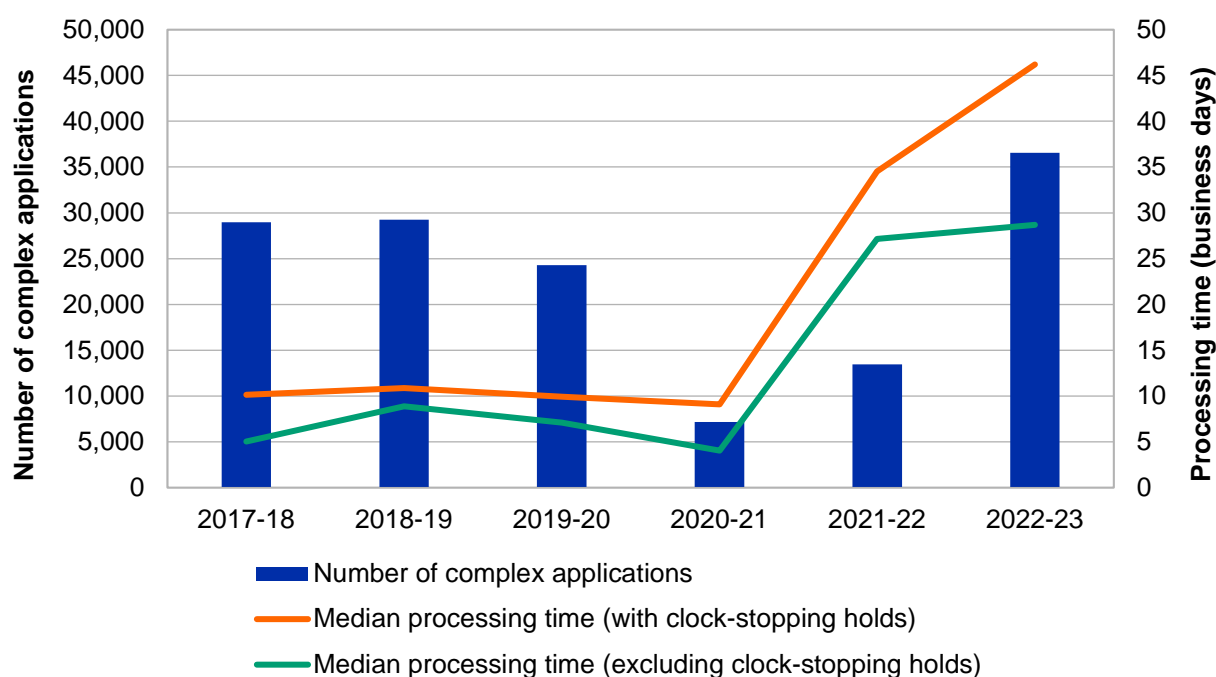
Note: The ANAO used median processing time (rather than average processing time) for complex applications due to outliers (timeframes of up to three years) affecting the average duration.

Source: ANAO analysis of PICS data.

3.34   DFAT advised the ANAO in November 2023 that:

> The general timeframe advice…reflects the nature of the complex caseload and provides guidance to the applicant on the timeframe for processing…Once an application has been assigned to a specialised officer, the case officer contacts the customer. At that time, the case officer can provide tailored advice to the customer on their application and engages with the customer until their application has been finalised. This case management approach supports the customer having an understanding of the status of their application.

3.35   Processing times for complex applications are not publicly reported and do not affect DFAT's reported processing times. This exclusion and the rationale for not reporting on these applications is not described in DFAT's corporate plan or annual report and not documented as a business rule in DFAT's methodology control document for the performance measure.

Opportunity for improvement

3.36   The Department of Foreign Affairs and Trade update its methodology control documentation (and associated corporate reporting) to reflect the exclusion of complex applications from its reporting. There would be merit in reporting on time efficiency in processing complex applications from the perspective of applicants.

3.37   An effective triage function that addresses critical deficiencies can optimise work allocation and reduce overall delay.[75] A 2017 internal review of management of complex child passport applications identified that:

- triage has reduced the amount of time for a complex application to be assigned to a processing officer;
- the method employed by PICS to identify potential complex applications is very simplistic and results in large numbers of applications requiring assessment and referral back to standard processing queues; and
- DFAT should consider centralising the triage function, dedicating two processing officers to this function who could maintain consolidated statistics and report daily to management.

3.38   DFAT approved removal of the automated triage function from Delta, citing the large proportion of applications determined not to be complex (estimated to be 78 per cent in 2019 and 2020). The removal of triage was completed in November 2022 and DFAT now relies on manual referrals from processing officers to the specialised case management team.

Time applications spend on hold

3.39   As noted in paragraph 2.11, DFAT's reported processing time against its targets in its annual reporting does not include the time applications are placed on clock-stopping holds. Processing staff may place applications on 'clock-stopping holds' which places an application in the 'hold' queue. DFAT guidance states that clock-stopping holds should be used when contact is 'being attempted' or 'has been made with the person or area relevant to the hold' to gain further information relevant to the application.

3.40   The ANAO has previously observed that:

> Well-designed forms support administrative efficiency, because as complete and accurate information as possible is obtained on the first attempt. This reduces costly rework to fix errors caused when incomplete or inaccurate information has been provided. Often, customers provide inadequate information, either because the relevant form did not ask the customer for all necessary information or it was poorly designed, such that the customer did not clearly understand what was required.[76]

3.41   To analyse the effect of clock-stopping holds on DFAT's time efficiency in processing passport applications, the ANAO examined the number of instances, duration and reasons selected by processing officers for each application type being placed on hold between July 2017 and June 2023.

Routine domestic applications

3.42   The proportion of routine applications lodged domestically that are placed on hold has varied between 5 to 9 per cent over the last six financial years with a median hold duration of 2.3 days per application and an average of 4.7 days per application over the same time period (Table 3.4). Between July 2017 to June 2023, the median hold duration per routine application has

---

75   Auditor-General Report No.28 2019–20 *Case Management by the Office of the Commonwealth Director of Public Prosecutions,* p.12.

76   Auditor-General Report No.26 2005–06 *Forms for Individual Service Delivery*, p. 26.

remained between two and three days, compared to the total routine application numbers which have varied from a low of 509,998 in 2020–21 to a high of 2,506,134 in 2022–23.

Table 3.4: **Clock-stopping holds applied to routine applications between July 2017 and June 2023**

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
Total routine applications	1,727,841	1,780,337	1,480,065	509,998	1,116,317	2,506,134
Percentage of applications with a clock-stopping hold applied	9%	8%	8%	6%	5%	8%
Median hold duration per application (days)	2.1	2.2	2.3	2.8	2.5	2.8
Average hold duration per application (days)	4.0	4.2	4.5	5.5	5.9	5.3
Most used clock-stopping hold reason	Client contacted and advised	Client contacted and advised	Client contacted and advised	Client contacted and advised	Applicant contacted	Applicant contacted
Second most used clock-stopping hold reason	Mailed in application is incomplete	Mailed in application is incomplete	Mailed in application is incomplete	Mailed in application is incomplete	Statement incomplete/ incorrect	Client contacted and advised
Third most used clock-stopping hold reason	Applicant contacted	Photo quality poor	Contact father	Applicant contacted	Client contacted and advised	Statement incomplete/ incorrect

Source: ANAO analysis of DFAT data.

3.43   When an application is placed on a clock-stopping hold, processing staff must select a reason for doing so. DFAT has recognised that these 'reasons play a role in informing other areas of the status of the application and providing data on interruptions in processing' and 'analysis of hold reasons can inform improvements to processes.' The top three clock-stopping hold reasons for each year for routine applications are presented in Table 3.4.

3.44   Limited insights can be drawn from DFAT's holds reasons for analysis. The hold reasons cover a large range of delay reasons and are not descriptive enough to ascertain a specific cause of delay.

3.45   DFAT's own analysis indicates that, between December 2018 to December 2019, ten hold reasons accounted for 100 per cent of hold events (clock-stopping and non-clock-stopping). The top five most used hold reasons, accounting for 86 per cent of hold events, were clock-stopping holds. DFAT's suggested reasons for only 10 hold reasons being utilised included:

- an unnecessary number of hold reasons;
- staff confusion due to the large number of hold reasons; or

- it takes too long to find the correct hold reason.

3.46 Following its internal analysis in April 2021, DFAT reduced the number of hold reasons available to processing officers from 141 to 34 and certain hold reasons were adjusted to cover a larger range of delay reasons (e.g. the 'applicant contacted' reason replaced 'client contacted and advised', 'mailed in application is incomplete', 'writing illegible' and several more). The intent of this change was to promote a more accurate and informative use of hold reasons.

3.47 When sought for comment within DFAT, a Senior Passport Policy officer noted that:

> The advice when I was a PCO was to select the most relevant 'clock-stopper' hold code for PPF applications, or where one was not relevant to select '01A – Client Contacted and Advised', together with the most relevant hold code that isn't a 'clock-stopper' hold reason (Note: You can select up to 3 hold reasons in Delta).

> However in practice, I am aware that staff routinely selected 01A for the following reasons:

> • it is the first option displayed (easier/quicker than scrolling through a large list)

> • advised to use this when unsure of which to use

> • use this in isolation where the client has been contacted (via phone/SMS/email) rather than selecting the relevant accompanying hold reason to indicate the actual reason the application can't progress (e.g. 81A Statement Incomplete/Incorrect).

3.48 Table 3.4 shows that 'client contacted and advised' was the most frequently used hold reason between July 2017 and June 2021. Additionally, its advised replacement ('applicant contacted') is now the most used hold reason across routine applications (although processing officers continue to use 'client contacted and advised'). As a result, it is unclear whether the practices noted above in paragraph 3.47 have ceased.

Routine overseas applications

3.49 In comparison to routine applications lodged domestically (Table 3.4), a much higher proportion of overseas applications processed between July 2017 and June 2023 had at least one clock-stopping hold applied during processing (Table 3.5). Both median and average hold duration per application show a general upward trend to a peak median hold duration of two days and average hold duration of five days in 2022–23. Though total application numbers are higher in 2022–23 compared to 2017–18, the percentage of applications placed on a clock-stopping holds has decreased.

Table 3.5:   Clock-stopping holds applied to overseas applications between July 2017 and June 2023

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
Total applications	78,173	81,333	70,148	58,481	76,813	119,834
Percentage of applications with a clock-stopping hold applied	53%	51%	45%	38%	34%	39%
Median hold duration per application (days)	1.4	1.4	1.4	1.3	2	2

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
Average hold duration per application (days)	3.6	3.5	3.6	3.8	4.7	5.2
Most used clock-stopping hold reason	Photo poor quality	Photo poor quality	Photo poor quality	Need to contact guarantor	Photo poor quality	Applicant contacted
Second most used clock-stopping hold reason	Client contacted and advised	Need to contact guarantor	Need to contact guarantor	Photo poor quality	Need to contact guarantor	Photo poor quality
Third most used clock-stopping hold reason	Need to contact guarantor	Client contacted and advised	Client contacted and advised	Client contacted and advised	Applicant contacted	Need to contact guarantor

Source: ANAO analysis of DFAT data.

3.50   ANAO analysis of the most used hold reasons for overseas applications indicates that delays are often related to the applicant's guarantor or the quality of the applicant's passport photo. DFAT acknowledged in 2019 that photo quality 'is our number one issue when it comes to overseas passports applications.' DFAT has implemented several changes since 2017 to improve overseas passport photo quality.[77]

- Posts were given the ability to take and print their own photos on a client-by-client basis.
- If a photo has been rejected once, the customer may provide a digital photo to be re-assessed.

3.51   Despite these changes, poor photo quality continues to be a common reason for application delay affecting overseas applicants both in terms of the time taken to process applications and costs incurred in obtaining compliant passport photos (Table 3.5).

Priority applications

3.52   When compared to routine domestic applications, a larger proportion of priority applications had at least one clock-stopping hold applied by processing officers between July 2017 to June 2023 (Table 3.6). Median hold duration per priority application is shorter compared to routine applications but has increased over time from 0.8 days in 2017–18 to 1.1 days in 2022–23.

3.53   ANAO analysis of DFAT hold reasons for priority applications indicates that in every year except for 2020–21, 'info needed from local [Approved Senior Officer (ASO)][78]' is one of the most used clock-stopping hold reasons. This reason is used when an application has been referred to an approved senior officer (specialised case management delegate), indicating that it is a complex application.

---

77   DFAT also sought to implement a mobile capture application for overseas posts to address this issue, although implementation was discontinued in January 2022 (refer to paragraph 2.44 to 2.45).

78   An 'Approved Senior Officer' was terminology used by DFAT to refer to a delegate of the Minister who could make decisions to approve passport applications in special circumstances outlined in the Australian Passport Determination where full parental consent had not been obtained. These are now referred to as specialised case management delegates (discussed at paragraph 3.31 to 3.36).

3.54   DFAT policy sets out that priority processing is not offered or accepted for complex applications. Arrangements can be made for payment of the priority fee once approved by a delegate. Messaging on complex applications states that 'you can only request priority processing once we have told you that a passport will be issued and you show us that there's a compassionate or compelling reason to issue urgently.' This suggests that complex case management and the final issuance decision occurs before the beginning of the priority processing timeframe. Complex applications also do not count towards DFAT's two business day turnaround KPI (as noted in paragraph 3.34). In November 2023, DFAT advised the ANAO that it had not undertaken any analysis of the reason why clock-stopping holds specific to complex applications was used frequently in priority applications.

Table 3.6:   Clock-stopping holds applied to priority applications between July 2017 and June 2023

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
Total applications	185,836	180,241	135,524	18,292	254,675	429,646
Percentage of applications with a clock-stopping hold applied	13%	13%	12%	13%	8%	11%
Median hold duration per application (days)	0.8	0.6	0.6	0.7	0.8	1.1
Average hold duration per application (days)	1.8	1.5	1.7	1.9	2.2	2.9
Most used clock-stopping hold reason	Client contacted and advised	Client contacted and advised	Client contacted and advised	Client contacted and advised	Applicant contacted	Applicant contacted
Second most used clock-stopping hold reason	Mailed in application is incomplete	Mailed in application is incomplete	Mailed in application is incomplete	Applicant contacted	Statement incomplete/ incorrect	Client contacted and advised
Third most used clock-stopping hold reason	Info needed from local ASO	Info needed from local ASO	Info needed from local ASO	Mailed in application is incomplete	Info needed from local ASO	Info needed from local ASO

Source: ANAO analysis of DFAT data.

Complex applications

3.55   Table 3.7 shows that the majority of complex applications[79] processed between July 2017 and June 2023 were placed on the relevant clock-stopping hold ('info needed from local ASO'). Other common reasons for holding a complex application included mailed in applications being incomplete, or incomplete or incorrect statements being provided in applications.

---

79   . Complex applications are discussed at paragraph 3.31 to 3.36.

Table 3.7: Clock-stopping holds applied to complex applications between July 2017 and June 2023

	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23
Total applications	28,967	29,267	24,292	7,150	13,450	36,561
Percentage of applications with a clock-stopping hold applied	100%	99%	100%	100%	99%	100%
Median hold duration per application (days)	4.4	1.1	1.1	1.7	0.7	5.5
Average hold duration per application (days)	8.7	6.3	6.6	7.1	8.6	17.2
Most used clock-stopping hold reason	Info needed from local ASO	Info needed from local ASO	Info needed from local ASO	Info needed from local ASO	Info needed from local ASO	Info needed from local ASO
Second most used clock-stopping hold reason	Client contacted and advised	Client contacted and advised	Client contacted and advised	Client contacted and advised	Applicant contacted	Applicant contacted
Third most used clock-stopping hold reason	Info needed from local ASO	Mailed in application is incomplete	Mailed in application is incomplete	Mailed in application is incomplete	Statement incomplete/ incorrect	Statement incomplete/ incorrect

Source: ANAO analysis of DFAT data.

3.56   As presented in Table 3.7, median hold duration per application remained under two days between 2018–19 to 2021–22, down from a median of four days in 2017–18. In 2022–23, median hold duration increased to five and a half days. Average hold duration also peaked in 2022–23 at 17.2 days, almost double the average time in 2021–22 of nine days.

DFAT's use of clock-stopping holds

3.57   While recognising that 'analysis of the use of hold reasons can inform improvements to processes' and 'improving the effective use of hold reasons would result in better client business process outcomes', DFAT advised the ANAO in July 2023 that no such analysis has been completed.

3.58   DFAT may benefit from examining the causes of application delays to improve real efficiency. Evaluating common causes of delays could inform DFAT on opportunities to improve form accessibility, clarity of messaging, feedback to contractors and/or implementation of automated system controls before form submission. Such qualitative analysis should use hold reasons data to focus on customer experience, with an emphasis on the overall time a customer waits for a passport regardless of whether their application is placed on hold in DFAT's system.

<div style="border: 1px solid #4a86c5;">

Recommendation no. 8

3.59   The Department of Foreign Affairs and Trade analyse its use of manual holds to identify the factors causing these to occur and opportunities to improve its time efficiency in processing passport applications. The department should seek to minimise the number of applications that are placed on hold, and the time they spend on hold.

Department of Foreign Affairs and Trade response: *Agreed.*

3.60   *DFAT accepts this recommendation.*

3.61   *The department will explore what business process and IT system changes may be needed to minimise the use of hold codes and to allow for the duration of time on hold to be captured and monitored.*

</div>

Have passport applications been processed in a resource-efficient manner?

Apart from 2020–21 and, to a lesser extent, 2021–22, the average cost per passport produced has been growing over time (being 23 per cent higher in 2022–23 than it was five years earlier, compared with a 15 per cent increase in the wage price index). A higher average cost to produce passports in 2020–21 and 2021–22 reflected the lower number of passports produced rather than a significant increase in costs. Cost growth as passport application demand increased following the re-opening of international borders has been in the areas of supplier expenses and additional processing staff obtained through contractual arrangements (rather than employees).

Staff efficiency was steadily improving up until the coronavirus-19 (COVID-19) pandemic. This reflected a consistent and generally slightly increasing number of passports being produced and a slight decline over time in the number of processing staff. The average number of passport applications processed per full-time equivalent employee (APS employees plus contractors) has not returned to pre-pandemic levels, averaging 384 per FTE per quarter throughout 2022–23, 56 per cent lower than the 865 per FTE that was achieved on average in eleven quarters before the closure of the international border and corresponding drop in demand for passport services.

The timing of the post border reopening increase to processing resources (through contractors) was such that there were insufficient trained and experienced resources available to prevent a large backlog in applications developing from late 2021. The backlog in applications grew considerably over the next year, peaking in September 2022 at 428,750 applications on hand.

Average cost

3.62   At an agency-level, DFAT reports 'actual expenses' for the passport services program in its annual report. This information is provided in the department's agency resource statement, which is not part of the entity financial statements and so is not subject to financial statements audit. In September 2023, DFAT advised the ANAO that 'we do not reconcile [Passport Funding Arrangement] estimate to actual expenditure' and the 'actual expenses' reported by the

department in its annual report resource statement is the budget estimate plus or minus adjustments made at the end of each financial year for supplier costs and levels of passport production.

3.63   As a measure of cost efficiency, the ANAO calculated DFAT's average expenditure per passport based on information in the department's annual reports (Table 3.8). With the exception of 2020–21 and, to a lesser extent, 2021–22, the average cost per passport produced has been growing over time. The average cost in 2022–23 of $140.57 was 23 per cent higher than it was in 2017–18. In comparison, the wage price index produced by the Australian Bureau of Statistics (which measures changes in the price of labour) increased by 15 per cent between the September quarter of 2017–18 and the June quarter of 2022–23. The average cost to produce passports in 2020–21 was between two to three times higher than other years examined. This reflects the lower number of passports produced.

Table 3.8:   Average expenditure per passport July 2017 to June 2023

Financial year	DFAT's reported 'actual expenses' ($m)	Number of passports produced	Average cost per passport ($)
2017–18	238.2	2,082,127	114.41
2018–19	251.8	2,117,518	118.91
2019–20[a]	228.0	1,745,340	130.65
2020–21[a]	270.7	603,464	448.56
2021–22	270.7	1,488,865	181.81
2022–23	440.0	3,129,957	140.57

Note a: DFAT's departmental appropriation for passport services was frozen for 2019–20 and 2020–21 to assist with the government's response to the COVID-19 pandemic.

Source: ANAO analysis of DFAT annual reports.

Activity-based costing

3.64   As discussed in paragraph 2.30, Synergy Group Australia Pty Ltd was contracted by DFAT in 2021 to build a cost model which would enable the department to calculate the average cost per passport. A shortcoming of the cost model (due to the data supplied by DFAT) is that it does not include in its cost base corporate enabling expenses or the cost of overseas service delivery. As a result, the total expenditure figures reported in the annual report compared to the cost model are very different.

3.65   Figure 3.4 sets out the total expenditure on passport services by the APO according to the cost model between 2020–21 to 2022–23 and expenditure on APO employees, contractors and suppliers. Expenditure (according to the model) has increased between 2020–21 to 2022–23, reflecting the increased volume of passport production and increased expenses incurred to meet the higher demand. The 'contractor' category of expenditure more than doubled between 2021–22 ($32 million) and 2022–23 ($68 million), closely followed by increases in supplier costs from $40.5 million in 2021–22 to $80.8 million in 2022–23. The large increase in 'contractor' costs between 2021–22 to 2022–23 is reflective of onboarding of staff from third-party service providers (Datacom Systems (AU) Pty Ltd (Datacom) and Serco Citizen Services Pty Ltd (Serco) at additional cost to DFAT to reduce the backlog of applications (refer to Figure 3.5 and paragraph 3.70).

Figure 3.4:   Expenditure ($m) on passport services according to activity-based cost model
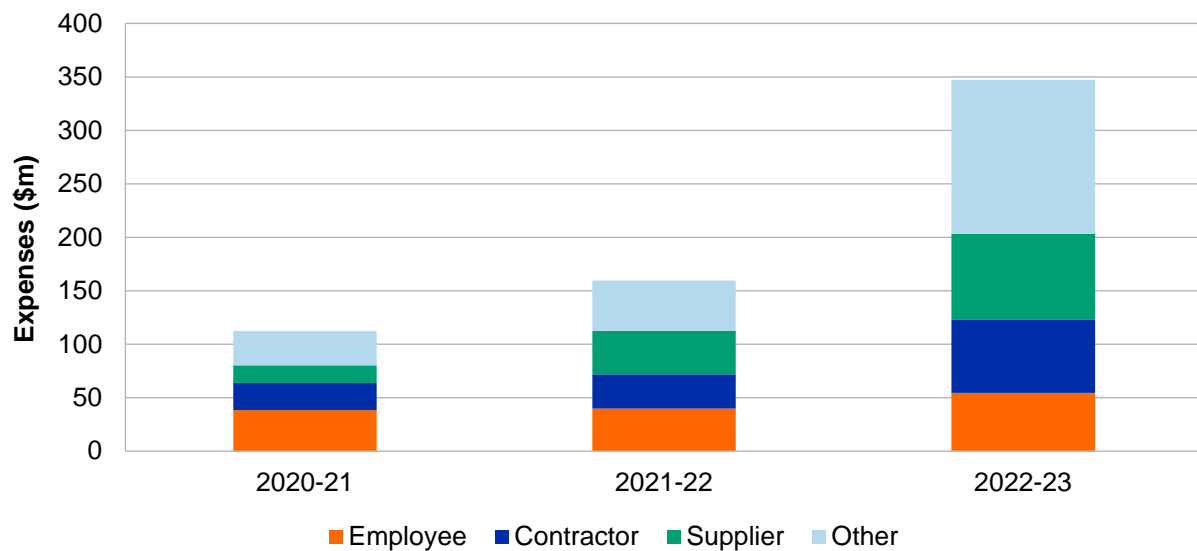
Note: DFAT advised the ANAO in December 2023 that the 'employee' expenses are direct APS salary costs, 'contractor' expenses include labour-hire, temporary or seconded passport production and call centre workforce, supplier expenses includes Australia Post, Note Printing Australia and other expenses related to the no win no loss provision of the Passports Services Funding Arrangement (refer to paragraphs 2.62 to 2.64). 'Other' covers operating costs such as travel, training, contracts outside of main supplier arrangements or production related contractors (such as customer surveys and reviews).

Source: ANAO analysis of DFAT records.

Recommendation no. 9

3.66   The Department of Foreign Affairs and Trade adopt an activity-based costing approach to reporting on the cost of the department providing passport services.

Department of Foreign Affairs and Trade response: *Agreed.*

3.67   *DFAT accepts this recommendation.*

3.68   *The department will pursue options to capture the business enabling and overseas costs in its activity-based costing model.*

Domestic staffing level

3.69   DFAT agreed a staffing profile in 2016 with the Department of Finance (Finance) as part of the re-negotiation of the Passport Services Funding Arrangement.[80] DFAT was funded for 619 domestic passport office staff, including 486 full-time equivalent Australian Public Service (APS) staff and 131 full-time equivalent contracted staff.

---

80   The passport services funding arrangement is discussed at paragraph 2.55 to 2.64.

Figure 3.5:   DFAT's (domestic) staffing profile July 2017 to June 2023
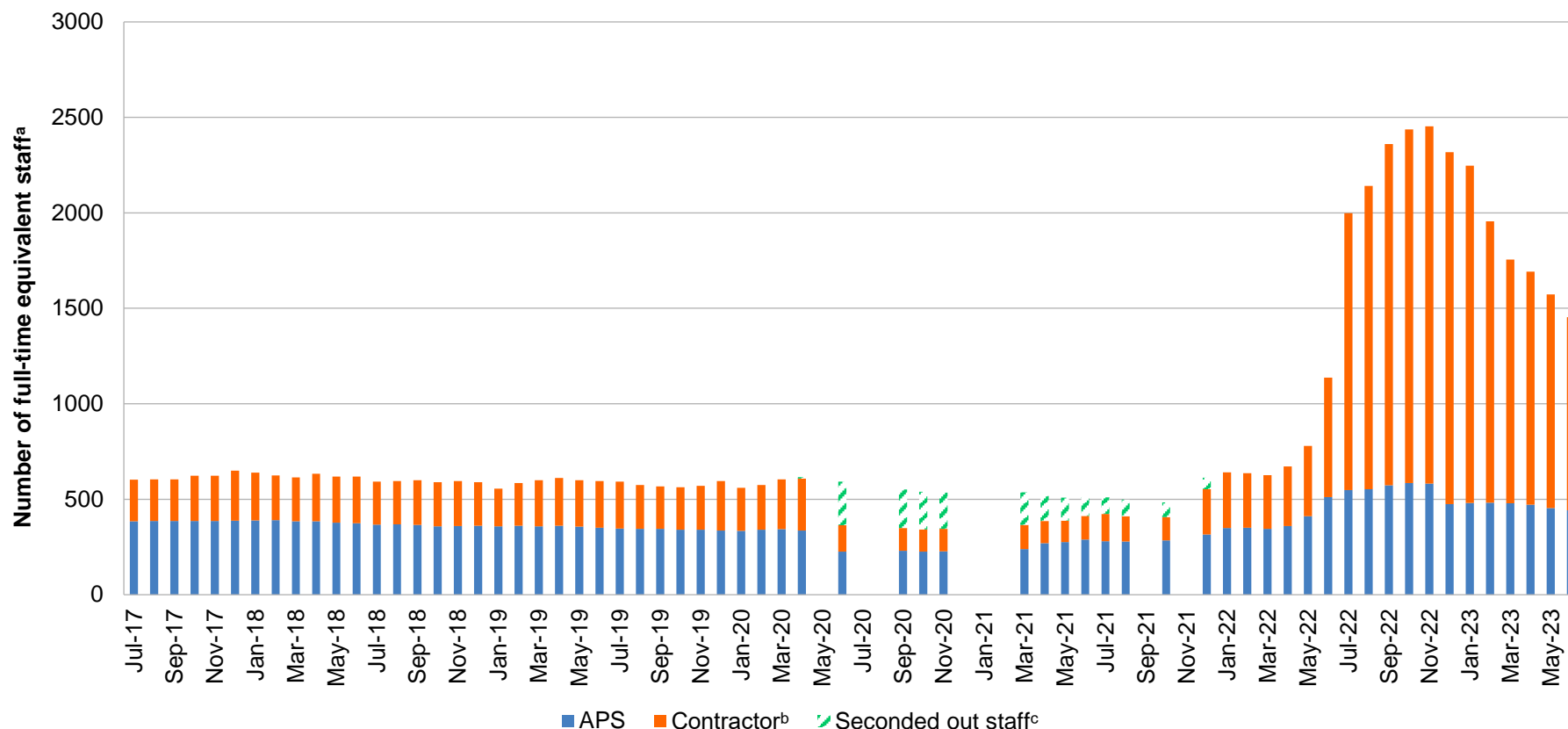
Note a: Average full-time equivalent staff numbers presented in this figure are drawn from two different sources of information. Before January 2022, staffing information per month is drawn from monthly reports provided to the Executive Group of the Passport Office where this was available. No information setting out the amount of APS and contracted staff was available for seven months between July 2017 to December 2021. From January 2022 to June 2023, average full-time equivalent staff per month is drawn from resourcing data extracted from DFAT's human resources system PeopleSoft. The figure does not include overseas staff delivering passport services and DFAT corporate enabling staff.

Note b: The contractor category is comprised of labour-hire contractors and staff from Datacom and Serco.

Note c: The seconded out staff category includes both staff redeployed internally within DFAT and externally (e.g. to assist Services Australia).

Source: ANAO analysis of DFAT records.

3.70   Figure 3.5 illustrates that DFAT's domestic staffing profile for delivery of passport services between July 2017 to June 2023 has grown above the level agreed in 2016. There has also been a significant change in the proportion of staff that are APS employees rather than contracted. In July 2017, DFAT employed a total of 602 full-time equivalent domestic passport office staff: 385 or 63 per cent were APS staff and 218 or 36 per cent contracted staff. By June 2023 there was a total of 1454 full-time equivalent staff delivering passport services domestically: 443 or 30 per cent APS staff and 1011 or 70 per cent contracted.

3.71   The increase in the number of contracted processing staff from July 2022 (Figure 3.5) reflects that DFAT used an existing arrangement with Services Australia[81] to engage Serco to provide a surge passport processing capacity of up to 300 full-time equivalent (FTE) staff and an existing contract with Datacom for the provision of call centre services to access additional staff.[82]

3.72   DFAT later documented (in January 2023, nearly seven months after services had begun to be provided) its decision to engage Serco. The January 2023 document did not include any evaluation of how the department concluded that the engagement represented value for money and did not address that the department had identified that performance in delivery of the contract had not provided value for money, nor its intention to terminate the arrangement.[83] The department documented in December 2022 that:

- the annualised attrition rate for surge workforce from Serco personnel was 52 per cent;

- a significant number of passports processed by the surge workforce from Serco had to be destroyed and reissued;

- applying the APO quality scorecard and quality framework, performance of the surge workforce from Serco was assessed at 80 per cent, well below the contracted key performance indicator of 95 per cent as well as being below that being achieved at that time by DFAT employees (90 per cent) and another contracted supplier of processing staff (Datacom, 94 per cent); and

- termination costs would apply but termination represents the best value for money outcome for the Government.

Staff efficiency

3.73   A common approach to measuring efficiency is to calculate the ratio of inputs to outputs. The ANAO therefore calculated the ratio of DFAT domestic service delivery staff to passports produced between July 2017 to June 2023.

3.74   As illustrated by Figure 3.6, staff efficiency was steadily improving from July 2017 up until the COVID-19 pandemic (quarter 4 2019–20). This reflected a consistent and generally slightly increasing number of passports being produced and a slight decline over time in the number of processing staff. There was a large decline in efficiency in the fourth quarter of 2019–20. While the

---

81   There is an existing arrangement in place for the provision of services or programmes by Services Australia on behalf of DFAT. The arrangement started in 2013. For example, under this arrangement, Services Australia provided call centre services (the Australian Passport Information Service) until April 2020 on behalf of DFAT.

82   The original value of the contract for call centre services with Datacom was $6.6 million. As of November 2023, the reported value of the contract was $89 million, representing a 1273 per cent increase in the reported value of the arrangement. See paragraph 1.20.

83   See paragraph 1.20.

number of staff declined by nearly 100 full-time equivalent staff, the largest contributing factor was the lower number of passport applications processed: 115,408 in quarter 4 2019–20 compared to an average of 516,969 over the 11 prior quarters.

3.75   The number of processing staff declined between quarter 1 and 2 2020–21, before stabilising and then starting to increase in the last quarter of 2020–21. The decrease in processing staff reflects that up to a third of DFAT's passport processing workforce was redeployed within DFAT and to external agencies to assist with the response to the COVID-19 pandemic between April 2020 to December 2021 (refer to Figure 3.5).[84]

Figure 3.6:   Ratio of passports issued to domestic processing staff (employees plus contractors)
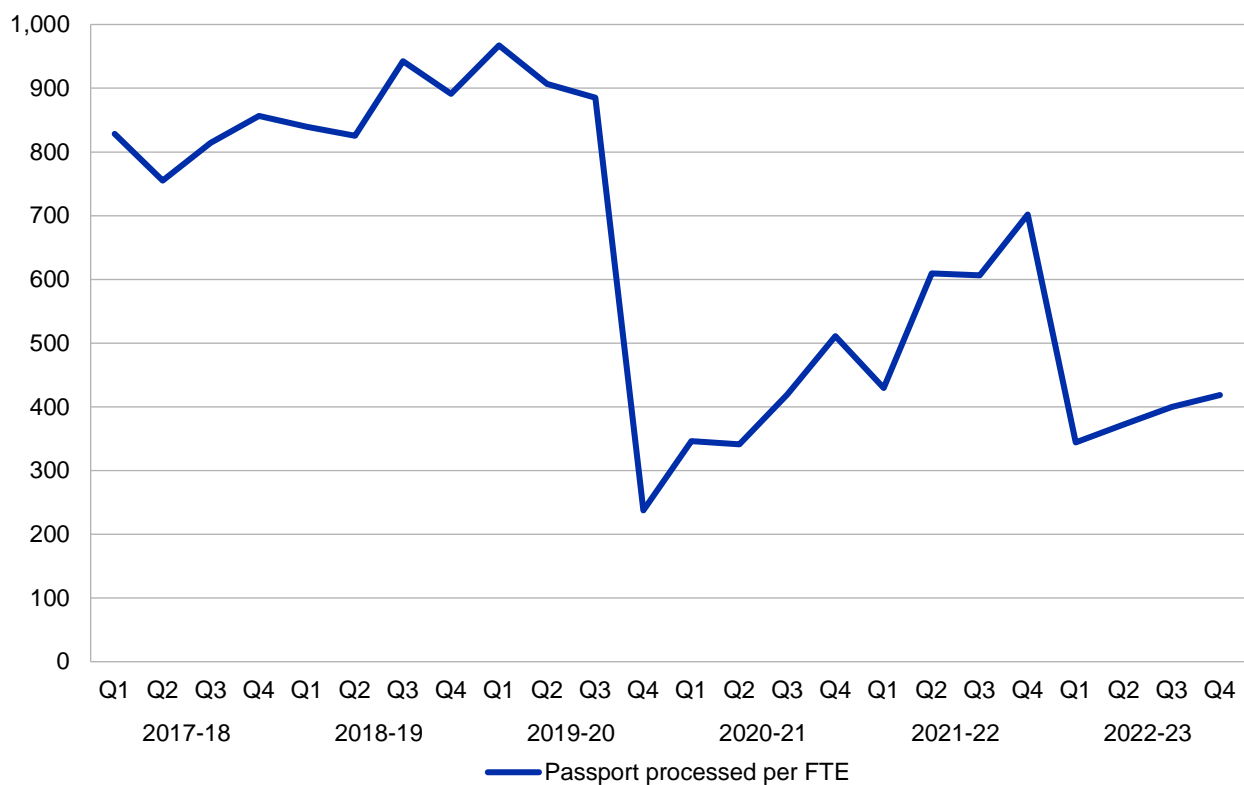
Note: Average full-time equivalent staff numbers for each quarter are drawn from two different sources of information. Before January 2022, staffing information per month is drawn from monthly reports provided to the Executive Group of the Passport Office where this was available. No information setting out the amount of APS and contracted staff was available for seven months between July 2017 to December 2021. From January 2022 to June 2023, average full-time equivalent staff per quarter is drawn from resourcing data extracted from DFAT's human resources system PeopleSoft. The number of passports processed per quarter is drawn from DFAT PICS data.

Source: ANAO analysis of DFAT records.

---

84   DFAT's departmental appropriation for passport services was frozen for 2019–20 and 2020–21 to assist with the government's response to the COVID-19 pandemic.

Figure 3.7:   Applications on hand compared to full-time equivalent staff between April 2021 to June 2023
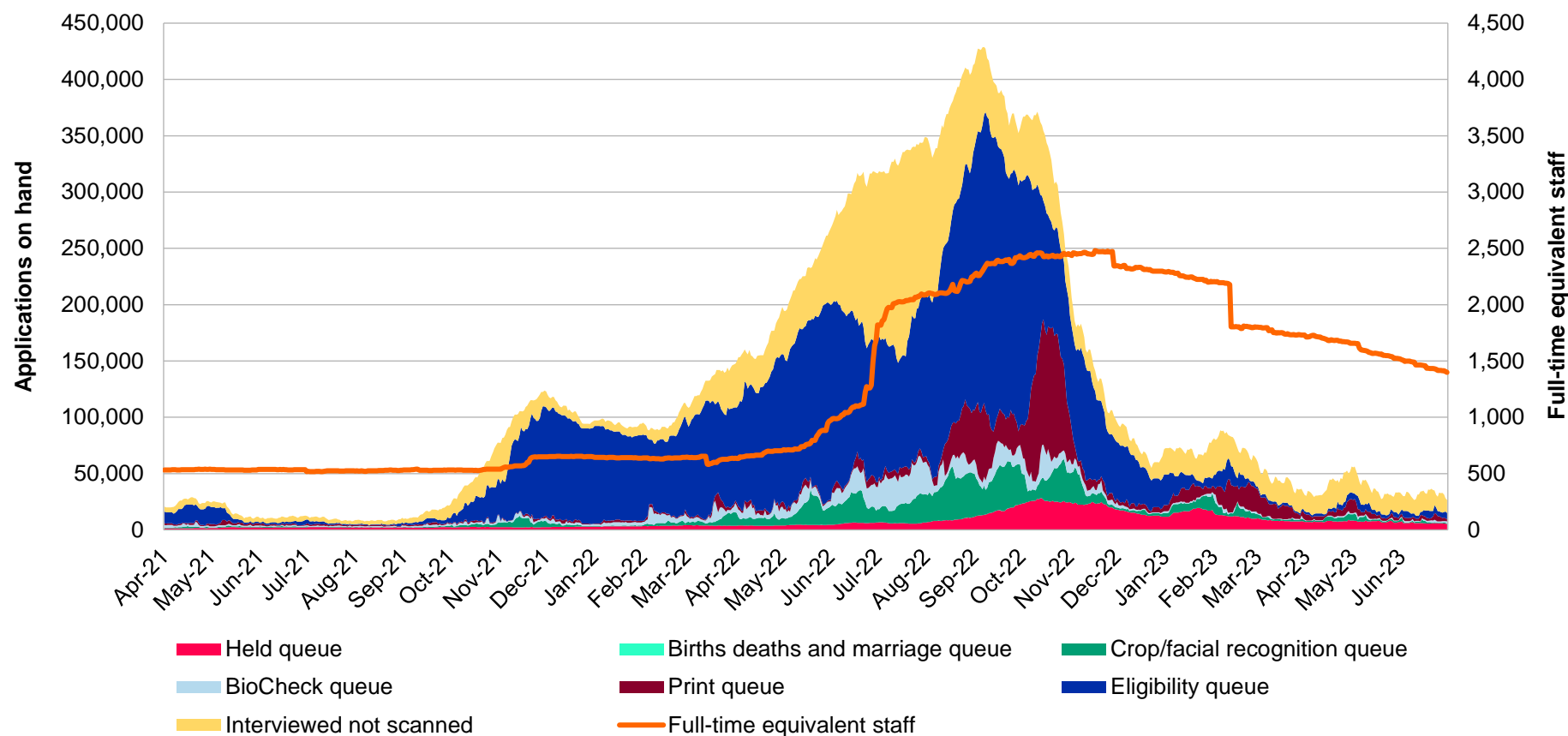
Note: The number of applications on hand and the number of applications in each queue (relating to different steps in the processing workflow) is based on DFAT internal reporting. The ANAO has not undertaken any quality checking over this internal reporting. Full-time equivalent staff information is drawn from resourcing data extracted from DFAT's human resources system PeopleSoft.

Source: ANAO analysis of DFAT reporting.

3.76   Following the international border reopening, the number of passport applications being lodged outpaced the number of applications processed for the first four quarters (Figure 1.2). This resulted in a significant growth in the number of applications on hand (as presented in Figure 3.7) and longer processing times for all application types (as discussed in paragraph 3.2 to 3.58). According to DFAT's internal reporting, the number of applications on hand grew from 77,000 in November 2021 to a high of 428,750 in September 2022.

3.77   In its September 2023 submission to the ANAO on this audit, the Community and Public Sector Union stated that:

> Processing staff stated that the APO needed to begin recruiting new staff well in advance of an expected surge. Staff have informed the CPSU that it takes about a year to learn how to do processing work properly, meaning staff needed to be hired prior to the border re-opening. At least four to five months of training meant recruitment needed to occur in June and July to ensure any increase in application rates could be adequately managed without increased delays negatively affecting members of the public. Recruitment and training, however, did not begin until mid-December, after the borders had re-opened. Members stated that application increases were already apparent by September and in mid-October, it had begun to get out of hand. Problems were exacerbated as when new staff were hired, existing staff had to be taken off to train them, reducing the efficiency of the remaining workforce dealing with the massive backlog. One member stated, "If they had hired 100 people in June 2021, trained them up and kept them, they would not have had to hire half a thousand people to clean it up."

3.78   Processing resources measured in full-time equivalent staff had largely recovered to pre-pandemic levels by the quarter 3 2021–22 and have been more than three-times higher than pre-pandemic levels since the first quarter of 2022–23. The average number of passport applications processed per FTE has not returned to pre-pandemic levels, averaging 384 per full-time equivalent per quarter throughout the 2022–23 financial year. This is 56 per cent lower than the 865 per FTE that was achieved on average in the eleven quarters (July 2017 to March 2020) before the closure of the international border and corresponding drop in demand for passport services.

Capacity and workforce planning

3.79   As indicated at paragraph 1.14, DFAT undertakes modelling to forecast passport demand. The passports demand modelling predicted as early as December 2020 that the low number of passports lodged in 2020 would result in a 'pent-up demand surge' in 2022. By February 2022, DFAT's forecasting indicated that four of five scenarios for anticipated demand would exceed pre-pandemic levels for a sustained period. The ANAO examined the extent to which DFAT's resource availability and planning was aligned with its forecast passport demand.

Capacity planning

3.80   After the closure of the international border, DFAT staff were redeployed to assist Services Australia and internally within DFAT to deliver consular and passport call centre services (refer to Figure 3.5 for the number of staff redeployed).[85] A briefing to the Minister for Foreign Affairs in November 2020 on 'mitigating the risks from a post-COVID demand spike' warned that:

---

85   Before April 2020, call centre services (referred to as the Australian Passport Information Service) were delivered by Services Australia. Due to the increased demand for Services Australia payments, DFAT took-over delivery of call-centre operations in April 2020.

> If demand returns slowly, we have the capacity to bring suitably skilled staff back online to meet processing requirements and our KPIs. But our contingency planning indicates that meeting application rates of over 20,000 a day (the most probable scenario given the pent-up demand) would require a processing capacity that would take months to build given the lead times to on-board and train new decision-making staff. In the meantime, passport wait times would balloon…Both capacity and demand need to be proactively managed.

3.81   DFAT also advised in the briefing that a third of its passport processing workforce had been redeployed to Services Australia and it had not filled 65 other positions that had fallen vacant.[86] In this context, the Minister annotated the briefing to ask, 'When will this be addressed'. More generally in terms of mitigating risks, the Minister asked, 'Have we spoken to Services Australia about whether/how they may be able to assist?' DFAT advised the Minister in December 2020 that:

• its surge planning included utilising staff from Services Australia;

• the training pathway for passport processing was 3 months (6 months to proficiency). The department was to consider new approaches to workflow and training to 'shorten lead times'; and

• workforce planning and demand management was 'overhauled' in 2020 to ensure APO had visibility of all aspects of demand and staffing supply.

3.82   DFAT engaged Customer Driven Solutions Pty Ltd (Customer Driven) in May 2021 to review and design an APO operating model at an approved cost of $87,220 and later for the implementation of the operating model in July 2021 at a cost of $175,830.[87] This procurement resulted from Customer Driven identifying through another engagement that DFAT's workload management approach 'has not been designed to cater for unseasonal variations in demand, which are likely to come as international borders open for travel.' On both occasions, Customer Driven was the only provider considered by DFAT. These procurements are disclosed on Austender as 'open tender' despite resulting from an unsolicited offer made by Customer Driven. In considering whether value for money was achieved, DFAT recorded that it undertook an approach to market for a contact centre framework review and capability assessment in February 2021 and identified Customer Driven as the best value for money respondent to deliver services (this process related to a third, separate, procurement for different services meaning it was of questionable relevance to these later procurements).[88]

3.83   The review conducted by Customer Driven and delivered in June 2021 found that forecasting workload demand and resource planning was not a priority for DFAT due to a reasonably consistent total demand and state-based operations adjusting for local demand changes. The review found 'As APO has only recently moved to a Network operating model, much of the capability required to operate is immature, or not in place' and recommended 'do now' changes to 'build capability.'

3.84   These recommendations were not implemented before the re-opening of the international border and regular planning aligning forecasted passport demand scenarios and staffing levels to

---

86   This is consistent with reporting prepared for the APO Executive Group in November 2020 indicates that 366 domestic processing staff were available for passport processing (227 APS staff and 118 contracted) and 170 domestic processing staff were redeployed.

87   DFAT later agreed to vary this contract in November 2021 to increase the value to $198,446.00.

88   See paragraph 1.20.

meet expected demand were not in place.[89] Some analysis to align the number of staff with forecasted demand was undertaken before the re-opening of the international border. For example, analysis conducted by DFAT in September 2021 indicated that it expected to meet demand of 10,000 applications per day within 10 business days with 360 full-time equivalent staff. An October 2021 briefing within DFAT indicated that there was:

- a 'significant shortfall' in staff required to produce current and forecasted demand;
- with the full-time equivalent staff currently available[90], DFAT had the capacity to produce 4,051 passports per day (on average); and
- an additional 103 staff were required to support processing of 10,000 applications per day.

3.85   Customer Driven's recommendations from June 2021 have been progressively implemented since January 2023.[91] These have included:

- quarterly capacity planning since January 2023 to align forecast passport demand and workforce capacity;
- creation of output targets for different aspects of the production process and monitoring of performance against these targets daily;
- an expanded role for centralised workload management to set output targets for state and territory offices based on resource availability, staff composition, skills, competencies and expected demand;
- formation of state and territory office teams to allocate staff to different production tasks (e.g. scanning, cropping photos and signatures) and staff to different 'queues' of applications; and
- development of a 'resource period allocation tool' using Peoplesoft working hours data to provide a view of global resource capacity across the network.

3.86   In its first quarterly capacity plan, DFAT expected to meet demand of 12,000 passports per day with 1150–1200 full-time equivalent staff across processing functions and 220–225 full-time equivalent staff across third-party contractors.[92] These staffing requirements were quite different to the modelling carried out in September 2021 (refer to paragraph 3.75), reflecting the divergence in the assumptions underpinning each. For example, whereas the expected output targets for Delta processing in September 2021 were 50 per assessor per day, the January 2023 capacity plan productivity volumes for Delta assessments were based on 39 per assessor per day.

---

89   The first documented capacity plan to align forecast passport demand with staffing was dated January 2023.

90   ANAO analysis of DFAT records indicates that as of October 2021 (one month before the international border re-opening), there were 406 full-time equivalent staff delivering passport services and 77 full-time equivalent staff seconded to the Australian Passport Information service, other areas of DFAT or Services Australia.

91   DFAT advised the ANAO in September 2023 that the report 'provided impetus for the department to continue to refine workload management. The work was delayed when the borders opened in November 2021, resuming in early 2023 after the backlog was recovered.'

92   DFAT's analysis also indicated that 'we are oversupplied between 278–328 FTE in processing and 68–98 in third party contact centre arrangement.'

Surge planning

3.87   To assist in planning for re-opening of the international border, DFAT also engaged Grosvenor Performance Group Pty Ltd (Grosvenor) in August 2021[93] to produce a 'surge plan' to identify mechanisms to increase capacity and reduce work effort for processing across the network. Grosvenor's initial report was delivered in November 2021 and identified thirteen 'levers' DFAT could implement to decrease the work effort required to process a passport related to system improvement and policy and process changes. As set out in Appendix 8, DFAT implemented one and partly implemented two of Grosvenor's thirteen recommendations. Recommendations that were not implemented by DFAT related to system improvements. DFAT advised the ANAO in September 2023 that many recommendations were not implemented as these were 'not doable in the timeframes required to support surge' (though the initial report was provided five months before the increased demand for passport services in May 2022).

3.88   Grosvenor was also contracted to deliver scenario playbooks to guide decision-making during the 'surge', which were accepted by DFAT in April 2022 (five months following the re-opening of the international border). DFAT advised the ANAO in September 2023 that:

- several of the recommendations within the playbook relied on major system changes being implemented which was not doable in timeframes required to support the surge; and

- The playbooks were used to guide decision-making in surge. The following example: engagement with third-party provider (Datacom – May 2022) to respond to pre-lodgement enquiries; implementation of a streamlined training pathway and quality review process to fast-track staff proficiency; deployment of overtime and shift strategies.

3.89   In its September 2023 submission to this audit, the Community and Public Sector Union commented to the ANAO that:

> Processing staff were told a 'surge plan' was being developed after repeatedly raising the need to start preparing for an eventual increase in application rates. At no point, however, were processing staff made privy to the process of development for this plan, nor were they invited to become involved in its creation. Staff were instead reassured by executive management that the predictable surge was being planned for and that staff should have no concerns whatsoever.

> In late September 2021, it became apparent to staff that application rates were increasing with the public preparing for the borders re-opening yet no measures from the still undisclosed 'surge plan' were implemented, nor were any additional staff recruited in anticipation of the expected surge in application rate.

> Members inform the CPSU that a 'surge plan' had been developed to respond to the border re-opening but was never implemented as senior executive management disagreed with it. Members have informed the CPSU that modelling done for the 'surge plan' was accurate, as were the estimated number of staff required to manage expected rates of applications and it subsequently was proven correct by the impact of 'surge' sites from mid-2022. They are of the

---

93   DFAT engaged Grosvenor in August 2021 via the AFP Capability Support Services Panel at contract value of $104,790. The contract resulted from an approach to three of the providers on the panel. DFAT received one quote and assessed it as representing good value for money. The value of the contract was later varied in November 2021 to increase the value to $155,385 and extend the end date to 30 March 2022. See paragraph 1.20.

view that if staff had been pre-emptively hired as recommended, processing times would not have blown out and it would have been at a far cheaper cost to the taxpayer.

Grant Hehir
Auditor-General

Canberra ACT
7 February 2024

Appendices

Appendix 1   Entity responses

Australian Government

Department of Foreign Affairs and Trade

Ref: EC23-002347

Mr Grant Heir
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr Heir

Thank you for your email of 12 December 2023 to the Secretary of the Department of Foreign Affairs (DFAT), Jan Adams, providing the Australian National Audit Office's (ANAO) proposed report on the *Efficiency of the Australian Passport Office*. We appreciate the opportunity to respond.

DFAT is committed to improving passport services and accepts the recommendations in the proposed report in full. The department is pursuing initiatives that address, and in many cases go beyond the recommendations of the report. This is particularly in relation to inefficiencies created by legacy technologies that underpin passport processes and the lack of digital capabilities needed to improve customer experience. The department is committed to enhancing its ability to manage fluctuations in demand for passports and to providing greater transparency regarding its performance.

The department has acknowledged that its preparations for the unprecedented post-COVID demand surge were not sufficient to maintain continuity of service. We regret any and all impact and inconvenience caused to the community and individuals during this time.

I want to acknowledge the commitment and dedication of our staff, including contractors, who worked tirelessly to support the department in the challenging circumstances that arose post-COVID.

Should your office require further information on the response, please contact Mr Craig Kelly, Acting Executive Director, Australian Passport Office on (02) 6178 5451 or craig.kelly@dfat.gov.au.

Yours sincerely

Craig Maclachlan
Acting Secretary
8 January 2024

RG Casey Building, Barton ACT 0221   www.dfat.gov.au

Australian Government

Australian Trade and Investment Commission

9 January 2024

Grant Hehir
Auditor-General for Australia
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr Hehir

Proposed audit report on *Efficiency of the Australian Passport Office.*

Thank you for providing Austrade the opportunity to respond to the Australian National Audit Office's (ANAO) proposed report on *Efficiency of the Australian Passport Office.* Austrade's offshore consulates work closely with the Australian Passport Office in providing passport services. Our officers pride themselves on providing timely and efficient service to Australians overseas.

Austrade has noted ANAO's findings.

We also note that the recommendations contained in the report suggest actions for DFAT alone. However, Austrade would be affected by the following recommendations;

- Recommendation no. 3 – equipping Austrade passport officers with the same access to passport systems as DFAT officers overseas. **Austrade would welcome improved access.**

- Recommendation no. 4 – improving complaints handling so all complaints, no matter what channel they come through, are captured in an electronic system that can produce reliable and complete data. **Austrade's capacity to contribute would depend on Austrade passport officers having access to any new system implemented to capture complaints.**

I would also like to thank the ANAO for its consultative approach to this audit.

Austrade has no further comments on the report.

Yours sincerely

M&Woodburn

Melissa Woodburn
A/Chief Executive Officer

Australia Post

12 January 2024

Mr Grant Hehir
Auditor-General for Australia
Australian National Audit Office

Dear Mr Hehir

Extract from Proposed Audit Report on Efficiency of the Australian Passport Office

Thank you for providing an extract from the Australian National Audit Office (**ANAO**) proposed report on Efficiency of the Australian Passport Office (**report extract**), pursuant to section 19 of the *Auditor-General Act* 1997. Australia Post appreciates the opportunity to respond to the report extract.

While the report extract contains various references to Australia Post, we note that there are no recommendations included for consideration by Australia Post. We also note that our response deals only with those parts of the report extract that were available for Australia Post's review (as some parts were redacted). Should there be aspects of the full and final report that require our review or response, Australia Post representatives are available to assist.

Australia Post provides passport application lodgement services to the Commonwealth of Australia, represented by the Department of Foreign Affairs and Trade (**DFAT**) under the terms of a Passport Application Lodgement Services contract (**PALS contract**). These services are provided at over 1,500 participating Post Office locations throughout Australia and include providing advice to prospective applicants on the process to lodge passport applications (**applications**); acceptance of applications and supporting documents and forwarding to the Commonwealth; receipt of application fees and remittance to the Commonwealth; and maintaining stock of applications and other passport related material and distribution to Post Office locations. The services are required to be provided in compliance with the PALS contract, and in a manner that meets or exceeds defined Performance Standards. On a monthly basis, Australia Post provides to DFAT an assessment of compliance with the Performance Standard targets.

Address:
111 Bourke Street
MELBOURNE VIC

Contact:
T 13 76 78
E info@auspost.com.au

Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as employees, and recognise their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.

The report extract states that DFAT contracted Australia Post to provide passport application lodgement services nationally at a cost of $357.4 million between 1 July 2017 and 30 June 2024. Australia Post notes this amount can be derived from contract values reported to the Australian Government's procurement information system, AusTender. Australia Post understands that such contract values are based on forward estimates rather than actual expenditure. Based on current Australia Post forecasts for the period noted, actual expenditure on the PALS contract is forecast to be materially lower than the contract values reported on AusTender.

Australia Post recognises the critical importance of an efficient passport services process, including the efficiency of arrangements in place to manage complaints about passport processing. Noting the report extract identifies findings related to complaints management, Australia Post will ensure relevant complaints data received by Australia Post is provided to DFAT in compliance with the PALS contract requirements. If additional complaints data is requested by DFAT that is not required under the existing PALS contract, Australia Post will work with DFAT to identify and implement a mutually agreeable solution.

The wording provided for Australia Post's Summary Response can be found at Attachment A.

If you have any questions regarding Australia Post's response, please contact Peter Treyvaud, General Manager Internal Audit, on 0455 033 957 or peter.treyvaud@auspost.com.au.

Yours sincerely,

Paul Graham
Group Chief Executive Officer & Managing Director

Datacom response

Hi Grant,

Firstly, thank you for the visibility and opportunity to respond and provide input to the draft report. We appreciate the opportunity to work with APO and ANAO to ensure the nature of the current state is understood and provide the best possible service that is identifying opportunities to continuously improve. Below you will find Datacom's response to the named and areas and some clarity on specifics as well.

Datacom & APO Call Centre Services

The report provides commentary regarding Datacom in relation to complaints management processes and reporting related to its contract with APO. It should be noted that Datacom supplements APO processes and provides a portion of front-line services on behalf of the Australian Passport Office (APO), handling client enquiries.

Datacom's service delivery contract with the Department outlines the specific scope and objectives of the services to be provided, as well as the policy and procedural requirements. The contract establishes performance and quality standards that must be met. Reporting and compliance related to these standards are jointly discussed in established forums.

It is Datacom's position that some of the findings in the report could be misinterpreted as Datacom's processes and performance. However, we feel it is important to note we operate in accordance with APOs defined processes and procedures where performance is managed through the established governance forums. As Datacom contributes to a portion of the overall passport processes, it is our recommendation to remove individual references to Datacom and instead refer to the call centre generically and related APO support processes.

Some additional specifics below provided we hope you will find helpful.

Section 2.67 – Passport Complaints Data

Passport complaints data

[Removed from Extract]

2.67   A further shortcoming with the available data is that the department is not obtaining contractually required reporting from third party service providers such as Australia Post and Datacom on feedback and complaints. Complaints made by passport customers to the call centre are not recorded by Datacom agents as being a complaint because this is not a contractual requirement.

2.67 Passport Complaint Data – the first sentence details that the Department is not obtaining the contractually required report, whereas the second sentence suggests that Datacom agents are not recording as it is not a contractual requirement. For clarity, Datacom follows the approved

APO processes for feedback which predominantly channel customers to the online portal via the APO website.

Appendix 7 – Reporting on Complaints Management

- While the contracts with Datacom and Australia Post require both providers to provide reporting on management of complaints and feedback, DFAT advised the ANAO in July 2023 that the service recovery team 'does not currently receive reports from these teams on performance or feedback... we do engage in general discussions on trends and issues.'

Datacom can advise there are no specific reporting requirements on complaints management within the call centre agreement, it does have Customer Experience obligations for which we leverage the APO's 3rd party survey process. Procedurally for complaints agents will escalate when appropriate or refer customers to the online portal for feedback. Feedback from this portal is managed and consolidated through the APO established processes.

Operationally the following processes to assess and monitor customer feedback are in place.

- **Online Portal (Feedback):** Call Centre agents will refer customers to the online portal as per the customer feedback and complaints process in alignment with endorsed policies and procedures. Aggregated reporting for this online portal is managed within the APO.
  Enquiries Form (passports.gov.au)
- **Customer Experience Reporting (CSAT):** Is solicited quarterly by an independent 3rd party survey which APO has engaged, Datacom receives a copy of this reporting and collates responses and recommendations through the established governance forums.
- **Customer feedback complaint:** Since June 2023, this process is being adhered to with referral of complaints / escalations to APO Service Recovery team.
- **Operational Escalation:** Sensitive or compelling issues identified in the call centre are escalated to APO in accordance with the Departmental procedures.
- **Knowledge Procedures:** Datacom uses the APO's 'Compass' as the primary reference source for answering enquiries and processing simple applications and outlines the established complaints management processes matched with operational escalations as required.
- **Quality Monitoring:** Assessment of calls (recordings and transcripts) against agreed performance criteria implemented as a standard as a part of the service obligations.

In addition, Datacom has worked proactively with the Department to bring reporting on customer insights, service journey analysis and continuous improvement opportunities that will benefit customer service.

Datacom is also utilizing call recording, speech and transcript data to proactively identify issues inclusive of customer sentiment across all calls in addition to the human quality evaluations. It should also be noted that customer satisfaction has been increasing since the Datacom engagement to exceed pre-covid benchmarks.

I am available to discuss this in more detail at any time should you require further clarifications and keen to participate with APO and ANAO on findings and enhancement to the service and performance.

Regards

Paul

Paul Robinson

Director – Customer Success

100 Smart Road, Modbury, South Australia

Email: paul.robinson@datacom.com.au | Mobile: 0416 198 720

www.datacom.com.au

DATACOM

Mühlbauer ID Services GmbH

Solutions for ID Projects
- Conceptional formulation/engineering
- Implementation
- Turnkey realization
- Related services

Grant Hehir
Auditor-General for Australia
Australian National Audit Office

Roding, 2024-01-12

Response to the commentary relating to Mühlbauer in the audit report on the Efficiency of the Australian Passport Office

Dear Mr. Hehir,

Thank you for your email dated 15 December 2023, seeking comment from Mühlbauer (MB) on the audit report on the Efficiency of the Australian Passport Office.

Section "2. Passport processing arrangements" in the report mentions an automatic cropping software from Mühlbauer that is intended to automate certain image processing and verification steps during the passport application processing. This software is known as the Mühlbauer Image Enhancement software (MBIE), designed to automatically process a scanned or uploaded portrait photo in accordance with the guidelines defined by the International Civil Aviation Organization (ICAO). These automatic image processing functions are mainly cropping of the portrait photo, background removal, contrast and color corrections as well as built in ICAO checks.

To ensure our products meet the required project functions and performance specifications, Mühlbauer and Department of Foreign Affairs and Trade's (DFAT) Australia Passport Office (APO) teams have collectively conducted a series of tests and acceptance procedures during the project realization phase.

1) Factory Acceptance Testing (FAT) was completed at Mühlbauer's premises and signed off on 31 March 2022 followed by the delivery and deployment of the MBIE software at DFAT's premises for Site Integration Testing (SIT) and Production Validation Testing (PVT).
2) Site Acceptance Testing (SAT) was completed and signed off on 6 December 2022.

Mühlbauer
High Tech International

Mühlbauer ID Services GmbH

On 21 November 2023 Mühlbauer received a report from DFAT, detailing the review of the efficacy of MBIE and the manual workload the current performance of the system is causing for the business.

Mühlbauer carried out a thorough investigation and ascertained that a significant number of scanned source images did not pass the automated quality checks built into the MBIE software. The predominant failed criteria were specifically around:

- Non-uniform lighting
- Bad vertical head positioning
- Eyes not open or not clearly visible

While DFAT staff has the ability to override these automated checks for an image deemed acceptable, it was observed that a majority of such images were directed to a manual processing queue. Therefore we see a clear correlation between poor quality input photos and increased manual workload.

On 18 December 2023, Mühlbauer furnished DFAT comprehensive report, detailing these findings and suggesting measures to mitigate issues identified, through additional training, revised guidelines for photographs, and adjustments to key processing parameters and machine learning algorithms within the MBIE software.

Mühlbauer is committed to our products and we continue to work closely with the team at DFAT to implement these changes, provide the necessary training and ultimately achieve the level of automation that will result in a greater efficiency for the business.

Yours sincerely

ppa.

Lutz Richter
Head of Information Systems

Sebastian Höpfner
Regional Service Manager

Ui Path™

15 January 2024

To: Brian Boyd
Australian National Audit Office

Dear Sir,

UiPath wishes to reply to sections 2.42 and 2.43 of the extracted audit report dated 14 December 2023 (**Audit Report)** provided by the Australian National Audit Office (**ANAO**).

The specific extracted sections to which UiPath is replying are as follows:

"2.42 In March 2022, the APO briefed the DFAT Audit Committee that one of the 'levers' to increase capacity and manage demand following the re-opening of the international border was system improvement (specifically automation). The briefing set out that automation work had begun on the design and development of data verification through robotic processing automation as customer applications are scanned (to be implemented in April 2022) and automatic cropping, background removal and image enhancement of photo images (to be implemented in July 2022).

2.43 These recent automation projects have not reduced work effort required to process passports, decreased cost or achieved greater efficiency in passport processing.

- *A contract with UiPath for improved data capture technology was signed in November 2021. The intended benefits of this project were 'improved data integrity, accuracy and efficiency in our capture and verification processes…' The software was not implemented into DFAT's workflow process and the project was terminated in November 2022. **[DFAT to please provide a copy of the letter of termination to UiPath].** This means that DFAT presently relies on its employees to verify that items have been scanned correctly. DFAT advised the ANAO in November 2023 that it paid UiPath$2.7 million for the delivery of its software.*
- *[Removed from Extract]*

[Removed from Extract]"

Reply to section 2.42 of the Audit Report

The automation projects for which UiPath was engaged were complex in nature and subject to ongoing scope redesign by DFAT. Furthermore, between December 2021 and July 2022, UiPath was tasked with managing significant scope expansion in the automation projects as directed by DFAT. Specifically, UiPath received 8 change requests to change the scope of DFAT's automation projects.[1]

---

[1] The details of the 8 change requests are set out in weekly status reports from UiPath to DFAT, which can be provided upon request.

Ui Path™

The final scope included not only *data verification* through RPA, but also a number of significant and unique customizations directed by DFAT, including but not limited to (i) data extraction from source documents, (ii) document categorization, (iii) priority application processing, (iv) automated data inputting into custom DFAT databases, (v) automated image cropping, and (vi) a customized user engagement interface for Australian Passport Office State & Territory office staff.

While several of these scope changes added to the efficiency and improved user experience of the Australian Passport Office, the project timeframe unavoidably extended as a result. Overall, DFAT added significant customizations after the tender award beyond the originally scoped engagement.

Reply to section 2.43 of the Audit Report

UiPath challenges the statement that, "*These recent automation projects have not reduced work effort required to process passports, decreased cost or achieved greater efficiency in passport processing.*"

Firstly, DFAT undertook extensive internal verification steps to support its initial and subsequent additional purchases of UiPath automation. Initially, in November 2021, DFAT purchased a pilot order of UiPath software and services, taking several months to ensure its suitability and fitness for purpose, before then committing to a second order of UiPath software and services in March 2022, and then a third order of UiPath software in June 2022.

Secondly, the automation projects were not given the opportunity to complete, as DFAT terminated UiPath's contracts unexpectedly and for no fault, prior to all of the project milestones being completed (only 10 of 13 milestones were completed).[2]

Milestone	Planned Date	Revised Date	Status
Process Walkthrough	Nov 15th 21	Nov 22nd 21	Completed
Process Definition Document	Nov 15th 21	Jan 13th 22	Completed
Solution Design Document	Nov 17th 21	May 31st 22	Completed
Process Development	Dec 3rd 21	Feb 11th 22	Completed
SIT	-	Jul 10th 22	Completed
UAT Training	-	Apr 22nd 22	Completed
UAT	Dec 10th 21	Jul 3rd 22	Completed
UAT Session 2		Jul 30th 22	Completed
End User Training	-	Jun 17th 22	Completed
Technical Release (PROD)		Aug 5th 22	Completed
Hypercare (Private Beta - PROD)	Dec 17th 21	~~Sep 28th 22~~ Oct 7th 22	In Progress - At Risk
License Renewal	Oct 14th 22		Not Started
Project Sign Off	Jan 12th 23	TBC	No Started

As a result of the early project termination, the business benefits of the project (which were projected to be realized in the second year of the automation project rollout) could not be achieved. The risks and consequences of early termination were communicated to DFAT on 18 October 2022[3] – including the adverse impacts on employee/user experience impact

---

[2] Data Verification Automation (DVA) Project Engagement Summary
[3] DFAT APO UiPath Value & Risk Overview, PowerPoint, dated 18 October 2022

2 / 3

UiPath™

such as DFAT having to return to "relying on its employees to verify that items have been scanned correctly."

Prior to the unexpected termination of the automation projects, UiPath was on track to deliver comprehensive business benefits in the project's second year. Early project milestones during testing phases had already demonstrated the potential of the automation technology to reduce work effort and achieve greater efficiency in passport processing. The following data points are given by DFAT: [4]

- Two Contingency Load (200%) has been conducted and both tests were **met the expected SLA of 16 hours**
- Achieved Contingency Load Test#02 (200%) with in **13hours 38mins**
- **Only 2 applications were failed out of 30,000 applications**
- CPU and Memory on HW PODS, Unattended Robots and Automation Suite doesn't indicate any major constrains
- All the 104 Bots were utilised during the Contingency Load test runs.
- DVA infrastructure (10 to 13 hosts) and configuration (30 bots to 104 bots & retries from 18 to 3) has been adjusted to meet Contingency Load (200%)
- Single user comparison test (AnyDoc vs UI Path) has indicated that improved performance (2.44 secs less than AnyDoc) has been observed for Digitization & Extraction process, however the process of Digitization & Extraction process is slightly various from both the products and also AnyDoc sample has been taken during full production background load.

Based on this, the UiPath technology was put into production on or about 5 August 2022 – both as a technology system and integrated into DFAT's workflow. Between 15 August 2022 and 28 September 2022, the processing of 822 passport applications was completed (at the Sydney State Office) using UiPath's solution, as reported by DFAT. This had already shown to deliver on the government business case, compared to their previous operations and technology solutions.

UiPath is unable to reply to the remainder of section 2.43 of the Audit Report, as it has been redacted from the extract provided to UiPath.
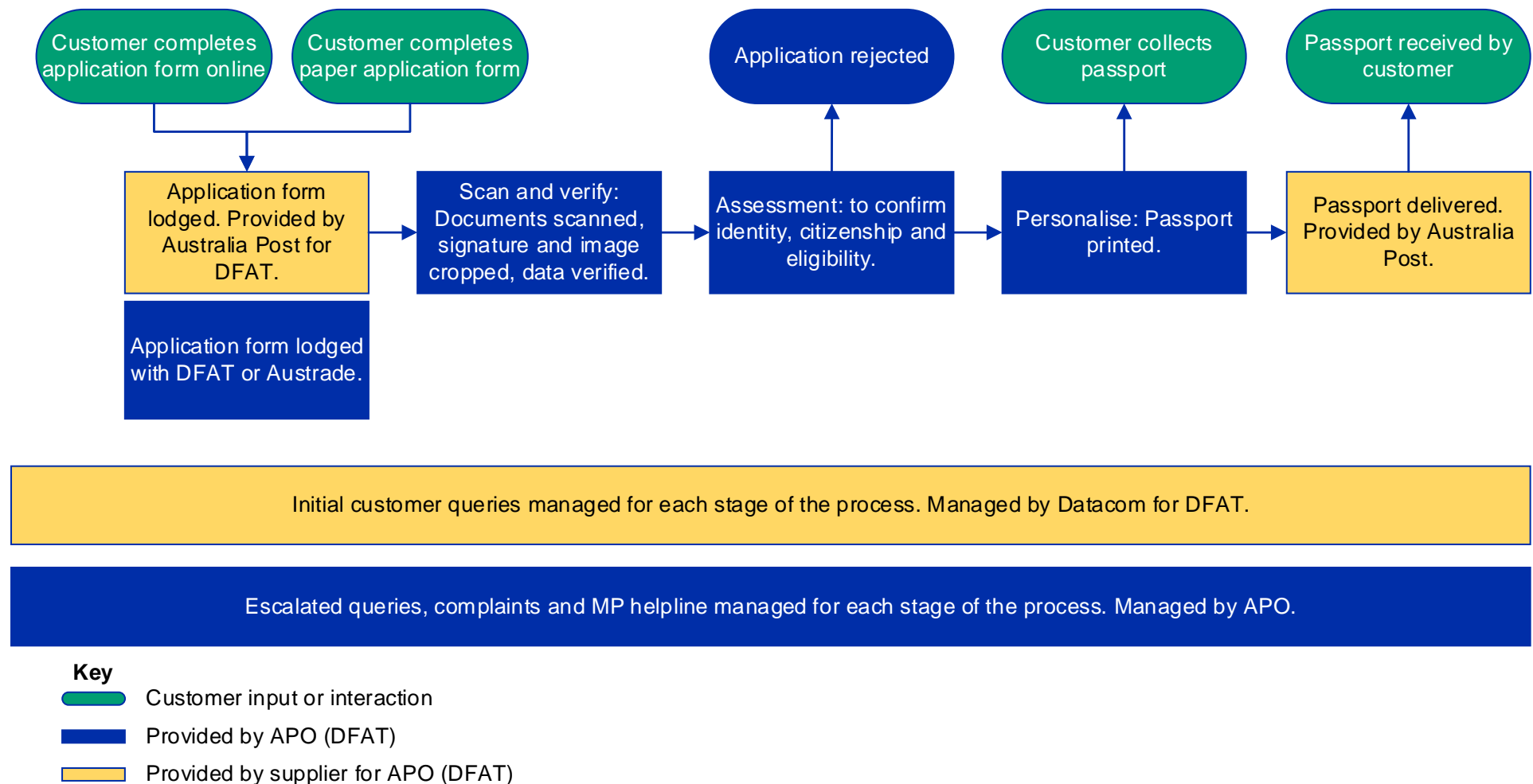
Regards,
UiPath SRL

---

[4] *APO Release – Data Verification Automation Performance Test Summary Report, Executive Summary - dated 16 June 2022 and endorsed by Steven Perkov on 13 July 2022*

3 / 3

Appendix 2   Improvements observed by the ANAO

1.   The existence of independent external audit, and the accompanying potential for scrutiny improves performance. Improvements in administrative and management practices usually occur in anticipation of ANAO audit activity, during an audit engagement, as interim findings are made, and/or after the audit has been completed and formal findings are communicated.

2.   The Joint Committee of Public Accounts and Audit (JCPAA) has encouraged the ANAO to consider ways in which the ANAO could capture and describe some of these impacts. The ANAO's Corporate Plan states that the ANAO's annual performance statements will provide a narrative that will consider, amongst other matters, analysis of key improvements made by entities during a performance audit process based on information included in tabled performance audit reports.

3.   Performance audits involve close engagement between the ANAO and the audited entity as well as other stakeholders involved in the program or activity being audited. Throughout the audit engagement, the ANAO outlines to the entity the preliminary audit findings, conclusions and potential audit recommendations. This ensures that final recommendations are appropriately targeted and encourages entities to take early remedial action on any identified matters during the course of an audit. Remedial actions entities may take during the audit include:

- strengthening governance arrangements;
- introducing or revising policies, strategies, guidelines or administrative processes; and
- initiating reviews or investigations.

4.   In this context, the below actions were observed by the ANAO during the course of the audit. It is not clear whether these actions and/or the timing of these actions were planned in response to proposed or actual audit activity. The ANAO has not sought to obtain assurance over the source of these actions or whether they have been appropriately implemented.

- Reclassification of the performance measure relating to timeliness of passport processing in the 2023–24 Corporate Plan to a proxy efficiency measure (rather than an effectiveness measure) (see Table 2.1).
- Implementation of a complaints handling framework in July 2023, incorporating the Ombudsman's definition of a 'complaint' and eight system design principles (see paragraph 2.75 and Appendix 8).
- Greater transparency over DFAT's current processing timeframes by publishing the proportion of passports processed within 10 business days on a weekly basis on the passport website (see paragraph 3.10).
- Implementation of recommendations from workload management review to increase staff efficiency in processing passport applications, by capacity planning, setting output targets for different parts of the production process and development of a 'resource period allocation tool' tool using Peoplesoft working hours data to provide a view of global resource capacity across the network (see paragraph 3.85).

Appendix 3   Passport application process

```
┌─────────────────┐   ┌─────────────────┐          ┌─────────────────┐   ┌─────────────────┐   ┌─────────────────┐
│ Customer        │   │ Customer        │          │ Application     │   │ Customer        │   │ Passport        │
│ completes        │   │ completes        │          │ rejected        │   │ collects        │   │ received by     │
│ application     │   │ paper           │          │                 │   │ passport        │   │ customer        │
│ form online     │   │ application form│          │                 │   │                 │   │                 │
└─────────────────┘   └─────────────────┘          └─────────────────┘   └─────────────────┘   └─────────────────┘
```

| Application form lodged. Provided by Australia Post for DFAT. | Scan and verify: Documents scanned, signature and image cropped, data verified. | Assessment: to confirm identity, citizenship and eligibility. | Personalise: Passport printed. | Passport delivered. Provided by Australia Post. |

Application form lodged with DFAT or Austrade.

Initial customer queries managed for each stage of the process. Managed by Datacom for DFAT.

Escalated queries, complaints and MP helpline managed for each stage of the process. Managed by APO.

Key

- ● Customer input or interaction
- ■ Provided by APO (DFAT)
- ▢ Provided by supplier for APO (DFAT)

Source: ANAO analysis of DFAT records.

Appendix 4 Passport application fees

1.   Table A.1 sets out the passport and non-citizen travel document fees and other fees an applicant may pay based on the location of their application and urgency. Fees increase on an annual basis (1 January each year) based on the amount worked out by multiplying the indexation factor[94] for the calendar year by the amount of the fee for an application of that kind for the previous year.

Table A.1:   Passport fees as at 1 January 2024

Passport/travel document/other	Fee ($)
Passports	
10-year validity passport (for persons aged 16 and over)	346
5-year validity passport (for children under 16)	175
5-year validity passport (optional for persons 75 and over)	175
Replacement passport[a]	217
Emergency passport[b]	217
Additional fees	
Priority processing (if eligible)[c]	252
Overseas surcharge — adult applicant	155
Overseas surcharge — child applicant	76
Observation made after passport issue	17
Other travel documents and services	
Document of identity	91
Certificate of identity	217
Convention Travel Document	217

Note a: A new passport more than two years before a customer's current passport is due to expire, and if the current passport hasn't been lost, stolen or suffered major damage.

Note b: An applicant may apply for an emergency passport at an Australian diplomatic or consular mission if they are overseas and have an urgent need to travel. Emergency passports are valid for up to 12 months.

Note c: The priority processing fee is additional to the passport fee. Priority processing applications are processed within two business days from when DFAT receives an application. Customers are not eligible for priority processing if they have two or more passports lost or stolen within the last five years, have difficulties proving identity or applying for a child passport without full parental consent.

Source: Passports website.

2.   The Australian Government may also approve increases to passport fees above indexation or introduce new fee categories (although these require changes to the Australian Passports (Application Fees) Determination). For example:

---

94   The method for calculation of the indexation factor for each calendar year is set out in the Determination.

- In the 2014–15 Mid-Year Economic and Fiscal Outlook (MYEFO), Ministers approved a surcharge on passport applications lodged overseas ($100 for adult passports and $50 for child passports).

- In the 2015–16 Budget, Ministers approved a separate fee for emergency passports, introduction of a separate fee category for replacement passports, an increase to the priority processing fee (an additional $14 extra per passport), removal of the lost and stolen fee category and introduction of a fee category to enable 16 and 17 year olds to be issued with a 10 year validity passport (instead of five years for child applicants).

- In the 2016–17 Budget, Ministers agreed an increase to adult passports fee (an additional $20 per passport), increase for child and senior passport fees (an additional $10 per passport) and an increase to the priority processing fee (an additional $54 per passport) from 1 January 2017.

- In the 2023–24 MYEFO, Ministers agreed an increase to passport fees from 1 July 2024 by 15 per cent.

Comparison of passport fees

3. An Australian passport is the most expensive passport when compared to other member passports in the Passport Six (P6) (Table A.2). ANAO analysis of the cost of a new, maximum validity adult passport indicates that Australian passports are $147 more costly than the second-most expensive passport (USA), and more than double the cost of the most affordable passport (Ireland).

Table A.2: **Cost of a new, maximum validity adult passport in each P6 country excluding courier costs**

	Australia	Canada	Ireland	New Zealand	UK	USA
Maximum validity	10 years	10 years	10 years	10 years	10 years	10 years
Cost (AUD) as of 17 January 2024	$346	$181	$124	$192	$159	$199

Source: Australian, Canadian, Irish, New Zealand, UK and USA passport websites.

4. Although cost comparisons have been conducted by DFAT in the past, DFAT noted in a related briefing that 'it is difficult to make direct comparisons as foreign fees are derived differently and influenced by country-specific domestic factors such as cost of living, cost of production and exchange rates.'

5. In the International Standards and Recommended Practices on facilitation of international civil aviation, the International Civil Aviation Organisation recommends that 'if any fee is charged for the issue, renewal or replacement of a travel document, the amount of such fee should not exceed the cost of the operation.'[95] Cost-recovery models based on this recommendation are used by Canada, New Zealand and the USA. The UK currently charges under full cost recovery for their passports and relies on funding from general taxation.[96]

---

95 International Civil Aviation Organization, *Annex 9 to the Convention on International Civil Aviation – Facilitation,* 16th edition, ICAO, Montréal, 2022, p. 37.

96 Home Office, *Annual Report and Accounts 2021-22*, Home Office, London, 2022, p. 137.

6.   As noted by the Unites States government, a cost-recovery model recovers the full cost of providing the passport service and does not burden taxpayers 'to finance the portions of activities that provide benefits to identifiable users above and beyond what is normally provided to the public.'[97]

---

97   United States Government Accountability Office, *Federal User Fees: A Design Guide,* GAO, Washington, D.C., 2008, p. 1.

Appendix 5   Publicly reported passport processing performance

1.   DFAT has reported its processing performance in terms on time elapsed in business days in its Annual Reports since 1999. DFAT began reporting on its performance in completing priority applications in 2002.[98] Respective benchmarks of 95 per cent and 98 per cent were introduced in 2018–19.

Table A.3:   DFAT's publicly reported passport processing performance

Year	Average routine passport processing time (days)	Routine passports processed within 10 business days	Priority passports processed within two business days
1999–2000	9.7	Not reported	Not applicable
2000–01	12	Not reported	Not applicable
2001–02	6.4	Not reported	99.6%
2002–03	6.4	Not reported	99.98%
2003–04	9.4	Not reported	99.9%
2004–05	5.8	92.4%	97.9%
2005–06	4.1	98.5%	99%
2006–07	4	99.3%	99.4%
2007–08	4.6	99.3%	99.99%
2008–09	5.1	98.7%	99.99%
2009–10	4.1	Not reported	99.99%
2010–11	3.7	Not reported	99.99%
2011–12	Not reported	99.7%	99.9%
2012–13	Not reported	98.8%	99.8%
2013–14	Not reported	98.6%	99.5%
2014–15	Not reported	90.9%	98.7%
2015–16	6.7	Not reported	99.1%
2016–17	4.1	Not reported	98.3%
2017–18	Not reported	97.6%	98.4%
2018–19	Not reported	86%	98%
2019–20	Not reported	96%	98%
2020–21	Not reported	98%	99%
2021–22	Not reported	54%	94%
2022–23	Not reported	61%	91%

Source: DFAT annual reports.

---

98   The ability for customers to lodge an application, pay for priority processing and to have the passport issued within two business days was introduced in 2002.

Appendix 6   DFAT's measurement of processing time

Application process:

Customer applies → Application lodged → Scan → Assess → Print → Quality Assurance → Receipt by STO[a] or overseas → Customer receives passport

Routine applications

- Application lodged overseas or at a STO[a]; passport is printed at Bulk Print centre; customer elects to collect (domestic) or received by international post (overseas)
- Application lodged at a STO[a]; passport printed at a STO[a] or bulk print centre
- Application lodged at Australia Post, passport printed at bulk print centre; customer elects to collect
- Application lodged at Australia Post; passport is printed at bulk print centre or STO[a]

Priority applications

- Priority application lodged at a STO[a]
- Priority application lodged at Australia Post

Key

- Customer input or interaction
- APO (DFAT) process
- Routine application
- Priority application

Note a: A 'STO' refers to a DFAT state or territory office Priority passport applications are printed locally at State and Territory offices (STO).

Source: ANAO analysis of DFAT records.

Appendix 7   ANAO assessment of DFAT passport complaints handling system design

Complaint system design principle	Prior to October 2022	Since October 2022	Explanation (including reason for change)
User centred, simple to access and easy to use	▲	▲	• DFAT has multiple channels through which customers may submit complaints (such as in-person, online through the passport online feedback portal, phone calls to the Australian Passport Office (APO) Contact Centre and emails). • Approaches via the telephone may not be recorded as complaints. While Datacom agents are required to accept feedback, there is no requirement for them to record feedback as a 'complaint' in a centralised database. Agents may provide direction for customers to provide feedback in writing or online via the passport website.
Support early resolution of complaints	▲	▲	• The Ombudsman's investigation in November 2022 identified that 'APO's current complaint handling practice is to empower staff to action and finalise complaints at first touch wherever possible. Those that cannot be resolved are escalated to experienced staff with authority to resolve issues.' • The Ombudsman's guidance sets out that entities should design triage so that it occurs early and effectively and straightforward and urgent complaints are resolved quickly. Before the reopening of the international border, there was no documented triage system in place. Response timeframes were based on the channel a complaint was received through, rather than the complexity of the complaint. • DFAT's 'APO Feedback and Complaint Management Framework' identifies that complaints should be triaged according to their complexity and priority. In terms of urgency, complaints will be treated as a 'priority' and responded to within two business days if they have time critical factors for the customer or have been referred by the Foreign Minister or Assistant Foreign Minister's office. Standard complaints will be responded to within 14 business days. • In terms of complexity, there are three categories. The 'internal complaint review' category has a timeframe of '28 business days'. For the other two categories of 'routine' and 'serious' there are no timeframes and it is unclear how these relate to complexity. Overall, it is unclear if straightforward complaints will be actioned quickly.

Complaint system design principle	Prior to October 2022	Since October 2022	Explanation (including reason for change)
Integrated within the overall corporate structure	🟥	🔺	• DFAT did not have a centralised complaints management function before the reopening of the international border. Complaints were handled on a state and territory office basis. DFAT advised the ANAO in July 2023 that the service recovery team was created as a centralised complaints management function within the APO in October 2022. • Online complainants may provide feedback about specific aspects of passport delivery, including call centre services (delivered by Datacom) and Australia Post. DFAT advised the ANAO in July 2023 that 'Any feedback received via this channel is tagged to the business area and is automatically diverted to the relevant team for investigation, action and response.' • While the contracts with Datacom and Australia Post require both providers to provide reporting on management of complaints and feedback, DFAT advised the ANAO in July 2023 that the service recovery team 'does not currently receive reports from these teams on performance or feedback… we do engage in general discussions on trends and issues.'
Complaints should be recorded in an electronic system capable of producing complaint data	🟥	🟥	DFAT has no single system capable of producing complaint data. Complaints submitted to DFAT about delivery of passport services may or may not be recorded by the department and, if recorded, spread over multiple systems (including SharePoint, Parliamentary Document Management System and DFAT's electronic records management system). There is no central recording within DFAT of any complaints made to third-party service providers contracted to deliver passport application lodgement services (Australia Post) or call centre services (Datacom).

Complaint system design principle	Prior to October 2022	Since October 2022	Explanation (including reason for change)
Supported by clear process guidance	🟥	🔺	No complaint handing framework or process guidance was in place before the reopening of the international border, despite DFAT recognising the lack of a clear complaint framework as a 'reputational risk' in September 2020. DFAT has implemented improvements to its complaints handling guidance. • An APO Feedback and Complaint framework was endorsed by DFAT in July 2023, which sets out the definition of a complaint (as distinguished from feedback), channels through which complaints may be submitted, and complaints handling processes. • As of November 2023, procedural guidance to support implementation of the framework remains under development.
Staff should have the skills and support to deliver best practice	🟥	🟥	APO's Feedback and Complaint framework notes that 'APO staff should all receive training appropriate for their role, be able to recognise a complaint and assist customers to achieve a resolution.' This training has not yet been developed and rolled out to staff.
Robust quality assurance and review processes	🟥	🔺	• Before to the reopening of the international border, DFAT applied response timeframes to complaints based on the channel a complaint was submitted through. The response timeframe for complaints received through its online feedback portal and PDMS was ten business days. For complaints received via the Foreign Minister's inbox or passport client services mailbox, the response timeframes were 48 hours and 24 hours respectively. • Departmental records indicate that the response timeframe for the passport client services mailbox was set to 24 hours following a public announcement by the Assistant Minister for Foreign Affairs in June 2022. • The APO Feedback and Complaint Management framework (endorsed in July 2023) sets out that response timeframes will depend on the category of complaint. Categories are set based on urgency of the response (critical, priority and standard).
Adequately resourced	🟥	🟢	• Prior to October 2022, there was no centralised complaints function within the Passport Office branch within DFAT. APO state and territory offices were responsible for management and resolution of complaints. • DFAT advised the ANAO in July 2023 that the service recovery team was created as a centralised complaints management function in October 2022.

Complaint system design principle	Prior to October 2022	Since October 2022	Explanation (including reason for change)
Key			
🟢 System meets better practice design	🔺 System partly meets better practice design. Improvements may be required.	🟥 System does not meet better practice design.	

Source: ANAO analysis of DFAT records.

Appendix 8 Implementation of levers to influence capacity and demand

Lever	Grosvenor analysis[a]	Grosvenor estimated implementation timeframe	ANAO assessment of implementation	
Increased bulk authorisations	Grosvenor's analysis indicates that bulk authorisations are more efficient for the approval of applications in Atlas. An increase of 100 per cent on current bulk authorisation levels would free up 9.5 FTE for every 10,000 applications.	3–7 days	🟢	Increased use of bulk authorisations (that is, applications not individually reviewed by processing officers and issued in bulk or with reduced checks) was approved by Assistant Secretary, Passport Customer Services Branch in December 2021 and January 2022.
Optical character recognition (OCR) for all paper forms	For every 10,000 applications received, up to 3,438 applications are paper-based. This requires an average of 24.4 FTE to input the data into processing systems. If 80 per cent of all paper based applications were fully digitised, this would free up 19.5 FTE for every 10,000 applications.	15–25 day	🟥	DFAT considers that it partly implemented this lever as it upgraded the OCR program from version 15 to version 18 which resolved some defects. ANAO analysis indicates that DFAT did not digitize 80 per cent of paper-based applications (such implementation would meet the intent of the lever to create additional capacity by reducing the number of staff conducting data verification tasks). While DFAT had also planned to implement robotic data verification software to reduce data verification performed by processing staff by April 2022, this project was discontinued in November 2022 (refer to paragraph 2.48). DFAT advised the ANAO in September 2023 that implementation of this lever was 'not doable in timeframes required to support surge' but would be captured as 'part of the modernization program'.

Lever	Grosvenor analysis[a]	Grosvenor estimated implementation timeframe	ANAO assessment of implementation	
Removal of guarantors	For every 10,000 applications received, approximately 670 require a guarantor check, requiring approximately 3015 minutes (50.25 hours) of processing staff effort (7.73 FTE). If guarantors were removed from the application process, this would free up approximately 7.73 FTE for every 10,000 applications received.	7–15 days	🔺	• A person applying for an Australian Travel Document for the first time must provide a referee who has known them for at least twelve months. A July 2021 briefing to DFAT Executives identified that the guarantor requirement increased staff effort and can delay processing of applications. • While the requirement for guarantors has not been completely removed, procedural guidance for contacting guarantors was updated in November 2021 to outline circumstances where processing officers no longer need to contact guarantors if information is incomplete or missing. These changes were intended to be 'interim arrangements' while existing paper forms were updated. This project has not progressed. • ANAO analysis differs to DFAT's assessment that this lever was fully implemented, as some guarantor checks are still required to be completed.
Removal of guardian consent for child renewals	Approximately 18 per cent of all renewal applications received are child renewals. Of these, roughly 40 per cent require consent checks. If guardian consent was removed for the renewal process for child renewal applications, this would free up approximately 2.15 FTE.	25+ days	🟥	DFAT advised the ANAO in September 2023 that implementation of this lever would require 'major policy change' and was not 'doable in the timeframes to support surge'.

Lever	Grosvenor analysis[a]	Grosvenor estimated implementation timeframe	ANAO assessment of implementation	
Remove paper forms (adult and adult renewal applications)	For every 10,000 applications received, approximately 856 are paper-based adult and adult renewal forms, requiring approximately 4.4 FTE to manually enter the data. If these paper forms were no longer available, this would free-up approximately 4.4 FTE for every 10,000 applications.	15–25 days	🟥	DFAT advised the ANAO in September 2023 that implementation was 'not doable in the timeframes required to support surge'.
Paperless applications (adult, adult renewals, child and overseas applications)	For every 10,000 applications received, approximately 3,385 are paper-based, requiring approximately 12.4 FTE for scanning and data verification and 22.1 FTE for manual assessment effort. If paper forms were no longer available for all applications, this would free up approximately 34.8 FTE for every 10,000 applications received.	15–25 days	🟥	DFAT advised the ANAO in September 2023 that implementation was 'not doable in the timeframes required to support surge'.
Removal or reduction of pre-print authorisation (PPA)	For every 10,000 applications received, approximately 3412.5 minutes (56.8 hours) of effort are used in PPA activities; which equates to 8.75 FTE. If PPA was reduced by 60% on current levels, this would free up approximately 5.2 FTE for every 10,000 applications received.	3–7 days	N/A	Removal of pre-print authorization was approved by DFAT for digital capture applications (that is, those applications for adult and adult renewals filled out online) in March 2021. DFAT advised the ANAO in September 2023, that PPA was implemented for these application types in 30 July 2022 related to the roll-out of the R Series passport. The ANAO could not verify DFAT's advice.

Lever	Grosvenor analysis[a]	Grosvenor estimated implementation timeframe	ANAO assessment of implementation	
Reduce quality checks	For every 10,000 applications received, approximately 600 applications undergo a quality check, requiring 5 FTE. If quality checking was reduced to 3% of all applications, this would free up 2.5 FTE for every 10,000 applications received.	3–7 days	■	DFAT advised the ANAO in September 2023 that it considered this recommendation to be implemented. ANAO analysis differs to DFAT's assessment. ANAO analysis of DFAT reporting indicates that the proportion of applications being referred for quality checks (known as 'Ello C') decreased from 14.3 per cent of applications in 2017–18 to 8.4 per cent in 2021–22. There was a slight increase in the proportion of applications being subject to quality checks in 2022–23 (12 per cent of applications). This did not meet the target to 'reduce checking of applications to 3 per cent as recommended by Grosvenor.
Shift to digital photo applications	A significant proportion of the overall effort in processing passport applications is consumed in the management of photographs. A shift to a reliable, secure digital solution would reduce the amount of overall effort to process applications. As per the modelling results, if 99% of all photos were handled via a digital application, this would free up approximately 11.7 FTE for every 10,000 applications received.	25+ days	■	DFAT advised the ANAO in September 2023 that implementation was 'not doable in the timeframes required to support surge'.
Wet signatures	For every 10,000 applications received, approximately 10.9 FTE are consumed in activities related to the management of signatures such as scanning and cropping. As per the modelling results, if all signatures were applied on receipt of the passport by the customer, this would free up approximately 10.9 FTE for every 10,000 applications received.	25+ days	■	DFAT advised the ANAO in September 2023 that implementation was not progressed because the 'R Series was too far progressed to change to a wet signature'.

Lever	Grosvenor analysis[a]	Grosvenor estimated implementation timeframe	ANAO assessment of implementation	
Australia Post scanning	For every 10,000 applications received, approximately 6.7 FTE are consumed in K scan and 13.3 are consumed in P scan activities. As per the modelling results, if all scanning activities were handled via a third party such as Australia Post, this would free up approximately 20 FTE for every 10,000 applications received.	25+ days	🟥	DFAT advised the ANAO in September 2023 that implementation was 'not doable in the timeframes required to support surge'.
Interview free renewals	Based on September 2021 data, approximately 12 FTE are required for all interviews conducted by the APO each day. Of the total interview effort, approximately 1.72 FTE are used on interviews associated with PC7 renewals each day.	7–15 days	🔼	Interview-free renewals was an option available for overseas customers applying for adult renewals and subsequent child applications in late 2022. DFAT advised the ANAO in September 2023 that its research indicated that 64 per cent of overseas posts have implemented the mailed-in process for both adult renewals and subsequent child applications. Overseas applications comprise a small proportion of applications processed (4.6 per cent of applications processed between 2017–18 to 2022–23 were submitted overseas).
Shift to identity verification via My Gov	The results from the modelling show negligible positive impact in capacity gain. For every 10,000 applications received, approximately 0.16 FTE are consumed in activities associated with identity verification during interviews.	25+ days	🟥	DFAT advised the ANAO in September 2023 that implementation was 'not doable in the timeframes required to support surge'.

Key

◆ Implemented	🔼 Partly implemented	🟥 Not implemented

Note a: An 'important' assumption of the analysis undertaken by Grosvenor on purported efficiencies in implementing its levers to create additional capacity is that all FTE saved were assumed to be trained to assess applications and be able to be immediately redeployed to assessment work. Grosvenor estimated that half of the FTE freed up in each lever would require retraining and of these a small number may not be well suited for redeployment to assessment work.

Source: ANAO analysis of DFAT records.