

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
ATTORNEY-GENERAL'S DEPARTMENT

Program 1.6

Question No. 117

Senator Brandis asked the following question at the hearing on 18 October 2011:

CrimTrac/ASIO regarding price increases to the AusCheck background check process affecting MSICs and ASICs.

1. What was the rationale behind this price increase?
2. The price increases have taken affect from 1 October 2011. Is that correct?
3. I understand that stakeholders received written advice on or around 22 August 2011 that fees would increase. What do your records indicate as to when the industry was informed of the increases?
4. Was consultation with relevant industries, such as airports or ports undertaken?
5. If so, what did this involve? When did this take place?
6. If not, why not?
7. The Cost Recovery Impact Statement (CRIS) 1 July 2010 - 30 June 2012 requires at least three months notice of those affected by changes to fees, to quote from the CRIS

"If one of our checking partners (CrimTrac, ASIO, DIAC) changes the fees they charge us, we will pass this on. In such case we would seek to secure from the relevant checking partner at least 3 months notice for those affected by the change to fees."

In this case just over 1 month notice was provided. Why was the 3 month notification period provided for in the CRIS not adhered to?

8. As you may be aware on 21 November 2011 the new Aviation Transport Security Regulations take effect. The new Regulations are designed to encourage ASIC applications. Have you undertaken any analysis on the impact this cost increase will have on ASIC and MSIC update?

9. In 2.3 of the CRIS it states:

"Charges for goods and services can give an important message to users or their customers about the cost of resources involved. It may also improve equity by ensuring that those who use Australian Government products and services, or who create the need for regulation, bear the cost"

And in 2.4 it states:

"Cost recovery may not be appropriate for some of these activities. For example, cost recovery many not be warranted where it would be inconsistent with government policy objectives;.....".

Given that the new Aviation Transport Security Regulations are designed to encourage ASIC/MSIC applications how is this price increase consistent with policy objectives?

10. The CRIS covers issues such as cost reduction due to staff productivity and in fact has figures showing that demand and costs will reduce in 2011/2012 and 2012/13. How then can price rises be justified?

The answer to the honourable Senator's question is as follows:

1. Under its previous fee structure ASIO had been subsidising a significant portion of the cost incurred to undertake each background check. ASIO advised AusCheck that from 1 October 2011 its fee for a security assessment would rise from \$12 to \$30 to more accurately reflect the costs incurred in delivering the assessments.

AusCheck's other background checking partner, CrimTrac, advised in June 2011 that it will be increasing its fees for criminal history checking from \$20.60 to \$23.00 per assessment from 1 January 2012 to better reflect the costs incurred with providing the service.

To avoid the administrative burden of introducing two independent fee increases, the Department of Finance and Deregulation advised that a single fee increase should be initiated, averaging CrimTrac's fee increase for the remainder of the 2010 -2012 Cost Recovery Impact Statement (CRIS). This action is consistent with the Australian Government's Cost Recovery Guidelines.

2. Yes.

3. AusCheck made direct telephone contact with the 20 highest volume aviation security identification card (ASIC) and maritime security identification card (MSIC) issuing bodies on Friday 19 August and Monday 22 August 2011.

These issuing bodies issue approximately 86% of all ASICs and MSICs.

Email notification of the fee increase was sent to all issuing bodies on 19 August 2011

Written correspondence was mailed to all issuing bodies on 22 August 2011

4. Yes.

5. A stakeholder/issuing body teleconference was conducted on 26 September 2011. The Office of Transport Security also attended this teleconference.

AusCheck maintains ongoing consultation and interaction with its key stakeholders and with industry. This is done via a range of consultative fora and meetings.

6. N/A.

7. Due to the need to produce the CRIS addendum, AusCheck was unable to provide 3 months notice to issuing bodies. Delaying any recovery of the increased ASIO and CrimTrac fees would have contravened the Australian Government Cost Recovery Guidelines.

While the fee increase has now come into effect, there will be industry consultation in the first part of 2012 as the new cost recovery arrangements for the period of 1 July 2012-30 June 2014 are developed.

8. The revised AusCheck fee structure is unlikely to impact on the future demand for ASICs and MSICs. It is a requirement of the *Aviation Transport Security Regulations 2005* and the *Maritime Transport and Offshore Facilities Security Regulations 2003* that all individuals,

requiring unescorted access to airside security zones and maritime security zones, must display a valid security identification card (ASIC/MSIC).

The Office of Transport Security advised issuing bodies, at the consultative teleconference on 26 September 2011, that the revised *Aviation Transport Security Regulations 2005* are independent from the background checking fee increase. The revised regulations are designed to encourage individuals not to repeatedly rely on a Visitor Identification Card but rather apply for an ASIC.

Particulars relating to the revised *Aviation Transport Security Regulations 2005* are a matter for the Department or Infrastructure and Transport.

9. The fee increase is an independent matter from the revised *Aviation Transport Security Regulations 2005*.

It is not expected that the cost increase to ASICs and MSICs will have any significant effects on the numbers of ASIC and MSIC applications. The *Aviation Transport Security Regulations 2005* and the *Maritime Transport and Offshore Facilities Security Regulations 2003*, are clear in regards to who requires ASICs and MSICs, and where. With the fee increase, this has not changed.

Particulars relating to the revised regulations are a matter for the Department or Infrastructure and Transport.

10. The AusCheck component of the amended fee structure remains constant and has not increased. AusCheck's fees have not altered since July 2010 when they were decreased as a result of a review of practices and streamlining of processes.

AusCheck operates on a cost recovery basis and its revised fee structure accurately reflects the costs incurred for the background checking process. Delaying the recovery of operational cost contravenes the Australian Government Cost Recovery Guidelines.