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Border security:  
Using information  
to process  
passengers



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# Border security: Using information to process passengers

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# Overview

A secure border is important for New Zealand's security, reputation, and economic prosperity. Passengers and crew cross our border on airplanes, cruise ships, and leisure craft (such as private yachts or small, non-commercial aircraft). Goods arrive through container ports, air cargo facilities, or the International Mail Centre. With these crossings, people can intentionally or unintentionally bring harmful items, such as drugs and weapons, or biosecurity threats into New Zealand.

People are coming to New Zealand in greater numbers than ever before, increasing the number of risks at the border. Border agencies have to balance processing passengers as efficiently as possible while identifying those who could pose a risk. To keep up with these increasing demands, border agencies are increasingly refining the application of physical inspections by using an intelligence-led approach – using information to identify high-risk passengers, goods, and craft before they arrive.

We assessed whether staff working on the frontline at major ports have the information they need to effectively and efficiently process incoming passengers and their accompanied goods. Frontline staff include officers from the New Zealand Customs Service and the Ministry for Primary Industries. We also looked at how frontline staff use information from Immigration New Zealand.

The information available to frontline staff enables them to process incoming passengers effectively. Passengers can be assessed for risk before arrival and alerts can be placed on passengers of interest. Biosecurity risks are more typically assessed on arrival.

There are differences in the quality of the information agencies receive from airlines and the information they receive from cruise lines. This affects how efficiently the information is used. Agencies are working with cruise lines to further improve the availability and quality of pre-arrival passenger information.

We also looked at whether frontline staff have the systems, tools, and resources to best use and share information, and whether there is effective collaboration between agencies operating at the border. The information technology systems, tools, and resources used by the border agencies are generally adequate. However, there are limitations with some of the systems and tools, which means that, although information is used effectively, it could be done more efficiently.

In our view, the New Zealand Customs Service and the Ministry for Primary Industries are operating effectively. However, both need to focus on preparing and putting in place workforce planning tools that would improve the efficient deployment of staff. The relationships between frontline staff from different border agencies are strong, which allows staff to work together well.

A particular strength for the New Zealand Customs Service and the Ministry for Primary Industries is the recently updated training programmes for both Customs and Quarantine officers. However, in my view, more explanation about the roles of the other agencies is needed as part of the formal training for new staff.

At a strategic level, the Border Sector Governance Group has improved collaboration between agencies in recent years. I have recommended that they strengthen the vision and strategy so the border sector can work more collaboratively. The long-term strategy also needs to be effectively communicated to all staff.

I thank the staff of the New Zealand Customs Service, the Ministry for Primary Industries, the Ministry for Business, Innovation and Employment, and the other agencies, including the many frontline staff we interviewed, for their time and co-operation.

The Auditor-General was previously a member of the Border Sector Governance Group. To ensure independence, I have overseen this work.

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line that ends in a small flourish.

Greg Schollum  
Deputy Controller and Auditor-General

16 June 2017

# Our recommendations

We recommend that:

1. as part of their training, new frontline staff for the Ministry for Primary Industries and the New Zealand Customs Service be fully briefed on the roles and responsibilities of both agencies;
2. as suggested by the Integrated Targeting and Operations Centre Review in 2016, the Border Sector Governance Group develop a long-term vision and strategy to 2030. This long-term strategy should include how information-sharing barriers can be reduced, and which systems, tools, and processes border agencies should work on together more collaboratively to ensure efficiencies; and
3. the Border Sector Governance Group communicate the long-term vision and strategy to 2030 to all staff, to ensure a stronger understanding and create a culture of collaboration between the agencies.

# 1

## Introduction

- 1.1 In this Part, we discuss:
- why we did the audit;
  - who and what we audited;
  - what we did not audit;
  - how we carried out our audit; and
  - the structure of this report.

### Why we did the audit

- 1.2 All New Zealanders benefit from an effective border security system. People, goods, and craft cross our border every day, potentially carrying harmful items, such as drugs and weapons, or biosecurity threats. These could damage our social wellbeing, primary production industries, natural habitat, and reputation.
- 1.3 Staff who work at the frontline – that is, at the ports of entry into the country – include Customs officers from the New Zealand Customs Service and Quarantine officers from the Ministry for Primary Industries. These officers need the appropriate information, tools, and resources to properly process incoming passengers and ensure that our border is secure.
- 1.4 There are more international passengers coming to New Zealand than ever before. This creates more risks at the border. Frontline staff are working in an environment where they have to process passengers as efficiently as possible, while also identifying passengers who could pose a risk.
- 1.5 Increasingly, the agencies that operate at the border are using information they receive in advance of a passenger’s arrival to assess their risk. This approach helps the agencies to identify high-risk passengers, goods, and craft before their arrival and to decide what level of intervention will be necessary.<sup>1</sup>
- 1.6 The shift in the way the agencies are operating means that they need to collect, analyse, and assess large volumes of information to effectively and efficiently process incoming passengers and their goods.

### The agencies that operate at the border

- 1.7 The main government agencies with a role at the border are:
- the New Zealand Customs Service (Customs);
  - the Ministry for Primary Industries (MPI);
  - Immigration New Zealand (part of the Ministry of Business, Innovation and Employment);

- the Ministry of Transport; and
  - the Department of Internal Affairs.<sup>2</sup>
- 1.8 Along with other agencies, including New Zealand Police and the Aviation Security Service, these agencies work to prevent unwanted people and prohibited goods and materials from crossing New Zealand's border.<sup>3</sup> Other agencies with a role at the border include the Ministry of Health, the Department of Corrections, the Ministry of Justice, and the Inland Revenue Department.
- 1.9 Agencies operating at the border also need to process trade (imports and exports), international mail (in and out), and craft (arriving and departing). Multiple agencies are involved with this, each with their own risk assessment procedures.
- 1.10 Border security involves targeting, profiling, and intercepting passengers who pose a risk, while having a minimal effect on the other passengers. To do this, the agencies collect information from various sources before and as a person arrives in the country. The information collected is analysed and assessed against established risk profiles so that threats can be intercepted and managed as early as possible.
- 1.11 The agencies that operate at the border have different priorities and look for different risks. We looked at MPI, Customs, and, to a lesser extent, Immigration New Zealand (the agencies).
- 1.12 MPI is the lead agency responsible for biosecurity policies, regulations, and enforcement activities. MPI works both offshore and at the ports to prevent harmful pests and diseases from entering the country.<sup>4</sup> Passengers who pose a high risk are not necessarily trying to evade detection. For example, MPI finds that it is the parent who has forgotten there is a half-eaten apple in their child's backpack, or the tired business passenger who forgot about their left-over lunch, who present an unintentional biosecurity risk.
- 1.13 For MPI, border operations make up only a small part of its core business. We did not focus on the work of MPI outside of the scope of this audit.
- 1.14 At the ports, Customs performs limited immigration duties on behalf of Immigration New Zealand, such as checking the travel documentation for incoming passengers so that passengers who do not pose a risk can enter the country as efficiently as possible.
- 1.15 Customs' role is to prevent people concealing drugs, weapons, or objectionable material (either illegal or banned) from entering the country. It is also responsible

2 The Department of Internal Affairs works with contribution from almost 20 other associated agencies.

3 They also collect government revenue, support New Zealand's national interests, and uphold international laws and agreements.

4 Ministry for Primary Industries (2016), *2015/16 Annual Report*, Wellington, page 3.

for collecting duties, excise taxes, and goods and services tax on imports and exports. In this report, we focus only on the information available to officers who process incoming passengers at the ports.

- 1.16 Immigration New Zealand is responsible for deciding whether people who are not New Zealand citizens can enter the country. Although Customs performs an immigration function in processing incoming passengers, Immigration New Zealand makes decisions about passengers who do not comply with New Zealand's entry requirements.
- 1.17 Customs staff (and Immigration New Zealand) are also interested in the risk posed by the individual passenger, including assessment of any national security and terrorism-related risk they might present, and enforcement of travel restrictions on certain people (such as people subject to arrest warrants or travel conditions imposed by the courts or the Parole Board).

### **Who and what we audited**

- 1.18 Border security is complex. To ensure that our border is secure, multiple agencies, each with a different focus, play a role. For some of these agencies, border operations make up only a small part of their total operations. Other agencies focus solely on border operations. Because border operations both on- and off-shore are extensive, we had to limit the focus of our audit to a particular aspect of border security. We chose to focus on frontline staff at major ports who process incoming passengers and their accompanied goods.
- 1.19 We carried out a performance audit to assess whether frontline staff working at major ports had the appropriate information, tools, and resources to effectively and efficiently process incoming passengers and their goods. For the purpose of this report, we consider frontline staff to be those who work at the air and sea ports.
- 1.20 We assessed whether the frontline staff have the appropriate information, tools, and resources to process incoming passengers and their accompanied goods effectively and efficiently to ensure that our border is secure.
- 1.21 We also wanted to know how well the agencies work together, on the frontline and strategically, to improve border security.

### **What we did not audit**

- 1.22 We have not assessed the end-to-end process of border security and, as a result, Immigration New Zealand's border services were not the focus of this audit. Immigration New Zealand provides risk-screening services at the border and profiles behaviours, conducts interviews, and makes entry decisions based on assessed immigration, criminal, and security risks. Immigration New Zealand

responds to secondary line referrals from Customs and the Ministry for Primary Industries. It also does screening at the off-shore border where a passenger embarks for travel to New Zealand, which is an important aspect of New Zealand's management of border risk but was beyond the focus of this audit.

- 1.23 As mentioned in paragraphs 1.13 and 1.15, we did not focus on the entire border operations of MPI and Customs. Our scope was confined to the processing of incoming passengers at major ports.
- 1.24 We did not audit how the agencies processed outgoing passengers or private aircraft or boats. We did not audit the International Mail Centre or look at how cargo is processed.
- 1.25 Although the Aviation Security Service is part of the border sector, we did not include it in this audit because it deals with outgoing passengers.
- 1.26 We did not audit other agencies with a role in border security unless they have a specific role in processing incoming passengers.

### How we carried out our audit

- 1.27 We spoke to frontline staff and observed their processes at four major ports: two international airports and two sea ports that process cruise ship passengers. These were Auckland and Queenstown International Airports and Auckland and Wellington Ports.
- 1.28 For this audit, we:
- conducted focus group meetings with frontline staff at each of the four ports and sent a questionnaire to all frontline staff at these locations;
  - interviewed a variety of staff from the agencies, including senior managers, legal advisors, and staff working to support frontline operations; and
  - reviewed corporate publications, policy, operational, and training documents, and agency systems, processes, and policies.

### Structure of this report

- 1.29 In Part 2, we describe how each agency operates at the border.
- 1.30 In Part 3, we describe how each agency uses information to process incoming passengers and their accompanied goods effectively and efficiently.
- 1.31 In Part 4, we discuss the systems, tools, and resources available to frontline staff to process incoming passengers and their goods.
- 1.32 In Part 5, we look at how well the agencies work together and collaborate where appropriate, and we describe the governance arrangements for the border sector.

# 2

## Border security and how the agencies operate at the border

2.1 In this Part, we discuss how incoming passengers are assessed:

- before they arrive in the country; and
- on their arrival.

### Pre-arrival assessment

2.2 There are many levels of interaction between the agencies and passengers. Each agency has its own intelligence function to assess incoming passengers based on the risks that they have identified.

2.3 Incoming passengers are assessed for risk before they arrive at a port. Often, risk assessment begins before a person even boards the craft at their point of departure. For example, a person who has decided they want to come to New Zealand may have to apply for a visa before they travel. Only people from visa waiver countries may be eligible to apply for a visa on arrival.<sup>5</sup>

2.4 Immigration New Zealand manually profiles passengers based on available information. This is handled by a specialist team based off-shore. If a passenger is identified as presenting a risk, they are prevented from boarding the plane (this is Immigration New Zealand's preferred option) or an alert is entered into Customs' computer system, CusMod.

2.5 Customs also assesses passengers for risk before arrival. To do this, it uses the Automated Targeting System – Global to run passenger information (such as information about the purchase of airline tickets) against established risk profiles. If a passenger matches a risk profile, their information is sent to an analyst to review and determine whether an alert should be entered into CusMod.

2.6 The agencies are also part of the Integrated Targeting and Operations Centre (ITOC). Formed in 2011, ITOC brings staff from Customs, MPI, Immigration New Zealand, New Zealand Police, and others together to improve the flow of information necessary for effective border security management.

2.7 By bringing these agencies together to collaborate and co-operate, ITOC works to identify and target risks, plans and co-ordinates operations, and carries out other border functions.<sup>6</sup>

2.8 If a “person of interest” is identified, ITOC staff make enquiries with other agencies to collect more information. This could include international border agencies, law enforcement services, or a domestic agency. If there are concerns, an alert will be placed on CusMod.

5 See [www.immigration.govt.nz](http://www.immigration.govt.nz) for more information about visa waivers.

6 New Zealand Customs Service (2014), *Statement of Intent 2014–2017*, Wellington, page 20.

## Assessment on arrival

- 2.9 Passengers are required by law to complete passenger arrival cards when entering New Zealand. Passengers must provide information such as where they have come from, whether they have any food items, and whether they are carrying restricted or prohibited items. This information provides frontline staff with an indication about how a passenger should be processed.
- 2.10 If Customs, Immigration New Zealand, or MPI have entered an alert into CusMod for an incoming passenger,<sup>7</sup> it will be triggered when that person's passport is scanned on entry. The Customs officer will then act as necessary.
- 2.11 Once the passenger has arrived at the port, Customs officers also have the opportunity to assess that person based on their physical presentation. Frontline staff visually profile arriving passengers, looking for signs of intentional or unintentional non-compliance with New Zealand laws.
- 2.12 MPI is concerned with biosecurity risks and so its approach is different to that of Customs and Immigration New Zealand. A passenger who breaches biosecurity rules usually does so unintentionally. This requires MPI to focus more on the passenger's presentation at the border. MPI has a performance measure that 98.5% of international air passengers comply with biosecurity requirements by the time they leave the airport, which means that all incoming passengers are assessed for risk by a Quarantine officer in some way on arrival.
- 2.13 Customs and Quarantine officers have access to a range of tools to assist them with risk assessment. Detector dogs can detect prohibited goods such as drugs, food, and large quantities of cash. X-ray machines are available to detect banned or illegal goods and substances inside suitcases or other items.
- 2.14 If a passenger is considered to be a risk they will be sent to a secondary search area, which gives frontline staff the opportunity to question the passenger and gather information. Following further inquiries, the passenger or the contents of their bags could be searched.
- 2.15 Where possible, border agencies use Advance Passenger Information and Passenger Name Record Data for risk assessment purposes.
- 2.16 Passengers on cruise ships are treated as transit passengers for immigration purposes unless they permanently disembark the ship in New Zealand. Currently, cruise ship operators supply Advance Passenger Information but there is no equivalent of Passenger Name Record Data in the cruise ship industry. This is a gap in the risk assessment.

<sup>7</sup> Other agencies can enter alerts into CusMod. However, these alerts are not directly related to the processing of incoming passengers and their accompanied goods.

- 2.17 MPI receives information about the ship before its arrival, which allows it to assess the biosecurity risk the ship and its stores presents, as well as details of crew and passengers. The level of inspection the ship is required to undergo is determined after this risk assessment. The information received includes whether the ship is participating in the cruise line accreditation process (see paragraph 3.23). Quarantine officers carry out clearance procedures for any crew or passengers leaving the ship, regardless of their visa status.

## How the agencies use information

- 3.1 In this Part, we discuss:
- whether pre-arrival information is used to identify risks;
  - how Customs and Quarantine officers receive information and share it with intelligence staff; and
  - whether information is shared well between the agencies.

### Summary of our findings

- 3.2 The information individual agencies receive enables them to assess incoming passengers for risk and support an effective border security process. However, improvements are needed to how Customs, MPI, and Immigration New Zealand share information.
- 3.3 There are some limitations with the systems, tools, and resources used currently, which affects how efficiently information is collected, used, and shared between the agencies.
- 3.4 Customs and MPI both have processes to ensure that information collected by frontline staff is entered into their respective systems to inform intelligence staff.
- 3.5 In recent years, individual agencies have improved the way information is collected and used. The agencies are working to further strengthen a collaborative approach, including the way information is shared.

### Pre-arrival information is used to identify risks

#### Integrated Targeting Operations Centre

- 3.6 ITOC is a multi-agency border sector headquarters that includes staff from Customs, MPI, Immigration New Zealand, Maritime New Zealand, New Zealand Police, New Zealand Security and Intelligence Service, and others. ITOC has two core functions: targeting potential risks and managing the operations centre. Through the targeting function, ITOC maintains the rules used to profile potential threats, acts on intelligence profiles, conducts assessments, makes recommendations, and brings together information and intelligence to identify and target risks. The operations centre is staffed by Customs. With an overall view of the operational activity at the border, the centre supports those operations, and collects and shares lessons from feedback and debriefing activities to inform future operations.
- 3.7 ITOC has improved co-ordination and sharing of information between the agencies. However, because most of the information ITOC receives relates to risks

that directly concern Customs, the agencies consider there to be limitations with its effectiveness for some other agencies involved.

- 3.8 An external review of ITOC was completed in 2016.<sup>8</sup> The purpose of the review was “to identify and report on the operational effectiveness of ITOC and, capitalising on the work done to date, determine what next steps are needed to ensure ITOC remains fit for purpose and of value to the partner agencies”.
- 3.9 One of the recommendations in this review was that a long-term vision and strategy needed to be prepared for the border sector. We agree. We discuss this in more detail in paragraphs 5.11-5.15.

### **Customs**

- 3.10 Customs has created risk profiles based on trends and known indicators of potential illegal activity, such as the risk profile of a typical drug smuggler. Customs’ Passenger Targeting Unit assesses pre-arrival passenger information against these risk profiles and identifies passengers that could pose a risk. This allows Customs to target its frontline resources more effectively.
- 3.11 Various agencies communicate with, work alongside, and provide information to Customs to help keep our border secure. Customs has agreements with a number of agencies to share information about common interests. For example, Customs and New Zealand Police share information about drugs, weapons, and objectionable material.
- 3.12 Customs is part of an agreement between New Zealand, Australia, Canada, the United States of America, and the United Kingdom (the Border Five). The Border Five has agreed, in principle and where it is legal to do so, to share information and intelligence, including international trends and intelligence reports for the purpose of border security. The Border Five aims to increase international collaboration through secure and appropriate information sharing. Customs also has agreements to share information with other countries such as France and some Pacific Island nations.
- 3.13 Customs is also working more extensively to gather intelligence on passengers before they arrive at the border. For example, Customs has appointed a staff member in Hong Kong. A major benefit of the posting is that intelligence can be collected there that could lead to efficiency gains in security at the border.<sup>9</sup>
- 3.14 Generally the information that airlines give to Customs is fit for purpose. This is supported by the airline industry having a limited number of passenger

<sup>8</sup> *Integrated Targeting and Operations Centre (ITOC) Review 2016*, Simon Murdoch.

<sup>9</sup> Additional benefits of this posting include intercepting illicit goods offshore, which will cut down on resources spent on on-shore processing, searching and disposing of goods, and investigations. It could also advance the working relationship with the Hong Kong Customs Service.

booking systems that are used by all commercial airlines around the world. The information Customs receives from airlines comes in two forms: Advance Passenger Information and Passenger Name Record Data. This information contains important passenger details that Customs uses to assess a passenger's risk.

- 3.15 The Passenger Name Record Data is “a record in an airline's computer reservation system that contains a range of information including the itinerary of a passenger, ticket information, contact details and means of payment”.<sup>10</sup>
- 3.16 Cruise lines provide Advance Passenger Information to Customs. However, because each cruise line operates its own booking system, there is greater variation in the quality of the passenger information and the format in which Customs receives it. Customs also has to manually enter this information into its systems. This makes profiling cruise ship passengers harder because Customs cannot automatically assess the passenger information against its risk profiles as it does with the airline data.

### Ministry for Primary Industries

- 3.17 MPI's approach differs from Customs in that a lot of its intelligence work is based on generic profiling and trends rather than solely working to identify individual passengers of interest. MPI monitors for specific emerging biosecurity risk events when certain countries or regions pose a higher risk. For example, an outbreak of Queensland fruit fly in Adelaide will result in an emerging risk report for frontline staff and heightened awareness and levels of intervention for passengers arriving from or through Adelaide. This kind of profiling is used to ensure that frontline staff know to pay extra attention to passengers arriving from specific places during high-risk times or after particular events.
- 3.18 As well as information received from airlines and cruise lines, MPI receives high-level information from a variety of sources, such as international agencies. This information often relates to animal health, fisheries, environmental, or biological issues. For example, it receives information about the prevalence of fruit flies in other countries.
- 3.19 Through the use of intelligence, MPI can group passengers according to their potential risk, directing resources to matters of higher risk. An example of this is the establishment of the green lane at Auckland International Airport. This lane is currently only for New Zealand and Australian passport holders because information has shown them to be a low-risk group for biosecurity breaches.

<sup>10</sup> The use of Passenger Name Record Data for border risk assessment purposes is governed by international standards and recommended practices endorsed by the International Civil Aviation Organisation in consultation with the World Customs Organisation.

MPI acknowledges that further work could be done to improve how it gathers intelligence and targets frontline resources.

- 3.20 MPI has introduced advertising campaigns, such as videos to play on airplanes, to educate incoming passengers about biosecurity risks.
- 3.21 Because MPI does not assess individual passengers for risk before they arrive at the border, it relies heavily on the passenger's presentation on arrival. Although this is more resource intensive, it is a necessary approach. New Zealand law requires passengers to declare on their passenger arrival card any goods that could be a biosecurity risk, including airline food, or to otherwise dispose of it in the amnesty bins at the border. If a passenger declares goods, a Quarantine officer inspects the items and assesses the level of risk. In our view, MPI manages risk appropriately with this approach.
- 3.22 The pre-arrival information that MPI receives from cruise lines includes information about the crew, passengers, and ship. Using this information, MPI can assess the level of biosecurity risk the ship presents and the level of inspection that will be required when it arrives at the port. For example, the ship's itinerary may provide information on when and where fresh produce, which could pose a biosecurity risk, has been taken on board. Quarantine officers carry out clearance procedures for any crew or passengers and their accompanied goods when disembarking the ship.
- 3.23 MPI has worked closely with two major cruise lines to understand its logistics and processes. This has enabled MPI to provide a level of risk-based accreditation to these organisations, and to target resources to higher-risk cruise operators that are not currently accredited.

### **Immigration New Zealand**

- 3.24 Immigration New Zealand decides whether people who are not New Zealand citizens can enter the country. Where appropriate, this can include preventing individuals from boarding the aircraft. This is more efficient than dealing on arrival with passengers who pose a risk.
- 3.25 Many of Immigration New Zealand's passenger checks are done through the visa application process. However, there are 59 countries where people do not have to apply for tourist visas to come to New Zealand. This limits Immigration New Zealand's ability to check and exclude passengers who might pose a risk.
- 3.26 Immigration New Zealand receives advance passenger information from the airlines. This information contains important passenger details that Immigration New Zealand uses to decide on the passenger's risk and their right to enter

New Zealand. The Immigration Act 2009 states that it is the responsibility of the airline to ensure that everyone boarding the aircraft has appropriate Immigration New Zealand documentation.<sup>11</sup> Airlines that fly to New Zealand must check passenger information using the Advance Passenger Processing system. This is an automated system for checking passengers' visas and identities against watch lists and other databases at check-in. Every traveller gets checked against this system and, because this system uses real-time information (including links to the Interpol lost or stolen travel documentation database), decisions about whether the passenger can board are made. Airlines must also comply with directions from Immigration New Zealand.

- 3.27 Immigration New Zealand uses the advance information provided by airlines to carry out risk assessments of passengers. If a person is deemed to be a risk, an alert is put into CusMod.
- 3.28 There are limitations to this process. Because Immigration New Zealand does not have an automated system to assess the information it receives from the airlines, this information is risk assessed manually. This is inefficient and means that only flights carrying passengers who pose the highest risk are assessed.
- 3.29 There are also limitations with the information that cruise lines give to Immigration New Zealand about cruise ship passengers. Immigration New Zealand does not get advance notice for cruise ship passengers because they are granted a 28-day visa waiver.<sup>12</sup> Having incomplete information affects the ability of Immigration New Zealand's intelligence staff to assess these passengers for risk.
- 3.30 Because Immigration New Zealand has difficulty obtaining all the information it needs from cruise lines, getting further information from the other agencies could improve its capacity to carry out risk assessments.

## How Customs and Quarantine officers receive information

### Customs and Quarantine officers receive information to effectively process passengers

- 3.31 Customs and Quarantine officers told us they felt they had the information they needed to effectively process incoming passengers and their goods. They have intelligence briefings before shifts, and receive intelligence, where appropriate, by email or as alerts loaded against particular passengers. Frontline officers can also identify risks based on their knowledge of generic risk profiles.

11 Immigration New Zealand (2017), *Immigration New Zealand Operational Manual – Border entry*, Wellington, page 15.

12 This is because the passengers are only transiting through New Zealand. If a passenger who would otherwise require a visa for New Zealand leaves the ship, they will be subject to standard entry immigration processing by a Customs officer.

- 3.32 In our view, Customs and Quarantine officers have the information they need to effectively process incoming passengers.

### **Customs and Quarantine officers share information with intelligence staff**

- 3.33 Frontline staff are a major source of information for their agencies. The information they see and collect at the border is important to intelligence staff when updating and refining risk profiles.
- 3.34 Customs has well-documented procedures to ensure that information gathered by frontline staff is fed back to the intelligence cycle. Customs officers are required to record interactions with passengers through activity reports or intelligence reports, which are entered directly into CusMod. Intelligence staff have access to all of these reports and can use them to refine, inform, and keep the risk profiles up to date.
- 3.35 Customs is trialling a Liaison officer role at three major ports. The role is intended to bridge the gap between frontline and intelligence staff and improve the quality of intelligence information.
- 3.36 MPI could improve how it records information from frontline staff. MPI only records interactions where a passenger's goods have been detained and/or directed for treatment or destruction. This means that there are missed opportunities for recording information, especially when a passenger has been detained but then released.
- 3.37 MPI's process for collecting information from frontline staff is limited by its system. The system, MPI Pax (see Part 4), does not allow frontline staff to enter information directly into it. Instead, external contractors collect handwritten information from frontline staff and enter it into MPI Pax. This is not efficient. Relying on handwritten data means that the quality can be compromised if the spelling and handwriting is unclear or incorrect. There is also no quality assurance process for the data entry. This is a lost opportunity to fully use the intelligence gained at the ports.
- 3.38 MPI's intelligence staff use the information about passengers who have had goods seized to create profiles of high-risk groups. It is important that these profiles continue to be refined and updated to increase the chances of identifying risk and minimise instances of stopping passengers who do not pose a risk.

## Improvements are needed with how some information is shared between the agencies

### Limitations with sharing information

- 3.39 We observed a general willingness from frontline staff to share information with the other agencies when required. However, complex legislation about information sharing can create barriers between agencies.
- 3.40 Information-sharing legislation can be complex and difficult to understand. Each agency has its own legislation that sets out what can and cannot be shared, and with whom. This can become complex when there are multiple Acts to consider, including the Privacy Act 1993. For Customs, the current legislation is unclear, particularly about what information can be shared and with whom. There are about 50 pieces of legislation that govern the sharing of information between government agencies and some of these conflict with each other. We were told that it can sometimes be easier to share information with international agencies because there are only two pieces of legislation that govern this and they are quite specific.
- 3.41 The complexity of information sharing means staff can be hesitant to share information with other agencies, which can lead to inefficiencies. For example, we were told that meeting Customs' requests for information from Immigration New Zealand takes up significant amounts of time that Immigration New Zealand could otherwise be spending identifying risks. The current legislative frameworks can slow down the sharing of information, which, in a time-pressured environment, can affect risk profiling and targeting efforts.
- 3.42 Improvements are needed to how Customs, MPI, and Immigration New Zealand share information. All agencies have expressed an intention to improve how they use and share information.
- 3.43 Some examples of improvements include legislative changes. The Customs and Excise Act review, which is being considered in 2017, aims to simplify Customs' information sharing arrangements. The current Act has nine different regimes for sharing information. There are four parts to the new regime that clarify and make requesting information more structured. Simplifying arrangements for sharing information should mean that the agencies can more easily understand what can and cannot be shared.
- 3.44 Limitations to effective information sharing are not unique to the border sector. A 2015 State Services Commission inquiry, *Government Inquiry into matters concerning the escape of Phillip John Smith/Traynor*, highlighted problems with

information sharing in the justice sector.<sup>13</sup> In our view, there are lessons from this inquiry that could be applied to how information is shared throughout the border sector, such as better integration of information systems.

# Tools and resources available to the agencies

- 4.1 In this Part, we discuss whether:
- the systems used by the agencies enable the effective and efficient use of information;
  - Customs and Quarantine officers have the tools and resources available to process passengers effectively and efficiently;
  - frontline staff are deployed efficiently; and
  - Customs and Quarantine officers receive appropriate training.

## Summary of our findings

- 4.2 There are systems, tools, and resources available to help the agencies make effective use of the information discussed in Part 3. However, there are some limitations, which means that not all processes are as efficient as they could be. In a changing global environment where threats, technological advances, and increased passenger numbers and baggage allowances can increase the demands on frontline staff, being able to work efficiently is particularly important.
- 4.3 Some of the systems used by the agencies lead to inefficiencies with the way information is collected, shared, and used. To make the best use of information, the agencies require systems to be up to date and fit for purpose.
- 4.4 Customs and MPI need to continue to improve frontline staff rostering arrangements and workforce planning to ensure that they can make best use of staffing resources in the future.
- 4.5 Customs and MPI have recently updated their training programmes. We consider that the initial training provided to frontline staff is comprehensive and fit for purpose. However, training of new staff at Customs should include a component on the role and responsibility of MPI, and vice versa.

## Some systems could be upgraded

- 4.6 The functionality of the information technology (IT) systems used by the agencies varies. Customs' system, CusMod, works well for the passenger processing function we looked at. It is fit for purpose for processing incoming passengers, and is likely to remain so for the foreseeable future.
- 4.7 CusMod links all of Customs' databases and allows staff to access all Customs' systems from one place. CusMod enables Passenger Targeting officers to handle large volumes of information efficiently. CusMod has been used for more than 20 years but is still considered to be fit for purpose. Staff told us it meets their needs.

- 4.8 The main system used by Immigration New Zealand is the Application Management System, which supports the visa management function. The Application Management System interacts with CusMod to create and update passenger information and place alerts.<sup>14</sup>
- 4.9 Although Immigration New Zealand considers the Application Management System to be sound, it acknowledges that it was not designed to accommodate the growing systems requirements of border operations, including targeting risks, risk assessment, and workflow management. These systems needs are being addressed through other system solutions. The Application Management System will need to be kept under review to ensure that it is fit for purpose.<sup>15</sup>
- 4.10 Immigration New Zealand also uses the Automated Targeting System – Global to collect Passenger Name Record Data. As described in paragraph 2.5, Customs uses the Automated Targeting System – Global to automatically assess passenger details against established risk profiles. Because each agency assesses different risks, this system does not fully meet Immigration New Zealand’s needs. To assess specific immigration risks, Immigration New Zealand has to manually risk profile passengers based on its risk profiles. Immigration New Zealand is looking to replace this system with one that is more suited to assessing immigration risks. In the meantime, Immigration New Zealand and Customs are looking to establish common risk profiles to minimise any duplication of effort. Having a system that allows it to automatically assess the risk of passengers based on information from airlines would increase effectiveness and efficiency, particularly as passenger numbers increase.
- 4.11 MPI is still using a number of legacy systems from when it was the Ministry of Agriculture and Forestry. Although these systems are usable, they are slow and, at times, unreliable. Having multiple systems also means it takes staff a long time to find and use the right information. There are nine databases that intelligence staff may have to search through to find the information they need, which is inefficient.
- 4.12 MPI’s passenger processing system, MPI Pax, is not user friendly. The system is cumbersome and creates inefficiencies for MPI staff. Because the system is difficult to use, data entry is time consuming. Contractors are employed to manually enter information into the system from handwritten data produced by frontline staff. As discussed in Part 3, there are also limitations to what can be directly entered into MPI Pax.
- 4.13 Each agency collects, analyses, and uses data separately, in part because their systems are not fully integrated. Although not all systems should be fully

14 Ministry of Business, Innovation and Employment (2015), *Business process design document – Manage Applications*, Wellington, page 56.

15 This is outlined in our April 2017 report, *Immigration New Zealand: Delivering transformational change*.

integrated, there is room for some systems to be further integrated throughout the agencies. One benefit of this would be reducing the time each agency takes in responding to requests for information from the other agencies.

- 4.14 The agencies have successfully demonstrated their ability to work together on international trade. Customs and MPI co-created the Joint Border Management System, a multi-agency programme to make trade and passenger border crossings effective and efficient. It was initially designed as a trade system, with the option of adding the passenger information later.
- 4.15 We are aware that there are plans to add passenger targeting functionality to this system in the future. If it is added, this functionality should improve information sharing between Customs and MPI when processing incoming passengers.

### **Customs and Quarantine officers are getting better tools and resources**

- 4.16 Although frontline staff generally have adequate tools to do their jobs, the tools are not always the most up to date. More modern tools would enable frontline staff to process incoming passengers more efficiently.
- 4.17 In mid-2015, Customs trialled the use of mobile devices. It found that having direct access to Customs' systems using these devices improved how efficiently staff could process passengers. Customs has continued to expand its use of mobile technology, including distributing laptops and tablets to enable mobile work stations and remote access.
- 4.18 MPI's legacy systems are incompatible with the operating software of mobile devices. Some devices are provided, but these have limited capabilities. System upgrades would be required before it would be feasible to provide staff with these devices. Providing frontline staff with mobile devices would improve efficiency.
- 4.19 MPI has acknowledged that some of the tools that frontline staff use, such as radios, are outdated. There is a project under way to ensure that frontline staff have more modern and reliable equipment, including new radios. This project will be rolled out by the end of 2017.
- 4.20 Tools are not limited to technology. Detector dogs enable frontline staff to assess incoming passengers for risk much more effectively and efficiently than screening by humans. Customs and MPI have increased their number of detector dogs in the past 18 months to help with screening the increasing numbers of passengers.
- 4.21 It can be difficult to get access to translators, which can affect the ability of frontline staff to process passengers efficiently. With an increase of passengers

coming from non-English-speaking countries, some passengers are waiting for hours until a translator is available to aid staff who are speaking directly to the passengers or Quarantine officers who need to interpret and translate labels on goods, medicines, and food products.

4.22 The agencies are focusing on new and emerging technologies to identify potential risks and increase the efficiency of processing passengers. Customs has Smartgate technology at the border. Smartgate uses facial recognition software to identify passport holders from the Border Five countries. It enables timely processing of passengers and means that Customs can deploy frontline staff more efficiently to other areas, allowing staff to focus on risk.

4.23 In our view, increased access to technology and improved tools should lead to more efficiency gains in the border sector as resources are used more effectively.

### Facilities

4.24 We found that facilities were generally adequate for frontline staff to process passengers at the ports we visited. However, in some instances, facilities were not fit for purpose. At one port, MPI detector dogs were housed in kennels offsite, and there was a lack of private rooms to conduct interviews. Although we acknowledge that the agencies are not responsible for facilities at major ports, they will need to continue to work with the air and sea port companies to improve facilities, where appropriate, so they are fit for purpose.

### Deployment of staff could be more efficient

4.25 Increasing staff numbers will not always be practical. Instead, the agencies can focus on how to best use the resources they do have. The agencies are aware of this and have recently prepared some initiatives to enable them to better target frontline resources based on risk. Examples include the Trusted Traveller Initiative<sup>16</sup> and the Accredited Cruise Ship Programme, as well as technological advances, such as Smartgate. These allow officers to focus on more resource-intensive activities, such as in-depth questioning, baggage searches, patrolling, and attending or delivering training.

4.26 An intelligence-led approach by Customs means that it can carry out risk assessments of most passengers before they arrive in New Zealand. This approach enables it to roster staff according to risk.

4.27 Customs has recently completed a transformation programme that has restructured and refocused staff resources so the right numbers are deployed at the right time to the right places. The programme also introduced an Assistant Customs officer role that is designed to make better use of resources. When we

<sup>16</sup> The Trusted Traveller Initiative is a way of identifying low-risk passengers and allowing these passengers to be processed more quickly, with less interaction with frontline staff on arrival.

were conducting our field work, Customs was still filling vacancies in the major ports.

- 4.28 Both Customs and MPI are working on improvements to ensure that the deployment of frontline staff is done more efficiently. For Customs, the restructure will not be fully operational until the Assistant Customs officers are trained and a workforce planning tool is put in place to plan and organise staff rotation, training, and deployment. There are plans to have this tool working by the end of 2017. MPI is further behind because it is still in collective employment negotiations. However, MPI has plans to put in place a workforce planning tool in 2017/18.

### **Customs and Quarantine officers receive appropriate training**

- 4.29 The training of frontline staff is a strength for Customs and MPI. Both agencies have implemented new and improved training programmes for new starters, including classroom learning, online modules, and on-the-job training.
- 4.30 Customs has improved its training programme to align with its restructure. MPI's training programme has been updated and it has recently introduced a career development framework.
- 4.31 Although Customs and MPI's training programmes are comprehensive, in our view the formal training provided on each other's roles and responsibilities should be strengthened. This training could improve mutual understanding and collaboration between the two agencies.

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#### **Recommendation 1**

We recommend that, as part of their training, new frontline staff for the Ministry for Primary Industries and the New Zealand Customs Service be fully briefed on the roles and responsibilities of both agencies.

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# 5

## How the agencies work together to protect our border

- 5.1 In this Part, we discuss whether:
- relationships between the agencies are strong;
  - the agencies collaborate where it is appropriate to do so; and
  - governance of the border sector supports effective collaboration.

### Summary of our findings

- 5.2 The relationships between frontline staff are generally good.
- 5.3 Each agency has its own priorities at the border and that there are instances where it is more pragmatic for them to work individually. However, we consider that there are some areas where an improved collaborative approach could lead to efficiencies, such as better information sharing. This is particularly important in ensuring a seamless service where multiple agencies are working together at the border.
- 5.4 Border sector governance has strengthened in recent years, which has resulted in increased collaboration in some aspects of their work. The Border Sector Governance Group needs to prepare and communicate effectively a longer-term vision for how the agencies will continue to operate at the border to meet future demands.

### Frontline staff generally work together well

- 5.5 Relationships between frontline staff from different agencies are generally good, particularly between staff in smaller ports, and staff from different agencies who have worked together for a long time.
- 5.6 However, management staff in non-frontline roles had more variable relationships. Some management staff did not have close working relationships with staff from the other agencies because they had competing priorities and were based in separate locations.

### The agencies are increasingly collaborating on projects

- 5.7 Increasingly, the agencies are working more collaboratively on certain projects. There are initiatives to increase collaboration, such as the Border Sector Governance Group. However, in our view, collaboration between the agencies could be improved in some areas, particularly regarding the use of systems, tools, and the deployment of resources.
- 5.8 In early 2016/17, the agencies, building on an earlier project, formed a joint border analytics team. This initiative has seen the agencies collaborate on data analytics to search for, and use, trends and anomalies, and build predictive models. The joint

border analytics team is still in its infancy and so benefits are yet to be realised. However, this is a good example of the agencies working together.

- 5.9 Other examples of the agencies working together include:
- The Continuous Improvement Project (between Customs and Immigration New Zealand), which focuses on how the agencies use information to target passengers. The aim of this project is to improve targeting by ensuring that information is used once and the outcomes are shared between the agencies.
  - The Air Passenger Project (between Customs, MPI, and Immigration New Zealand) will combine data sets from all agencies and generate relative risk profiles and a joint non-compliant list. The results of this project will support integrated border agency efforts to manage the increasing number of passengers crossing the border.
- 5.10 The agencies' different priorities mean that, in some cases, it will be more pragmatic to keep their work separate. The Border Sector Governance Group provides the opportunity for the agencies to discuss possible areas for collaboration at a senior level. In our view, working more collaboratively in this way should lead to efficiencies in the border sector.

### **The Border Sector Governance Group supports effective collaboration**

- 5.11 The Border Sector Governance Group, established in October 2007, includes chief executives from Customs, the Ministry of Business, Innovation and Employment (for Immigration New Zealand), MPI, and the Ministry of Transport. Its purpose is to oversee and work towards a stronger sectorial and systems approach to border management. The Group has a vision to “deliver excellent border management outcomes for New Zealand by thinking and acting as one”. This includes ensuring a more collaborative and integrated approach to information systems to support a stronger and more responsive approach to border management.
- 5.12 As part of this approach, the Border Sector Governance Group prepared *Border Sector Strategy 2008–2013: A Framework for Collaboration for Border Sector Agencies*. The strategy outlines important points of focus that the agencies can collaborate on.
- 5.13 In 2012, a paper on the future direction of the border sector was agreed by Cabinet and the agencies. This outlined a shared view that shared processes, common infrastructure, and technology investments were needed to improve services at the border. A work programme to support this shared view was

prepared and work is under way to identify areas where improvements can be made and shared processes can be developed.

- 5.14 These initiatives show that a stronger collaborative approach is evolving. However, many staff we interviewed as part of our audit were not aware of the shared strategic approach and the work programme supporting it. Communicating the border sector strategy more effectively would help create a culture of collaboration for staff.
- 5.15 A review of ITOC, in October 2016, stated that the border sector strategy needed to be updated. It was recommended that, although the current strategy was fit for purpose, there was an opportunity to prepare a more ambitious strategy to 2030. We support this view, as this would support a more collaborative and integrated approach to information sharing.

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**Recommendation 2**

We recommend that, as suggested by the Integrated Targeting and Operations Centre Review in 2016, the Border Sector Governance Group develop a long-term vision and strategy to 2030. This long-term strategy should include how information-sharing barriers can be reduced, and which systems, tools, and processes border agencies should work together on more collaboratively to ensure efficiencies.

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**Recommendation 3**

We recommend that the Border Sector Governance Group communicate the long-term vision and strategy to 2030 to all staff, to ensure a stronger understanding and create a culture of collaboration between the agencies

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