



Australian Government  
Department of Home Affairs

# **Submission to the Inquiry into Efficiency and Effectiveness: Inquiry into various Auditor- General Reports (2018-19)**

Joint Committee of Public Accounts and Audit (JCPAA)

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## Introduction

The Department of Home Affairs (the Department) welcomes the opportunity to provide the Joint Committee of Public Accounts and Audit (JCPAA) with this submission as part of the Committee's inquiry into the efficiency and effectiveness of various Auditor-General Reports (2018-19). This response is specific to the Auditor-General Report No. 25 into the Efficiency of the Processing of Applications by Citizenship by Conferral. The Department recognises the value of independent analysis and insights into the citizenship conferral process.

This submission outlines the current state of the citizenship program, including improvements the Department has undertaken since the Auditor-General's February 2019 performance audit titled *Efficiency of the Processing of Applications for Citizenship by Conferral* (the Audit).

## Background

Audit 25 commenced in February 2018, with the report presented for tabling in February 2019. It primarily examined data from the 2017-18 financial year. It concluded that citizenship applications were not being processed efficiently, a finding with which the Department does not agree. The Department provided its response to the ANAO Audit in January 2019. Actions to implement Recommendation 2: 'Establish and monitor performance standards that address periods of processing inactivity, including the length of time between an application being received and substantive processing work commencing' have been implemented. A Minute to close the recommendation will be prepared for the Audit Committee to consider formal closure of the recommendation in due course.

At the time audit fieldwork was being undertaken, the Department had developed a comprehensive Citizenship Business Reform Program, which has now been substantially implemented. This work covered a range of initiatives designed to improve business processes, program management, ICT systems and program capability. This submission intends to cover the key initiatives that have been implemented since the completion of the ANAO Audit, and the program improvements that have been achieved as a result.

It is important that only people who can meet the legislative requirements for Australian citizenship are accorded this privilege. Once citizenship is conferred it can only be revoked in extremely limited circumstances. Citizenship by conferral applicants must meet residential and other eligibility provisions to apply. They must also satisfy the decision maker of their identity and be of good character. Depending upon circumstances such as their age, applicants must also possess a basic knowledge of the English language, and demonstrate knowledge of Australia and the responsibilities and privileges that come with Australian citizenship. Undertaking these processes can be time and resource-intensive, and each case must be assessed on its individual merits.

The changing threat environment, the risk of undetected migration fraud within the Immigration Program, along with a significant number of citizenship applications requiring complex identity assessments, has necessitated a strengthening of integrity measures in the Citizenship Program. These measures have been introduced to help ensure any adverse information is identified and appropriately dealt with, and to ensure that the identity and character considerations of a person have been resolved to the best extent possible before they are approved for Australian citizenship. Robust program integrity is imperative in meeting community expectations and in ensuring the protection of the Australian people.

As noted in the Department's response to the ANAO Audit, the cumulative impact of additional integrity measures, the increased volume of applications generally and the number of complex identity cases, led to an increased on-hand caseload in 2017-18 and has increased average processing times.

The enhanced security screening process has now been substantially refined and more closely aligns to risk within the citizenship caseload. However, the process continues to extend processing times. Other factors can also slow citizenship processing, such as the need for referrals to other areas of the

Department, including to overseas posts or to visa areas, and requests to applicants to provide further information to support their application.

## **Fluctuations in citizenship demand**

In the eight years from 2010-11 to 2017-18, there was a 177 percent increase in applications for citizenship by conferral. While demand declined in 2018-19, the effect of sustained high lodgement rates over previous years continues to be a factor in the citizenship processing pipeline. Increased applications resulted for a range of reasons, including flow of applications from immigration program intakes over these and earlier years and increases in humanitarian program applications.

Unlike permanent visas granted under the Migration Program, there is no ceiling on the number of citizenship by conferral applications that can be approved each year. This creates additional pressure on the program when application rates increase.

## **Citizenship Business Reform Program**

A comprehensive range of successful strategies have been implemented over the 2018-19 financial year to improve processing times and enhance business process integrity. These strategies have taken some time to implement and to take effect, but we are now seeing substantial results.

Key elements of the Reform Program, which have been implemented since the ANAO Audit was conducted, are discussed in more detail below.

## **Business process / practice review**

This review examined citizenship work effort and efficient service delivery, and was completed in February 2019. It provides an evidence base for the citizenship by conferral cost and staffing structure and drives performance to deliver efficiency gains across the citizenship service delivery network. Amongst other improvements, this internal review assisted in the implementation of meaningful internal Key Performance Indicators (KPIs) for the Citizenship Program, which has been an important factor in driving improved performance.

## **Internal performance framework**

Internal Performance Targets were introduced on 1 April 2019 to better monitor processing efficiencies across the citizenship network. The initial suite of performance targets are focused on the timely registration of paper applications; pre-assessment activity to get an application ready for appointment; and finalisations. Since implementation there has been a solid improvement in performance across all three targets in the first six months.

These targets provide clear expectations around staff productivity, and will be continuously reviewed for appropriateness and consideration of additional performance targets is underway.

## Improved program reporting

Regular, meaningful, reports are now provided to all Citizenship staff, managers and senior executives, including information on the number and proportion of cases at each processing stage, the age of the caseload and other information the ANAO highlighted in their Audit.

## Review of the Integrity Screening (IS) process and settings

In June 2019 and again in September 2019, the integrity screening operating model was reviewed and refined to better align with key risks. This has enabled a risk-based approach to be adopted, allowing for greater processing efficiency without compromising integrity.

## Implementation of a Program Management Pipeline Tool (ProMPT)

The Program Management Pipeline Tool (ProMPT) was piloted in December 2018 and was fully implemented across the Citizenship Program by April 2019. ProMPT allows the Program to better manage the caseload according to risk, through prioritisation of cases and the identification of business process efficiencies linked to risk and threat parameters.

This effective risk-tiering tool provides an evidence base for categorising and allocating cases to the most appropriate team for processing. It has enabled the Citizenship Program to re-assess large numbers of cases previously considered 'complex' and queued for more rigorous assessment to general processing, which has generated significant processing efficiencies.

As an agile tool that can be updated quickly, ProMPT helps ensure the Citizenship Program can effectively manage new and emerging risks and trends in the program without delay.

## Review and streamlining of business processes

The introduction of internal performance measures as well as the implementation of the ProMPT system facilitated the review of a number of business processes. To this end, changes have been made to streamline processes and reduce the documentation burden for clients, which has been achieved through re-ordering some elements of the business process and enabling processing officers to draw on existing but separate visa records to confirm client details.

## Systems improvements / automation

Several systems-based initiatives have been implemented and/or further optimised since the Audit was completed.

A Work Management tool (WMAN) was implemented in the Citizenship by Conferral program on 2 July 2018. WMAN use has enabled increased program oversight of the location and status of entire caseloads, segments of caseloads as well as individual cases. Quality control checking of WMAN practices has further increased the program's ability to ensure that individual cases are not overlooked, and to enable staff training and feedback to be tailored where trends are identified. Oversight of individual cases has also been enhanced through the use of Case Note Generator, a tool to generate and record consistent processing notes and client contact. Use of this tool was mandated throughout the citizenship by conferral program on 1 April 2019, enabling processing notes to be created and stored in a standard format regardless of the processing office or officer.

Following a trial in Melbourne, a new appointment booking system allowing applicants to reschedule their own appointment online was introduced progressively across all departmental offices in between

February 2018 and April 2019, reducing unused appointment slots and processing delays caused through missed appointments.

In addition, ICT investment in additional automated citizenship letters made available through the Enterprise Correspondence System has enabled increased contact with clients through electronic means, mitigating the risk of delay or potential loss of paper correspondence where applicants may have neglected to update their postal address with the Department.

## **Support for citizenship processing staff**

A comprehensive review of the Australian Citizenship Instructions commenced late in 2017, with these documents now referred to as 'Citizenship Procedural Instructions' (CPIs) in accordance with the Department's Policy and Procedural Framework. In total, 33 CPIs were significantly amended during this process, and to date 30 have been made available to processing staff. The remaining three CPIs are currently in the final stages of consultation and clearance, as is required under the Department's Policy and Procedural Framework. This suite of documents provide guidance to decision making staff on the legal requirements and related policy and procedures to be applied when making decisions under the *Australian Citizenship Act 2007*.

In addition, 23 Standard Operating Procedures and 17 Supporting Materials are also in varying stages of development to better support staff. It is anticipated that these documents will be progressively made available to staff and completed by June 2020. These documents provide more detailed instruction and support for processing officers to supplement the CPIs. As a package, this suite of documents provide clear guidance to processing officers, which will improve efficiencies through consistent and supported decision making.

To further assist staff, in July 2019, a comprehensive review of training needs and materials within the Citizenship Program commenced. In addition to foundational citizenship training, a Citizenship Training curriculum, in line with the Department's Visa and Citizenship Vocational Training Pathway is now being developed, aligned with relevant job role profiles. More tailored training will ensure citizenship staff fully understand the legislative and processing requirements and result in improved efficiencies in decision making, and improve consistency.

## **Quality assurance (QA) and quality control (QC) activities**

A revised quality assurance (QA) and quality control (QC) framework has been implemented to support consistency and reporting in the Citizenship Program. QA activities were introduced for the large citizenship by conferral caseload in July 2019 (which accounts for approximately 90 percent of applications). Conferral QC is also well-progressed and is being consulted throughout the Department, with the aim of being fully implemented in early 2020.

QA and QC is designed to provide data and feedback to support good decision making, consistent processing, and reporting activities across the Citizenship program. These activities have also been implemented to mitigate program risks and drive a consistent approach to managing quality.

## Centralisation of complex caseloads

Centralised specialist teams were established in mid-2018 to better manage complex caseloads. This has enabled cases with similar characteristics, primarily relating to identity assessments, to be centralised according to nationality. This enables economies of scale efficiencies, and ensures consistent application of treatments against complex issues.

## Program capability enhancements

In addition to enhancing staff capability through updated instructions, procedures and training, a suite of additional program capability enhancements have also been implemented. These include: increasing the number of available counters and available appointments; recruitment of additional staff; establishment of a national case allocation and pre-assessment team.

## Citizenship fee review

The Department has commenced work to update costing models and develop a revised Cost Recovery Implementation Statement (CRIS) to support Audit Recommendation 3 – *The Department of Home Affairs agree with the Department of Finance a revised funding model for citizenship activities that is based on updated activity levels and efficient costs*. The Department is updating Activity Listings for all citizenship streams, including conferral, to provide an evidence base for the CRIS, to ensure that cost recovery for the Citizenship Program better reflects actual expenditure.

This work forms part of the Portfolio Charging Review implementation program and will be progressed with the Department of Finance for agreement. This work is expected to be completed by the end of 2019-20.

## Results and Improvements

Collectively, the suite of business reforms the Department has implemented across the Citizenship Program has resulted in significant improvements. Productivity per full time equivalent (FTE) staff member improved by 80 percent between the first quarter of 2019-20 and the first quarter of 2018-19. In the first quarter of 2019-20, there were 314 finalisations per FTE, whereas in the same period in 2018-19, there were 174 finalisations per FTE. This includes the number of FTE in the Citizenship Delivery Network as a ratio against the number of citizenship applications finalised on-shore.

In addition, the number of citizenship applications being finalised have significantly increased (see actual results for the 2018-19 and 2019-20 financial years, below). Finalisations levels are now higher than new lodgements, resulting in a significant reduction in the overall number of applications on-hand and awaiting decision.

Robust program integrity is imperative in meeting community expectations and in ensuring the protection of the Australian people. The Department has implemented a range of initiatives to respond to growth and improve processing efficiency, without compromising on integrity.

### 2018-19

Improved outcomes were seen in 2018-19 in response to the Reform Program. Finalisations of citizenship by conferral cases increased by 58 per cent when compared to 2017-18. This improvement was realised despite the effect of measures impacting on finalisations, including enhanced integrity measures.

Significantly, there was a substantial reduction in the number of citizenship by conferral applications on-hand to just over 221,000, down from a peak of over 247,000 in July 2018. 143,903 citizenship tests were facilitated, representing an increase of 64 per cent when compared to the 87,699 tests that were facilitated in 2017-18.

Attachment A contains detailed lodgement and finalisation statistics for the Citizenship Program, including for the 2018-19 financial year.

## 2019-20

Citizenship processing efficiencies have led to excellent outcomes for the citizenship program in 2019-20, with many more people acquiring Australian citizenship and thereby contributing to our great nation.

More than 93,000 citizenship by conferral applications were finalised in the first quarter to 30 September 2019, a 176 per cent increase when compared to the corresponding period in the previous financial year. In addition, there has been a substantial reduction in the on-hand caseload, from the peak of 247,659 in July 2018 (down by 83,733 cases) to 163,926 as at 30 September 2019, representing a 34 per cent decrease.

In just three months, the Department has finalised more than half the total number of applications finalised in the entire 2018-19 financial year (160,117), and almost as many applications as were finalised in the entire 2017-18 financial year (101,422).

## Concluding remarks

The Department anticipates that the Citizenship Program will continue to review and enhance its business processes and operating environment into the future, allowing a large number of people to be conferred with Australian Citizenship.

The Department would welcome the opportunity to provide further information to the JCPAA to assist with the conduct of this Inquiry.



## **Attachment A**

### **Citizenship by Conferral – Key statistics**

<b>Table 1: Number of Australian citizenship by conferral applications* lodged and finalised (by decision type) by financial year (1 July 2014 to 30 September 2019)</b>						
<b>Financial year</b>	<b>Lodged**</b>	<b>Decision type</b>				
		<b>Approved</b>	<b>Refused</b>	<b>Invalid</b>	<b>Other***</b>	<b>Total</b>
2014-15	191,001	148,862	5,197	34,987	795	<b>189,841</b>
2015-16	196,936	129,515	4,749	32,612	792	<b>167,668</b>
2016-17	203,793	127,013	4,089	22,035	742	<b>153,879</b>
2017-18	239,413	80,776	4,956	14,998	692	<b>101,422</b>
2018-19	138,387	145,587	7,590	5,713	1,227	<b>160,117</b>
2019-20 (to 30 Sep)	36,510	90,407	1,838	665	642	<b>93,552</b>

\* includes counts of children under 16 years of age who were included on a responsible parent's application form.

\*\* applications lodged in any given financial year are not necessarily finalised within the same financial year.

\*\*\* "other" includes applications withdrawn by the client and minor numbers of administrative finalisations.

Static data is used for all financial years prior to 1 July 2019 and may differ from previously published reports. Data for periods from 1 July 2019 is drawn from a dynamic system environment and is correct at the time of publication but may differ slightly from previous or future reports.

The Department of Home Affairs must be consulted regarding any requests to use this data for purposes not originally intended or discussed.

<b>Table 2: Number of citizenship applications on hand (as at 30 September 2019)</b>	
<b>Application type</b>	<b>Number of applications</b>
Conferral*	163,926

\* includes counts of children under 16 years of age who were included on a responsible parent's application form.

<b>Table 3: Computer-based citizenship test statistics by financial year (1 July 2015 to 30 September 2019)</b>					
<b>Citizenship test items</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20 (to 30 Sep)</b>
Number of tests administered	122,942	120,565	87,623	143,903	57,805
Number of clients who sat the test	101,864	103,273	73,692	127,898	52,292
Number of clients who passed on their first attempt	94,963	96,743	68,823	121,749	48,889
Pass rate	97.9%	97.8%	97.6%	98.4%	96.4%