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SECRETARY
DEPARTMENT OF HOME AFFAIRS**

**Opening Statement
Legal and Constitutional Affairs Legislation Committee
Supplementary Budget Estimates Hearing
Monday, 21 October 2019**

I should like to begin by welcoming to the portfolio the Director-General of Security, Mike Burgess, and the Commissioner of the Australian Federal Police, Reece Kershaw, who commenced their appointments on 15 September 2019 and 2 October 2019 respectively. On 13 October 2019, I commenced a second term as Secretary of five years. Together with the Commissioner of the Australian Border Force and Comptroller-General of Customs, Michael Outram, the Chief Executive of the Australian Transaction Reports and Analysis Centre, Nicole Rose, and the Chief Executive of the Australian Criminal Intelligence Commission, Michael Phelan, we have formed a new team which is deeply committed to building an integrated portfolio over the next five years to 2025. This will build upon the transitional steps that were taken after December 2017 when the portfolio was initially established, and May 2018, when ASIO joined the portfolio, after relevant legislative amendments were passed.

While much has been achieved to build the portfolio in accordance with Government directions over this time, more needs to be done to fully realise significant future opportunities, especially in relation to improved strategic and financial planning, capability development and acquisition, technology collaboration, intelligence and data sharing, consolidated business services and, where appropriate, cross-agency workforce mobility. All of this will be achieved consistent with the statutory independence of the Heads of Agencies that, given the significant powers with which they are entrusted, needs to be protected and preserved.

As a leadership group, we have decided to establish a portfolio Board to oversee portfolio-wide programmes and initiatives in those areas just indicated. The Board, which I will chair as Secretary of the Department, will be a forum for collaboration and oversee mutually agreed programmes and initiatives. It will not have, nor require, the legal authority to give direction to Heads of Agencies, each of whom will continue to exercise their powers under statute, reporting directly and independently to the Minister for Home Affairs.

Our work as a Board will be greatly assisted by the outcomes of the strategic review of the portfolio, which was funded in the 2018-19 Budget. Of the \$7 million allocated for this purpose, less than \$5 million was expended on the development of financial models and planning tools, and a capability inventory, which will support our work to identify opportunities for increased efficiencies, to better understand our costs, and to better manage our assets, including by way of giving high quality advice on investment options and choices.

Regional Processing

As requested by the Government of Papua New Guinea, the Department has issued notices to Paladin Holdings and NKW Holdings to terminate regional processing services in Papua New Guinea on 30 November 2019. The remaining transferees on Manus Island will shortly be moved to Port Moresby, with services there being managed by the Papua New Guinea Government. As at 30 September this year, the relevant population in Papua New Guinea and Nauru was 562 people—about 23 per cent of peak levels in June 2014. Another 1,117 people have been temporarily transferred to Australia for medical treatment or as accompanying family.

As at 30 September this year, 632 refugees from Papua New Guinea and Nauru have been resettled in the United States. Australian and United States officials have contacted all eligible refugees in Nauru, Papua New Guinea and Australia to confirm their ongoing interest in resettlement. The United States is working through all outstanding cases, with the intention to conclude interviews by the end of the year.

The Administration of the Immigration and Citizenship Programmes

On 22 March 2019 and 4 April 2019, I informed the Committee that the Department had published a paper concerning the administration of the immigration and citizenship programmes. The Department has this morning published a third edition.

Between 2010-11 and 2017-18, the demand for Australian citizenship soared by 177 per cent. Processing times became drawn out due to the case-load increase, our heightened focus on programme integrity, and unprecedented numbers of complex identity assessments. We have made significant progress to reduce the on-hand caseload. In 2018-19, over 160,000 conferrals were finalised and more than 127,000 people acquired citizenship—an increase of 58 per cent on 2017-18. This is despite refusals—which take longer to process—rising by 53 per cent. For the 2019-20 financial year, as at 30 September, around 93,000 citizenship-by-conferral applications have been finalised—a 177 per cent increase compared to the corresponding period last year. The Department has also reduced the on-hand caseload to about 164,000—which represents a 34 per cent decrease from a peak of nearly 248,000 in July 2018.

In 2018-19, the increasing digitisation of services saw 95 per cent of all visa applications lodged electronically—up 5 per cent on 2017-18. Furthermore, call centre consolidation resulted in average wait times of just over 4 minutes—which is 30 minutes less than the previous year. In 2018-19, the Department received a record 9.6 million temporary and permanent visa applications and granted a record 8.8 million temporary visas—100,000 more than in 2017-18.

Over the past 12 financial years (2007-08 to 2018-19), Australia experienced a significant, welcome growth in visa applications. Specifically, visitor visas granted increased by 56 per cent—from about 3.6 million to 5.7 million; while student visas granted increased by 46 per cent—from about 278,000 to 405,000. People who enter Australia on a temporary visa do so legally, having undergone identity checks and various risk-based assessments. Improvements in our checking and intelligence systems have led to a significant increase in the detection of high risk and fraudulent applications. Over the five years 2014-15 to 2018-19, the average refusal rate across

our visa programmes increased from 2.4 per cent to 3.9 per cent. This means that in 2014-15, around 1.5 per cent of the visa programme, some 115,000 people, entered Australia who should not have under our current risk settings—and who would not do so under today's strengthened checking and intelligence systems.

Of all the people who arrive in Australia on a temporary visa, only a very small proportion seek Australia's protection. Of the some 40 million people who were granted a temporary visa over the last five financial years from 2014-15, about 92,000 protection visas were applied for in Australia, representing about 88,000 applicants—which is about 0.23 per cent of total temporary visa grants.

The officers working in the area of protection decision making are deeply experienced, with an average tenure in the Department (as the former Immigration Department and now the Department of Home Affairs) of 11.4 years. They are highly professional and expert. More generally, since the integration of Customs and Immigration—that is, over four financial years between 1 July 2015 and 30 June 2019—the staff attrition rate within the visa processing and immigration policy areas of the Department has averaged 9.8 per cent—which is one of the lowest attrition rate across the Department. Moreover, over the period 2007-08 to 2018-19, funding for the visa processing function was increased by approximately 40 per cent, which has enabled the Department to deal with the significant growth in demand which I outlined earlier.

Commentary to the effect that there has been a diminution of professional capability, capacity and corporate knowledge in the area of immigration and citizenship programme management is uninformed by the facts, as is the assertion that immigration and citizenship operations have been relegated to a secondary status with the merger of Immigration and Customs in 2015 or the establishment of the Home Affairs portfolio in 2017-18. I would urge any Senator who might be interested in acquainting themselves with the facts to avail themselves of a briefing on how the immigration and citizenship programmes are actually managed and delivered by our dedicated and expert officers.

Budget

On our 2018-19 budget, the Department ended the financial year with a small operating surplus of \$235,000. Notably, we absorbed the impact of bond rate movements which increased long service and recreation leave expenses by about \$38 million. The Department's external legal expenses were more than \$72 million—an increase of more than 140 per cent over the five financial years to 2018-19. This cost escalation is almost entirely attributable to the sustained upsurge in migration and citizenship litigation cases, including visa decision-making—such as asylum claims by former Illegal Maritime Arrivals—and subsequent merits and judicial review challenges. In 2018-19, the portfolio achieved \$18.5 million in efficiencies. We anticipate a further \$150 million in savings from now until 2021-22.

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