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Performance Audit

National Marine Unit

Australian Customs Service

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Australian National
Audit Office

Canberra ACT
30 March 2004

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Australian Customs Service in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *National Marine Unit—Australian Customs Service.*

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—http://www.anao.gov.au.

Yours sincerely

P. J. Barrett
Auditor-General

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

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Abbreviations

ACV	Australian Customs Vessels
ADF	Australian Defence Force
AFFA	Department of Agriculture, Fisheries and Forestry—Australia
AFMA	Australian Fisheries Management Authority
AFP	Australian Federal Police
AMSA	Australian Maritime Safety Authority
AQIS	Australian Quarantine and Inspection Service
BSG	Business Support Group
CMMS	Computerised Maintenance Management System
CRAM	Common Risk Assessment Methodology
CWAU	Coastwatch Analysis Unit
CWCSS	Coastwatch Command Support System
DEH	Department of Environment and Heritage
DIMIA	Department of Immigration, Multicultural and Indigenous Affairs
DNV	Det Norske Veritas
EEZ	Exclusive Economic Zone
FFV	Foreign Fishing Vessels
FSB	Financial Services Branch
GBRMPA	Great Barrier Reef Marine Park Authority
GMDSS	Global Maritime Distress and Safety System
LTSP	Long Term Sailing Program
MCR	Maintenance Control Record
NMU	National Marine Unit
NSC	National Surveillance Centre
OPAC	Operations and Program Advisory Committee
PASC	Planning and Advisory Sub-Committee
RDOs	Rostered Days Off

RI&I	Risk Identification and Intelligence
ROPAC	Regional Operations and Program Advisory Committee
SIEV	Suspect Illegal Entry Vessels
UoF	Use of Force
USLC	Uniform Shipping Laws Code
WAP	Work Area Plan

Summary and Recommendations

Australian Customs Vessels – Roebuck Bay, Corio Bay and Hervey Bay.

Source: National Marine Unit

Summary

Background

1. The Australian Customs Service (Customs) is responsible for managing the integrity of Australia's border. The Australian maritime border is the 200 nautical mile Exclusive Economic Zone (EEZ) around Australia's 37 000 kilometre coastline. Customs provides a Civil Maritime Surveillance and Response program to detect, report and respond to potential or actual violations of Australian and international laws. Coastwatch manages and coordinates this program, using a combination of Customs' seagoing vessels, contracted aircraft, and Australian Defence Force (ADF) vessels and aircraft.

2. The National Marine Unit (NMU) contributes to the Civil Maritime Surveillance and Response program. It has eight 35-metre Bay-class vessels (known as Australian Customs Vessels or ACVs) that are capable of maintaining a strategic presence around the Australian coast. NMU patrols operate within, and sometimes beyond, Australia's EEZ. Joint patrols may also be conducted within the territorial seas of neighbouring countries. The NMU undertakes strategic, tactical and standing taskings, which may include:

- information and intelligence gathering;
- intercepting vessels suspected of carrying illegal entrants, drugs and other prohibited or restricted goods;
- intercepting suspect illegal fishing vessels;
- assisting with search and rescue;
- checking on environmental pollution; and
- assisting with park management of offshore nature reserves.[1]

[1] Australian Customs Service, 2003, 'National Marine Unit', *Australian Customs Service*, viewed 13 November 2003, <http://www.customs.gov.au/site/index.cfm?area_id=5&nav_id=268>.

Audit objective and scope

3. The objective of the audit was to examine the administrative effectiveness of the NMU's surveillance and response operations. Particular emphasis was given to the following areas:

- strategic and tactical taskings;
- crew operations;
- crew training;
- asset management; and
- governance arrangements.

Audit findings and overall conclusion

NMU's tasking process—Chapter 2

4. The NMU undertakes strategic, tactical and standing taskings. Strategic taskings are planned, general in nature, and identified as part of a three-month forward planning cycle. Standing taskings are completed for clients on an opportunity basis as part of routine strategic patrols. Tactical taskings are based on specific incidents or events that require an immediate Customs or client agency response to a breach, or alleged breach, of the Australian border. Tactical taskings always take precedence over strategic and standing taskings.

Client agencies

5. The NMU undertakes taskings for Commonwealth, State and Local government agencies and internal Customs' clients. The ANAO had discussions with a number of the NMU's client agencies. All advised that they are more than satisfied with the services provided by the NMU. The Great Barrier Reef Marine Park Authority (GBRMPA) and the Department of Environment and Heritage (DEH) advised that strategic and standing tasking requests will increase as GBRMPA is required to protect more areas of the Great Barrier Reef[2] and DEH's marine areas of control increase.

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[2] The Commonwealth Government, through GBRMPA, is working to increase the number of green zones (currently less than 5 per cent) to 33 per cent to protect the biodiversity of plant and animal life throughout the Marine Park. A revised Zoning Plan was submitted to the Parliament in December 2003 and should be implemented later this year.

Tactical taskings

6. The Coastwatch National Surveillance Centre coordinates tactical response operations on behalf of client agencies. Customs' Enforcement Operations Coordination Unit (Enforcement Operations) is responsible for coordinating a Customs' response to any breach or alleged breach of Australia's border. This may involve a Customs-only, or a joint or multi-agency, response with other law enforcement agencies.

7. The ANAO considers that there are adequate systems and processes within Customs, Coastwatch and the NMU to coordinate and undertake an effective response to the tactical taskings requested by client agencies. The NMU, Enforcement Operations and Coastwatch have documented and implemented procedures for officers initiating and undertaking tactical taskings.

Strategic and standing taskings

8. The NMU receives strategic and standing tasking requests directly from client agencies and Customs' Enforcement Operations.[3] The NMU considers all tasking requests received in the context of operational priorities and fleet availability. The NMU does not prioritise or assess taskings against any specific documented criteria. Consideration is given to factors such as Government and Customs' priorities, NMU maintenance and training requirements, seasonal trends, weather patterns and the timeframes in which the task can be completed. The NMU advises that, to date, it has generally been able to accommodate clients' tasking requests. However, tasking requests may conflict in the future as Customs continues to commit resources to *Operation Eddington*,[4] and DEH and GBRMPA increase their marine areas of control.

9. The ANAO considers that using the results of Coastwatch's Common Risk Assessment Methodology (CRAM) would help the NMU to address possible conflicts between agencies' taskings. The process would also provide a more rigorous basis for assessing the relative importance and urgency of requests. The majority of the NMU's client agencies have already completed a risk assessment of their tasking threats and geographical areas as part of this methodology. As well, NMU patrols operate within the same geographical areas.

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[3] State and/or Local government agencies submit tasking requests through Customs' regional and district offices. These are then forwarded with their own tasking requests to Enforcement Operations.

[4] *Operation Eddington* supports the ADF's *Operation Relex*, which is to detect and deter unauthorised boat arrivals. The current NMU commitment to *Operation Eddington* is four ACVs deployed in northwest Australia and the Torres Strait. This commitment could change with the level of threat.

10. The ANAO found that the NMU has implemented adequate systems and processes for planning, completing and reporting strategic and standing taskings requests. The ANAO considers that these processes could be improved if the NMU were able to use the Coastwatch Command Support System (CWCSS) to automate tasking requests and reporting processes. Currently, a number of key client agencies have, or are in the process of acquiring, access to CWCSS. Clients are able to submit tasking requests electronically; monitor the progress of tasks; receive reports on the outcome of their tasking requests; and view information that is of relevance to them.

Intelligence capability

11. The NMU does not have its own intelligence capability. The Unit relies on Customs' Risk Identification and Intelligence Branch, Enforcement Operations, client agencies and the Coastwatch Analysis Unit as its primary sources of intelligence. Currently, very little intelligence is received from, or provided to, the NMU or ACV crews. An effective intelligence capability requires a two-way exchange of information between the NMU and its intelligence sources. To facilitate this exchange of information, the ANAO considers that the NMU should assign an officer the role of intelligence liaison. This officer would be a point of contact within the NMU and could routinely liaise with, and disseminate information to, all relevant intelligence sources within and outside Customs.

Crew operations—Chapter 3

12. It is important that seagoing officers rostered to ACVs hold current qualifications and certificates as required by the Uniform Shipping Laws Code (USLC).[5] Without these qualifications, NMU crews would not be able to lawfully operate the ACVs in Australian waters. Minimum crewing requirements for the ACVs must also be maintained.

Developing and maintaining crew rosters

13. Preparing and maintaining crew rosters is complex because of the numerous factors that must be taken into account. Currently, the NMU uses five data sources to prepare rosters. The manual processes involved increase the risk of error and reduce the NMU's ability to consider all factors when preparing rosters. The ANAO found that the spreadsheets and database containing the information used to develop crew rosters are not integrated, resulting in data duplication and redundancy. Also, the current systems do not

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[5] The USLC is administered by the Australian Maritime Safety Authority (AMSA) and specifies the minimum marine qualifications required by crewmembers for ACVs to operate in and around Australian waters.

allow the NMU to retain historical data, making it difficult to analyse trends or undertake performance reviews.

14. The ANAO considers that the increase in crew numbers, and the need for two roster cycles covering different conditions of service, will compound existing problems.[6] The NMU recognises the limitations of the systems and processes it uses to develop and maintain crew rosters and views them as a serious concern. It is taking steps to develop and implement a new integrated rostering system. The ANAO considers it is important that the new system integrates all data sources across the NMU that influence ACV patrols and crew rosters. A business case outlining options for leasing or purchasing should be prepared so that the decision to lease/purchase is based on sound analysis. This should also provide assurance that any new system meets the NMU's business needs.

15. The need for an improved and flexible rostering system is well demonstrated by *Operation Rushcutter*, the recent Southern Ocean patrol. This operation had a significant impact on rosters over a period of many months in 2003. Maintaining sufficient crew availability for routine patrols required a tightening of crew leave, a reduction in non-essential training from February to October 2003, and the rescheduling of several maintenance periods. The NMU advised that it was unable to crew four patrols during June and July 2003 because of this operation, as well as illness and injury to other crewmembers.

Onboard verification of qualifications and certificates

16. As previously noted, seagoing officers rostered to ACVs must hold current qualifications and certificates as required by the USLC. Det Norske Veritas (DNV) Rules for Classification of Ships requires shipping companies to establish an onboard verification process to ensure that personnel are qualified, certified and medically fit for the performance of their tasks, in accordance with national and international requirements.[7] The *Navigation Act 1912* also states that unqualified persons are not to perform certain duties on ships and that all crew must be able to produce certificates to proper authorities. Fines apply for non-compliance. It is an individual marine officer's responsibility to maintain marine certification, current qualifications, certificates and medical assessment and to hold current documentation, including passports, identification cards and aboriginal land permits.

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[6] The conditions of service for permanent seagoing marine officers are different to those of officers recruited for Southern Ocean duties. These officers are employed under a 12-month employment agreement.

[7] DNV Rule for Classification of Ships–Part 7, Chapter 5, Section 2, Article 401.

17. To ensure that marine crews comply with mandatory regulations and Customs' instructions, verification of qualifications is undertaken at the commencement of each patrol and also when personnel join or depart during a patrol. Seagoing crew are required to complete a Qualification Check-Off List. All certificates, permits and other documentation must be sighted prior to sailing.

18. The NMU undertook an audit of the onboard verification checklists for the three-month period between 29 November 2002 and 13 February 2003. The audit noted instances where crewmembers either did not have, or did not present, their qualification. With minimum crews, such instances can compromise the crews' ability to undertake taskings and boardings. It can also have occupational health and safety implications. The Marine Operations Section advised that it has re-issued its instructions, relating to the Qualification Check-Off List, in a further effort to ensure that all Commanding Officers and crew comply with these instructions.

Evaluation and analysis of staffing and travel data

19. Currently, the NMU does not analyse staffing data or associated crew travel costs to evaluate trends, identify areas for improvement or potential savings. The ANAO recognises that the Crew Operations Section was only established in May 2002 and for the last 18 months has been involved in extensive recruitment campaigns for permanent marine officers and contract officers for Southern Ocean patrols. The ANAO considers it is important and good business practice for the NMU to regularly review the processes and costs associated with staffing arrangements and crew travel. This analysis will provide valuable input to the annual review of the NMU's domiciling policy and future workforce planning and recruitment strategies.

Crew training—Chapter 4

20. The NMU places the onus for renewing and re-certifying mandatory qualifications, certificates and permits on the individual crewmember. When a crewmember has completed training or re-certified a mandatory qualification, certificate or permit, they provide these details to Marine Standards. The relevant documentation is sighted and the information is recorded in a spreadsheet (*Crew Qualifications Record*).

21. In reviewing this spreadsheet, the ANAO found incomplete information, out-of-date data, the inability to sort on fields and limited scope for any data analysis. It is also very difficult to identify those qualifications that are due to expire. The *Crew Qualifications Record* spreadsheet does not record information on officers currently undertaking further studies to upgrade their formal qualifications. This information is recorded on a second spreadsheet

(*Crew Training)*. However, in reviewing this spreadsheet, the ANAO also found there was incomplete data in most columns.

22. The ANAO considers that the current *Crew Qualifications Record* and the *Crew Training* spreadsheets are inadequate for planning and monitoring training activities. If these spreadsheets are to be used to record and analyse training data, they should be redesigned and existing data validated to ensure that all training related data is accurately recorded. The NMU recognises the current method of recording crew qualifications as a problem and is initiating a project to incorporate this data into Customs' *PeopleSoft* system.[8]

23. To mitigate the risk of marine crew being rostered to or reporting for a patrol without current qualifications, certificates and permits, the ANAO considers that the responsibility for renewing and re-certifying qualifications should be shared by both the NMU and crewmember. Central Office should be aware when each crewmember's qualifications, certificates and permits are about to expire and formally advise the crewmember in writing. Progress in updating qualifications should be monitored and records updated when the qualifications have been renewed. Crew Operations should be responsible for certifying that the seagoing officers on the roster have the appropriate qualifications and certificates. Seagoing officers are still required under s17 of the *Navigation Act 1912* to produce, on demand, their certificates to the proper authorities.

Collection and analysis of training related data

24. During the audit, the ANAO sought to analyse training related data such as training costs, the allocation of training resources and crew training activities. The ANAO found that, while the NMU may retain some of this data, it is not readily available. To extract this information in a usable form requires considerable effort on the part of Marine Standards and Crew Operations. The NMU advised that it did not analyse training related data.

25. The ANAO considers that to effectively manage its training needs, the NMU needs to retain and analyse some basic training data. This information will assist in identifying areas for improvement and support decision-making regarding the allocation of resources and priorities. It will also provide a basis for evaluating and reviewing the effectiveness of current training and development programs.[9] As a minimum, the costs associated with training, how resources are being used and details of the training activities being

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[8] *PeopleSoft* is Customs' software application that manages data and communications for a wide range of functions such as human resources and financial management.

[9] Australian National Audit Office and Australian Public Service Commission, *Building Capability: A Framework for Managing Learning and Development in the APS*, April 2003, p. 22.

undertaken, should be available to adequately monitor training inputs and evaluate outcomes.

Sea riding activities

26. The NMU has set an internal benchmark of 360 sea riding days per year.[10] This target is designed to ensure sufficient coverage of the fleet. Marine Standards advised that, for the past few years, it has not achieved this target because of increased training commitments for new crewmembers and Southern Ocean patrols. The ANAO found that the NMU does not routinely collect any data in relation to sea riding activities such as the number of sea riding days, the number of patrols involved or crews assessed. To be able to accurately determine whether the sea riding benchmark is being achieved or to assess its continued relevance, the ANAO considers the NMU needs to collect and analyse such performance data.

Asset management—Chapter 5

27. The NMU's principle assets are its eight ACVs. As at December 2003, these were valued at $27.7 million and accounted for 98 per cent of the total value of NMU assets. The ANAO found that the NMU has processes and systems in place to manage scheduled and unscheduled maintenance. However, we consider these could be improved by:

- strengthening the NMU's quality assurance processes;
- greater integration of systems and migrating maintenance data from spreadsheets to a relational database;
- improving the control and supervision of contractors by developing better performance monitoring criteria in the maintenance contract; and
- recording and documenting configuration changes with a greater level of detail.

Quality assurance

28. NMU engineers usually perform unscheduled maintenance while the ACV is on a patrol. The ANAO considers that there are adequate controls in place given the majority of repairs are relatively minor. These controls include the engineer signing off the contractor's invoice or checks by Central Office with ACV crews to confirm that the contractor has completed all repairs.

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[10] Sea riding activities involve a Marine Standards Supervisor embarking on an ACV patrol, conducting routine exercises and observing crew performance. This benchmark is 15 per cent of the total target of 2400 operational days for the NMU fleet annually.

29. For scheduled maintenance, the ANAO found that the slipping specification and repair and survey list could not be easily cross-referenced with the Maintenance Control Records (MCRs) and maintenance task sheets. As a consequence, there is a risk that the NMU could be paying for work that has not been completed. The ANAO considers that the quality assurance process would be strengthened, if the NMU was able to ensure that the tasks on the slipping specification and repair and survey list, correlated with the maintenance task sheets and the MCR spreadsheet. We also suggest that consideration be given to having the on-site engineer formally accept the ACV back into service after the sea trials are completed.

Maintenance data

30. Currently, the capacity of the NMU to analyse maintenance and repair data is limited. This is due to the manual process of recording MCRs on spreadsheets, a lack of data capture from maintenance periods and a lack of integration of maintenance spreadsheets and systems. The NMU is aware of this limitation and is currently working towards putting in place a Computerised Maintenance Management System (CMMS), as part of its new maintenance contract. The ANAO suggests that an important function of the new CMMS should be the ability to hold maintenance data in a relational database, increasing the scope for analysis and evaluation.

Performance monitoring

31. The NMU has a performance-monitoring clause in its current maintenance contract, based on the Coastwatch surveillance contracts. This clause specifies that, where an ACV is non-operational due to faulty repairs more than 10 per cent of the time, the NMU can reduce payment. The Coastwatch contracts relate to flying hours for leased aircraft. The ANAO questions whether they are a suitable model for monitoring the maintenance and repairs of marine vessels. The NMU recognises the limitations of the current contract and intends to address these during the negotiation of its new maintenance contract.

Configuration management

32. Currently, the NMU records all configuration changes on a spreadsheet. As at October 2003, this spreadsheet listed 118 modifications. For those configuration changes that require on-going maintenance, the NMU also records the details on Micro Plan 3.[11] The NMU acknowledges that the spreadsheet and Micro Plan 3 are insufficient to adequately document and

[11] Micro Plan 3 is installed on all ACVs and records details of equipment, suppliers, orders, spare parts and equipment running hours.

record configuration changes. Without an adequate record of all modifications undertaken, there is a risk the NMU will not have up-to-date and accurate baseline specifications that reflect the build of each ACV. The NMU plans to address this deficiency by implementing a CMMS, as part of its new maintenance contract.

Asset planning and management

33. Customs developed its Asset Management Framework in 2001 and is currently moving towards implementing this framework across the organisation. The Framework recommends that business groups develop an asset management strategy that is linked with other strategies and produce a formal asset acquisition and replacement plan. The document also specifically recommended that the NMU develop a schedule of life-cycle costs for each ACV.

34. The ANAO found that the NMU had not produced an asset plan or strategy that will assist and guide decision-making regarding the operation and replacement of the Bay-class vessels. If NMU management do not clearly outline their asset strategy and calculate the estimated life-cycle costs, there is a risk that the operating budget may not be sufficient to maintain and operate the NMU fleet over the life of the vessels. The ANAO considers that having an effective asset strategy directly affects the extent to which the NMU is able to strategically manage its assets and maximise its use of available resources. The NMU should, in consultation with Customs' Financial Services Branch, develop an appropriate asset management strategy.

35. The ANAO also considers it is important that Customs now give consideration to the range of issues that need to be addressed in replacing its current fleet of Bay-class vessels, as any future replacement will require significant lead time to implement.

Governance arrangements—Chapter 6

Business planning

36. The Customs' Planning and Performance Framework encompasses three levels: governance, operational, and individual. The ANAO considers this Framework is well designed. It identifies and articulates responsibilities and relationships and gives consideration to who is responsible for what, to whom, and by when. It acknowledges the relationship between stakeholders and those who manage resources and deliver outcomes. The Framework ensures plans are aligned and mutually supportive. Also, the Corporate Planning Guide provides the NMU with helpful step-by-step guidance in developing its Work Area Plan and Risk Management Plan.

Risk management

37. An integrated risk management strategy allows Customs (and the NMU) to identify, analyse, treat, monitor and communicate potential risks. In reviewing the NMU's Risk Management Plan 2003–05, the ANAO noted that the NMU did not complete a SWOT[12] analysis, as outlined in the Corporate Planning Guide. This type of analysis will help the NMU to ensure that all potential risks are identified, assessed and, where necessary, treatment strategies developed. The ANAO suggests the NMU should undertake a SWOT analysis when next reviewing its Risk Management Plan.

Performance information

38. The ANAO examined the adequacy of the performance information used to measure the effectiveness of Customs' surveillance and response activities. Customs reports on the number of operational days achieved by the ACVs, and the number of suspect illegal entry vessels and foreign fishing vessels apprehended. The ANAO considers that Customs cannot determine the NMU's effectiveness solely by the number of operational days achieved, or the number of vessels apprehended. These current performance measures monitor activity only; they do not measure the impact or effectiveness of Customs' surveillance and response activities.

39. In December 2003, Customs commenced a Performance Measurement Project. This project is designed to improve Customs performance measurement reporting arrangements to ensure they are accurate, correct and justifiable; and to better align planning processes with the development of performance measures. The ANAO considers that the performance measures relating to Customs' surveillance and response activities should be reviewed as part of this project and when implementing the ANAO Annual Performance Reporting audit recommendations.[13]

Financial management

40. In the past five years, the NMU has experienced rapid growth, with funding increasing by 230 per cent from $9.1 million in 1999–2000 to $30 million in 2003–2004. It has also received additional funding for Southern Ocean patrols. A basic component of good financial management is establishing a budgetary framework that estimates costs and allocates resources. Such a framework would allow the NMU to monitor actual

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[12] Strengths, weaknesses, opportunities and threats.

[13] The ANAO recently completed Audit Report No.11 2003–04, *Annual Performance Reporting.* The ANAO made two recommendations to improve accountability for, and transparency of, results in agencies' annual reports and the presentation and use of performance information to analyse results. Customs was one of the agencies included in this audit and agreed to both recommendations.

expenditure with its estimated costs. The ANAO was advised that the Customs Business Support Group (BSG) prepares the NMU annual budget with limited NMU input. The ANAO considers that the NMU should have greater involvement in preparing its own budget. However, in order to provide meaningful input into this process, the NMU will need to have a greater understanding of its cost structure and expenditure patterns.

41. Currently, a lack of financial awareness, monitoring of expenditure, and analysis of financial data, reduces the NMU's ability to effectively manage and control its financial resources. The NMU does not prepare reports that analyse trends over time, variances between estimated costs and actuals, or a breakdown of major costs. The NMU is unable to advise the specific costs associated with training, or operating individual ACVs, without significant assistance from the BSG and the Financial Services Branch. The ANAO considers that each Section Manager should be responsible for monitoring and analysing the costs associated with their particular area. This would strengthen the NMU's financial management; increase its ability to control costs; identify inefficiencies or savings; and provide managers with financial data to support decision-making.

Overall conclusion

42. Overall, the ANAO concluded that the NMU's surveillance and response operations are administratively effective. However, the ANAO considers that the NMU's administration could be more effective if its systems and processes were better integrated and automated.

43. The NMU has already taken steps to address a number of issues raised by the audit. The purchase or lease of an integrated rostering system will address data integrity issues and remove a considerable amount of the manual work currently undertaken within the NMU. The successful implementation of its new maintenance contract will provide the NMU with a greater level of contractor oversight and clearly specified performance criteria. It will also improve the control and direction of maintenance services and configuration management.

44. The ANAO has identified a number of areas where further improvements could be made to strengthen the administration of the NMU's operations. These include:

- examining the viability of accessing the Coastwatch Command Support System to automate tasking and reporting processes;
- facilitating the exchange of information and timely dissemination of intelligence;

- analysing staffing data and crew costs to identify trends, process improvements and potential savings;
- analysing training-related data to identify areas for improvement and to support decision-making regarding the allocation of resources and training priorities;
- evaluating the quality and effectiveness of training activities and programs;
- developing an integrated asset management strategy that incorporates life-cycle costs, includes a timeline for the disposal of the ACVs and outlines a plan for the acquisition of replacement vessels; and
- developing a financial management framework and routinely analysing financial data, expenditure patterns and cost structures.

Recommendations

45. The ANAO has made nine recommendations aimed at improving the administrative effectiveness of the NMU's surveillance and response operations.

Agency response

46. The audit of the administrative effectiveness of the National Marine Unit has been beneficial and the opportunity to comment, both consultatively throughout the audit and during the reporting phase is appreciated. Customs agrees with all recommendations. Significant progress is already being made towards implementing these recommendations.

Recommendations

The ANAO has made nine recommendations aimed at improving the NMU's surveillance and response operations. Report paragraph references and abbreviated Customs' responses are also included. More detailed responses are shown in the body of the report. The ANAO considers that Customs should give priority to Recommendations 1, 2, 3, 5, 7, and 9.

Recommendation No.1
Para. 2.40

To improve the effectiveness of the tasking process, the ANAO recommends that Customs undertake a feasibility study to determine the costs and benefits associated with developing the existing NMU module within the Coastwatch Command Support System to:

(a) provide access to the NMU and ACV crews; and

(b) automate existing NMU tasking and reporting processes.

Customs response: Agree.

Recommendation No.2
Para. 2.47

To facilitate the effective exchange of information and timely dissemination of intelligence, the ANAO recommends that the NMU assign an officer the role of intelligence liaison with responsibility for:

(a) routinely liaising with, and disseminating information to, all relevant intelligence sources; and

(b) disseminating intelligence received within the NMU and to ACV commanding officers.

Customs response: Agree.

Recommendation No.3 Para. 3.18

To enable decisions to lease or purchase an integrated rostering system to be based on sound analysis, clear logic and business principles, the ANAO recommends that the NMU:

(a) prepare a business case that considers the costs and benefits associated with leasing or purchasing options; and

(b) review the user requirements developed for the rostering system.

Customs response: Agree.

Recommendation No.4 Para. 3.32

The ANAO recommends that the NMU regularly analyse and evaluate staffing data and associated crew travel costs to:

(a) identify trends, process improvements and potential cost savings; and

(b) provide input to the annual domicile policy review, future workforce planning and recruitment strategies.

Customs response: Agree.

Recommendation No.5 Para. 4.20

To maintain the currency of marine crew qualifications, the ANAO recommends that the NMU adopt a 'shared responsibility' approach by:

(a) increasing the functionality of the *Crew Qualifications Record* spreadsheet or using the *PeopleSoft* system to pro-actively advise when crew qualifications are about to expire;

(b) advising crew members in writing when their qualifications are about to expire;

(c) monitoring each crewmember's progress and updating crew records when qualifications have been renewed;

(d) ensuring up-to-date information relating to crew qualifications and training commitments is available when preparing crew rosters; and

(e) certifying that officers on the roster have the appropriate qualifications.

Customs response: Agree.

Recommendation No.6 Para. 4.27

To better understand, manage and prioritise its training resources and commitments, the ANAO recommends the NMU:

(a) routinely collect and analyse training-related data; and

(b) regularly evaluate the quality and effectiveness of its training activities.

Customs response: Agree.

Recommendation No.7 Para. 5.16

To strengthen the existing processes for ensuring the quality and completeness of the work undertaken by maintenance contractors during the annual maintenance period, the ANAO recommends the NMU:

(a) cross-reference the slipping specification and repair and survey list to the maintenance task sheets and the Maintenance Control Records signed off by the on-site engineer; and

(b) formally document that all work has been satisfactorily completed at the conclusion of the sea trials.

Customs response: Agree.

Recommendation No.8 Para. 5.31

To provide the NMU with an effective framework to guide decision-making regarding the acquisition, operation and disposal of marine assets, the ANAO recommends that the NMU, in consultation with Customs' Financial Services Branch, develop an asset management strategy that:

(a) is integrated with Customs and the NMU's other planning documents;

(b) incorporates the full life-cycle costs for each ACV;

(c) includes a timeline for the disposal of the ACVs; and

(d) outlines a plan for the acquisition of replacement vessels.

Customs response: Agree.

Recommendation No.9 Para. 6.33

To strengthen the NMU's management of its financial resources, the ANAO recommends that the NMU:

(a) develop a sound, useful financial management framework; and

(b) routinely analyse financial data, expenditure patterns and cost structures to support decision-making and the preparation of budgets as well as to identify inefficiencies or savings.

Customs response: Agree.

Audit Findings and Conclusions

Figure 1.1

Australia's maritime zone

Source: Geoscience Australia

1. Background and Context

This chapter outlines Customs' border protection role and its Civil Maritime Surveillance and Response program. The NMU's role and responsibilities as part of this program are discussed. The chapter also includes the objective and scope of the audit and structure of the report.

Introduction

1.1 The Australian Customs Service (Customs) is responsible for managing the integrity of Australia's border. Customs provides a Civil Maritime Surveillance and Response program to detect, report and respond to potential or actual violations of Australian and international laws. Coastwatch manages and coordinates this program, using a combination of Customs' seagoing vessels, contracted aircraft, and Australian Defence Force (ADF) vessels and aircraft. The Australian maritime border is the 200 nautical mile Exclusive Economic Zone (EEZ) around Australia's 37 000 kilometre coastline. This offshore maritime area, at more than nine million square kilometres, is 20 per cent larger than the Australian mainland.[14] Figure 1.1 outlines Australia's maritime zone.

NMU's role in border protection

1.2 The National Marine Unit (NMU) contributes to the Civil Maritime Surveillance and Response program. It has eight 35-metre Bay-class vessels (known as Australian Customs Vessels or ACVs) that are capable of maintaining a strategic presence around the Australian coast. The ACVs are fitted out with modern navigation and communication equipment as well as hardware for boarding, surveillance and interception. Depending on operational requirements, the NMU may also lease additional vessels.[15]

1.3 The NMU provides a range of surveillance and response services for client agencies. Key client agencies include the:

- Department of Environment and Heritage (DEH);
- Australian Fisheries Management Authority (AFMA);
- Great Barrier Reef Marine Park Authority (GBRMPA);

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[14] Australian Customs Service, 2003, 'National Marine Unit', *Australian Customs Service*, viewed 13 November 2003, <http://www.customs.gov.au/site/index.cfm?area_id=5&nav_id=268>.

[15] For example, Customs chartered the motor vessel *Samson Explorer* to transport, on behalf of the Department of Immigration, Multicultural and Indigenous Affairs, suspected unlawful non-citizens to the Australian mainland. This contract expired in September 2002 and was not extended.

- Australian Quarantine and Inspection Service (AQIS);
- Department of Immigration, Multicultural and Indigenous Affairs (DIMIA);
- Department of Agriculture, Fisheries and Forestry—Australia (AFFA);
- Australian Federal Police (AFP); and
- Australian Defence Force (ADF).

1.4 NMU patrols operate within, and sometimes beyond, Australia's EEZ.[16] Joint patrols may also be conducted within the territorial seas of neighbouring countries. The NMU undertakes strategic, tactical and standing taskings, which may include:

- information and intelligence gathering;
- intercepting vessels suspected of carrying illegal entrants, drugs and other prohibited or restricted goods;
- intercepting suspect illegal fishing vessels;
- assisting with search and rescue;
- checking on environmental pollution; and
- assisting with park management of offshore nature reserves.[17]

Border operations involving the NMU

1.5 In addition to routine patrols, the NMU was involved in a number of border operations throughout 2002–2003.

Northern Australia operations

1.6 Customs' *Operation Eddington* supports the ADF *Operation Relex.* This operation aims to deter unauthorised boat arrivals from entering Australian territorial waters. The priority areas of operation are the approaches to Christmas Island, the Ashmore Islands, and the mainland coast between Broome and Gove. The NMU has committed four ACVs to *Operation Eddington* and increased its rate of effort across Australia's northwest and the Torres Strait.[18]

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16 A routine patrol is 22 days–19 operational days and a three-day handover period.

17 Australian Customs Service, 2003, 'National Marine Unit', *Australian Customs Service*, viewed 13 November 2003, <http://www.customs.gov.au/site/index.cfm?area_id=5&nav_id=268>.

18 The current NMU commitment is a continuous NMU presence in the area of operation, an ACV that can respond within 12 hours and another ACV that can respond within 24 hours. This commitment could change with the level of threat.

The ACV Botany Bay at Ashmore Island towing a suspect illegal entry vessel to Darwin with 75 suspect unlawful non citizens and five crew onboard – 1 March 2000.

Source: National Marine Unit

Southern Ocean patrols

1.7 To protect Australia's sovereign interests to the south of Australia, Customs undertook *Operation Rushcutter* during April and May 2003.[19] The operation was a joint initiative of Customs and AFMA and was Customs' first 'armed' civil fisheries patrol of Australian waters in the Southern Ocean.[20] The 40-day operation was to prevent illegal fishing by foreign vessels in Australian waters around Heard and McDonald Islands in the sub-Antarctic.

1.8 Customs received an additional $10.2 million in 2003–04 to undertake three 'surveillance only' patrols and to raise an armed enforcement capability to conduct a second 'armed' patrol post-June 2004.[21] *Operation Patonga* was

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19 The *Aurora Australis*, an Antarctic supply vessel, and its crew were contracted for the patrol.

20 I Macdonald & C Ellison, *First Armed Civil Fisheries Patrol of Southern Ocean Returns*–joint media release by the Minister for Fisheries, Forestry and Conservation & the Minister for Justice and Customs, AFFA03/86M–E47/003, 12 May 2003.

21 If the 'armed' patrol does not proceed, Customs is to return $3.4 million to the Department of Finance.

the first of the 'surveillance only' patrols.[22] During this patrol, Customs detected a Uruguayan flagged vessel suspected of poaching Patagonian toothfish from Australian territorial waters. This resulted in a 21-day, 3900 nautical mile chase, which concluded when a combined Australian/South African boarding party apprehended the vessel in the South Atlantic Ocean on 28 August 2003.

The Australian and South African boarding party board the Uruguayan flagged VIARSA in the South Atlantic Ocean during Operation Patonga – 28 August 2003.

Source: National Marine Unit

1.9 In December 2003, the Government announced that it is going to fund full-time surveillance and enforcement patrols in the Southern Ocean. A two-year interim program is being developed, with estimated costs of $53 million in 2004–05 and $46 million in 2005–06, while a permanent patrol program is being considered. The NMU advised that this funding is to provide for the

[22] The *Southern Supporte*r (and its crew) was the Antarctic vessel contracted for this patrol.

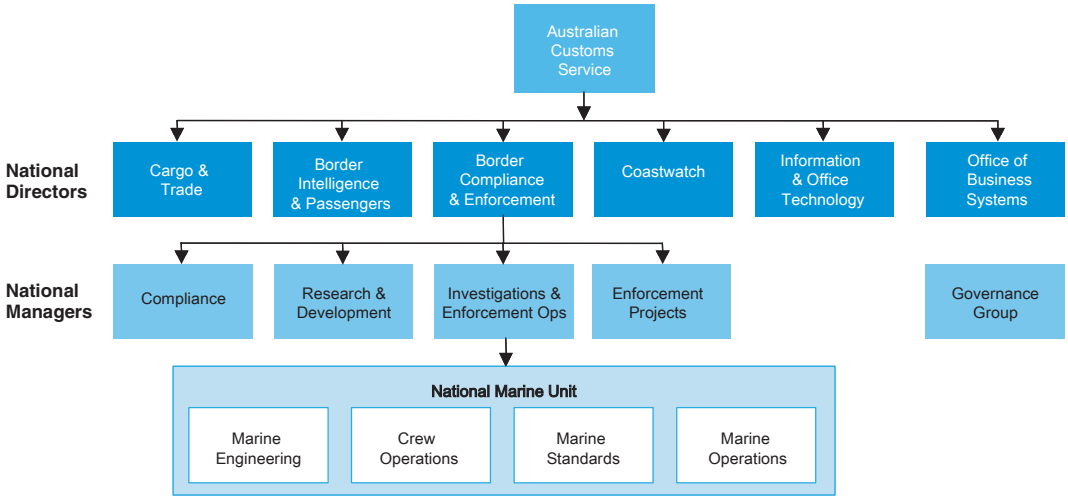
charter of a suitable vessel, recruitment of additional marine officers and to conduct several armed surveillance patrols annually.

Organisational arrangements

1.10 Customs is organised into six divisions and a Governance Group:[23] Cargo and Trade; Border Intelligence and Passengers; Border Compliance and Enforcement; Coastwatch; Information and Office Technology; and the Office of Business Systems. The NMU is part of the Investigations and Enforcement Operations Branch in the Border Compliance and Enforcement Division. Figure 1.2 outlines the organisational arrangements of Customs and the NMU.

Figure 1.2

Customs and the NMU organisational arrangements



Source: ANAO interpretation of Australian Customs Service data.

1.11 The NMU has a nominal staff of 36 officers in Central Office, 2 liaison officers located in Darwin and Cairns and 198 seagoing crew dispersed across Australia. This includes 30 officers recruited in February 2004 under a 12-month Employment Agreement to undertake Southern Ocean patrols.

1.12 A Marine Superintendent manages the NMU, which is divided into the following four sections:

- *Marine Operations*: is responsible for coordinating the tasking of the marine fleet and supervising operations;

[23] The Governance Group is made up of three non-aligned branches: Financial Services; Staffing; and Planning and International.

- *Crew Operations*: provides the day-to-day management of NMU seagoing crews. The Section initiates, manages and administers all aspects of seagoing crew movements, including a seagoing crew deployment roster system;
- *Marine Standards:* is responsible for the provision of competent personnel to undertake seagoing duties. It also ensures that standards, training and personnel preparedness meet the operational requirements of the NMU and are consistent with Customs' priorities and Australian and international standards; and
- *Marine Engineering*: is responsible for the acquisition, maintenance and disposal of ACVs, provision of berthing facilities, sourcing of equipment and financial administration.

1.13 During 2002–2003, the NMU achieved 2332 operational days and completed 1218 strategic and 137 tactical taskings. NMU crews boarded 388 foreign fishing vessels and 385 other vessels[24] and apprehended 61 vessels for breaches of Australian law.[25]

Audit objective, scope and methodology

Objective and scope

1.14 The objective of the audit was to examine the administrative effectiveness of the NMU's surveillance and response operations. Particular emphasis was given to the following areas:

- strategic and tactical taskings;
- crew operations;
- crew training;
- asset management; and
- governance arrangements.

Audit methodology

1.15 The audit methodology included a combination of quantitative and qualitative analysis, file reviews and interviews with Customs, Coastwatch and NMU officers in Central Office and seagoing crew in Sydney, Broome and Darwin. To develop an understanding of the NMU's operational environment,

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[24] This included merchant vessels, Australian fishing vessels and other small craft.

[25] Australian Customs Service, *Annual Report 2002–2003*, Canberra, 2003, p. 67.

an audit team member boarded an ACV in Darwin for a handover patrol to Ashmore Reef. The ANAO consulted widely with the NMU's client agencies[26] and attended a number of Coastwatch's consultative forum meetings with its client agencies. We also observed *Exercise Northern Exile*, a joint operational exercise between the AFP and Customs, which involved NMU vessels and staff.

1.16 The ANAO reviewed other Customs agencies to identify better practice and draw possible comparisons with the NMU. This research included New Zealand, Singapore, Canada, Japan, Hong Kong and the United Kingdom. We found that, due to the extensive differences in organisational structure, operational roles and responsibilities, the size of the fleet and the number of seagoing crew, it was difficult to make comparisons with the NMU. For example, Singapore and Canada are part of Police Coast Guards. Japan and the United Kingdom have separate Coast Guards. The size of the fleets of these countries ranged between one and 385 vessels.

Acknowledgements

1.17 The ANAO would like to express its appreciation to Customs' management and staff for their assistance in the conduct of this audit.

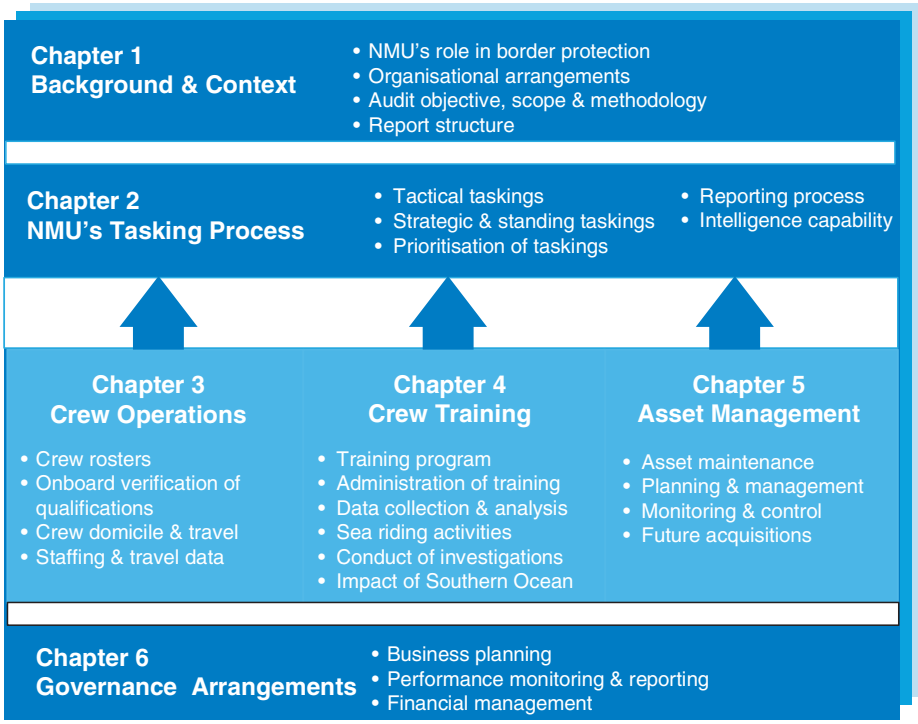
Report structure

1.18 Figure 1.3 (page 38) illustrates the framework the ANAO used to analyse the NMU's surveillance and response operations. This framework formed the basis for the structure of this report.

[26] Agencies included DIMIA, GBRMPA, AFMA, AQIS, DEH and the Australian Maritime Safety Authority.

Figure 1.3

Report structure



2. NMU's Tasking Process

This chapter discusses the systems and processes for planning, completing and reporting strategic, standing and tactical taskings. The NMU's intelligence capability is also examined.

Introduction

2.1 The NMU undertakes strategic, tactical and standing taskings for Commonwealth, State and Local government agencies and internal Customs' clients. Strategic taskings are planned, general in nature and identified as part of a three-month forward planning cycle. These taskings may include environmental investigations, fisheries patrols, scientific research, or updating Customs' remote area dossiers. Standing taskings are completed for clients on an opportunity basis as part of routine strategic patrols. These could include reporting pollution sightings or navigational hazards, unusual marine species sightings or investigating/reporting vessels of interest.

2.2 Tactical taskings are based on specific incidents or events that require an immediate Customs or client agency response to a breach or alleged breach of the Australian border. These could involve intercepting suspect illegal entry vessels (SIEVs) and unauthorised arrivals, targeting foreign fishing vessels (FFVs) or drug interception operations. Tactical taskings always take precedence over strategic and standing taskings. Appendix 2 outlines the strategic, standing and tactical taskings requested and completed by the NMU for the period 01 July 2001 to 30 June 2003.

2.3 The Marine Operations Section is responsible for tasking the ACVs and supervision of operations.[27] Wherever possible, the NMU multitasks ACVs to maximise the operational effectiveness of each vessel and the fleet overall.[28] The ACV Commanding Officer will determine whether a tasking can be completed. Any number of individual or combined factors, such as fuel loads, equipment defects, weather, crew fatigue, time or other operational priorities may influence such a decision.

2.4 The ANAO reviewed the NMU's systems and processes for planning, completing and reporting taskings including:

- tactical tasking requests and response arrangements;

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[27] The Marine Operations Section is located in Central Office and has two liaison officer positions in Cairns and Darwin.

[28] An example of multitasking is where an ACV has been directed to transit to a particular location to complete a tasking and will complete other taskings enroute.

- strategic tasking planning and the development of the NMU's Long Term Sailing Program (LTSP);
- prioritisation of strategic tasking requests;
- reporting by ACVs; and
- the NMU's intelligence capability.

Client agencies

2.5 The NMU may undertake joint taskings with its client agencies and authorised agency officers can be deployed on the ACVs during routine patrols. The ANAO had discussions with a number of these agencies. All advised that they are more than satisfied with the services provided by the NMU.[29] Clients understood that there would be occasions when taskings could not be completed and were happy to renegotiate patrols with the NMU when this occurs. GBRMPA and DEH advised that strategic and standing tasking requests will increase, as GBRMPA is required to protect more areas of the Great Barrier Reef,[30] and DEH's marine areas of control increase.

2.6 DEH has a Service Level Agreement with the NMU to provide environmental services for the on-site management of the Ashmore Reef National Nature Reserve and Cartier Island Marine Reserve.[31] As part of this agreement, DEH provide procedures, guidelines and training to NMU officers so they may carry out environmental services. Selected NMU officers are given additional training to act as DEH wardens.

Understanding the NMU's capabilities

2.7 Customs advised that there can be a lack of understanding of the capabilities of Coastwatch and NMU assets within some client agencies and Customs' regional and district offices. To provide a more realistic appreciation of the NMU's capabilities, Customs' Enforcement Operations Coordination Unit (Enforcement Operations) officers visit regional and district offices as part of an ongoing education and training strategy. The ANAO considers that undertaking joint taskings, and participating in joint exercises, will also help to

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[29] A post patrol questionnaire is completed by client agencies. This questionnaire is designed to identify clients' expectations of service provided by the NMU and the level of performance of marine crews and vessels.

[30] The Commonwealth Government, through GBRMPA, is working to increase the number of green zones (currently less than 5 per cent) to 33 per cent to protect the biodiversity of plant and animal life throughout the Marine Park. A revised Zoning Plan was submitted to the Parliament in December 2003 and should be implemented later this year.

[31] The Service Level Agreement (November 2001) is for the provision of environmental services to the Marine and Water Division of DEH (formerly Environment Australia). The funding provided for these services is $400 000. The NMU is required to deploy an ACV within the reserves for as close to 12 months as is practicable.

increase the knowledge and awareness of the marine fleet's capabilities. As well, NMU tasking officers discuss operational capabilities with clients when assigning tasking requests. The NMU is currently drafting an operations manual, which will be made available to clients.[32]

Tactical taskings

2.8 Coastwatch and Enforcement Operations are the tasking authorities for tactical tasking requests. The operational command and control of the ACVs remains with the NMU. ACVs are generally regarded as being 'in support' of a Coastwatch or Customs' Operation Commander.

2.9 The Coastwatch National Surveillance Centre (NSC) coordinates tactical response operations on behalf of client agencies. The decision to respond is made by the client agency following a surveillance sighting report from a Coastwatch surveillance flight or an ACV. The NMU response may involve boarding FFVs or intercepting SIEVs.

2.10 Enforcement Operations is responsible for coordinating a Customs' response to any breach or alleged breach of Australia's border. This may involve a Customs-only, or a joint or multi-agency, response with other law enforcement agencies. Law enforcement agencies, particularly the AFP, are generally involved in drug interdiction operations.

2.11 The ANAO considers that there are adequate systems and processes within Customs, Coastwatch and the NMU to coordinate and undertake an effective response to the tactical taskings requested by client agencies. The NMU, Enforcement Operations and Coastwatch have documented and implemented procedures for officers initiating, and undertaking, tactical taskings.[33] Customs' Operational Command Training also outlines the roles and responsibilities of the Operation and Group Commanders.

Coastwatch tactical tasking requests

2.12 When the NSC receives a tactical tasking request, it will assess the assets available to respond and determine the most appropriate for the task. Considerations will include the proximity of a response vessel to the sighting and the current tasks being undertaken by the proposed response vessel. Where appropriate, an NMU response is requested in preference to ADF

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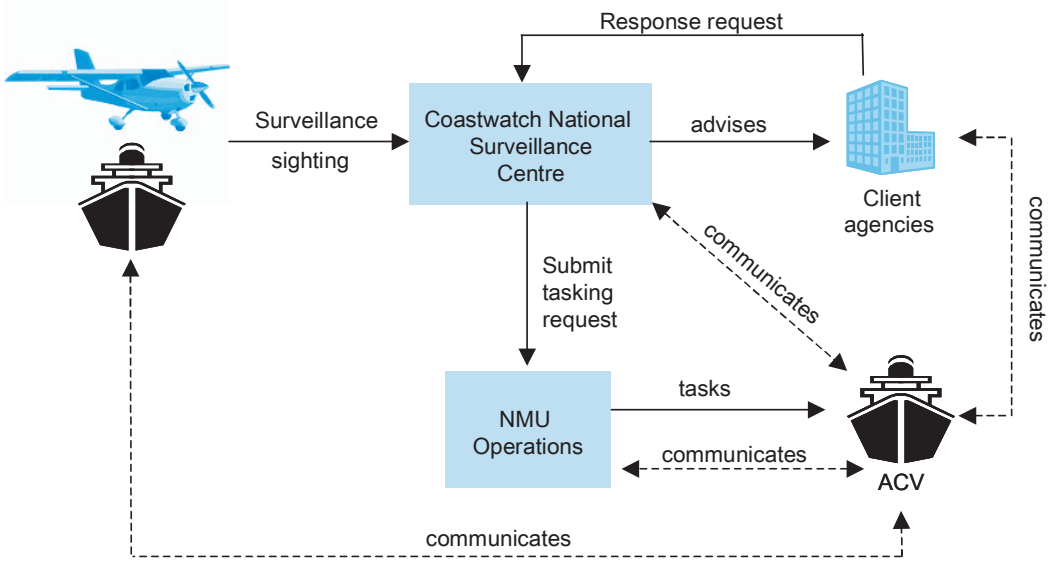
[32] The proposed *National Marine Unit Operations Manual* will provide an overview of the NMU, its assets, ACV capabilities and limitations, deployments/patrol security, tasking processes, occupational health and safety considerations, communications and reporting procedures.

[33] National Marine Unit Operation Instruction No.7 *Tactical Taskings*. National Surveillance Centre Operating Instruction No.25 *Coastwatch Tactical Operations* and Operating Instruction No.28 *Surface Response Request*.

assistance. A charter vessel or aircraft may also be used. Figure 2.1 illustrates the tactical tasking process coordinated by Coastwatch.

Figure 2.1

Coastwatch tactical tasking process



Source: ANAO analysis of Customs data

2.13 Coastwatch submitted 193 tactical tasking requests to the NMU during the period 01 January 2002 to 23 October 2003.[34] The NMU was able to respond to 129 of these requests (66.8 percent).

Customs tactical tasking requests

2.14 A Customs tactical tasking request is usually part of a joint or multi-agency response with other law enforcement agencies. These operations are generally conducted using Customs' operational command principles and a command structure with clearly defined roles and responsibilities.[35] Enforcement Operations is responsible for coordinating Customs' resources for such operations and will submit all tasking requests to the NMU. In certain circumstances, such as a complex operation, the NMU will deploy a liaison officer to support the Operation Commander for the duration of an operation. Figure 2.2 illustrates the tasking process.

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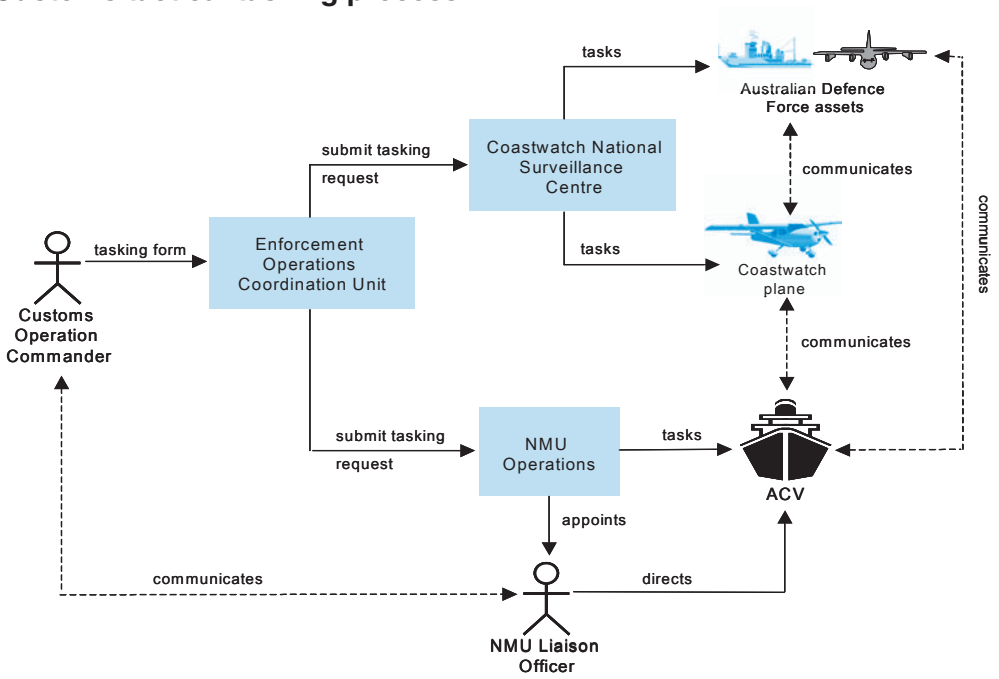
[34] Coastwatch advised that response data is only available from 01 January 2002.

[35] Customs' Operational Command Training is a managerial discipline designed to equip staff moving from an office environment to an operational environment, which is subject to constant change. It deals with the demands of leadership, decision-making, resource management and planning, and fosters a consistent approach to problem solving.

Figure 2.2

Customs tactical tasking process



Source: ANAO analysis of Customs data

2.15 Table 2.1 outlines Customs' tactical tasking requests for the period 01 July 2001 to 30 June 2003 and the NMU's completion rate.[36]

Table 2.1

Customs tactical taskings requested and completed for period 01 July 2001 to 30 June 2003

Year	Tactical Taskings Requested	Tactical Taskings Completed	Percentage Completed
2001–2002	39	38	97.4
2002–2003	30	28	93.3

Source: National Marine Unit

[36] Customs advised that, of the tasking requests not completed, one was completed by helicopter because an ACV was not available. For the remaining requests, on each occasion no ACV was available.

NMU response to tactical tasking requests

2.16 When the Marine Operations Section receives a tactical tasking request, it considers the number of ACVs required, crew numbers and vessel capabilities (fuel, water, victuals). If circumstances permit, consideration is given to crew composition to ensure experienced crew are deployed with less experienced officers. If on a current patrol, crew also need to have sufficient sea time to complete the tasking.

2.17 The NMU advised there could be many reasons that it is unable to respond to tactical tasking requests. These could include the ACVs already responding to other sightings or being too far removed from the area of operation. The client agency may also prefer the responding ACV to continue with a strategic tasking being undertaken on its behalf, rather than divert the vessel to a tactical response.

The ACV Corio Bay apprehending an Indonesian fishing vessel in the Torres Strait on 24 March 2003. The vessel was then towed to Thursday Island.

Source: National Marine Unit

Boarding and apprehension of vessels

2.18 When responding to a tactical tasking request or as part of its routine patrols,[37] the NMU may be required to board and apprehend FFVs or SIEVs. Table 2.2 details the number of boardings undertaken by the NMU and apprehensions for the period 01 July 2000 to 30 June 2003.

Table 2.2

Boarding and apprehensions for period 01 July 2000 to 30 June 2003

	2000–2001	2001–2002	2002–2003
Number of operational days	1331	1356	2332
Number of FFV boardings	193	233	388
Number of SIEV boardings	28	6	0
Number of other boardings(1)	317	210	385
Number of apprehensions(2)	45	31	61

Source: National Marine Unit

Note 1: Other vessels boarded include merchant vessels, Australian fishing vessels and recreational small craft such as foreign and Australian yachts.

Note 2: Does not include administrative forfeitures where catch and fishing equipment is seized from vessel.

The ACV Hervey Bay intercepted and boarded the Wingsang 108, a foreign registered live fish carrier, at Moody Reef, North Queensland on 15 July 2000. The vessel was then escorted to Cairns.

Source: National Marine Unit

[37] Illegal vessels are boarded by the NMU if detected during routine patrols inside Australia's Exclusive Economic Zone.

Strategic and standing taskings

2.19 The Marine Operations Section receives strategic and standing tasking requests directly from client agencies and Enforcement Operations. State and/or Local government agencies submit tasking requests through Customs' regional and district offices. These are then forwarded with their own tasking requests to Enforcement Operations who validate and prioritise requests before submitting them to the NMU.[38] When tasking requests are received, Marine Operations allocates a task number, enters the task into the tasking database and assigns the request to a specific ACV patrol. These patrols form the basis of the NMU's Long Term Sailing Program (LTSP).

2.20 The ANAO considers that the NMU has adequate processes in place to effectively plan and allocate the taskings requested by its client agencies. Figure 2.3 illustrates the strategic and standing tasking process.

2.21 Table 2.3 outlines details of strategic taskings requested and completed for the period 01 July 2001 to 30 June 2003. Appendix 2 provides an analysis of these taskings by client agency and the standing taskings completed for the same period. The NMU advised that reasons for strategic taskings not being completed may include ACVs being assigned to tactical response requests or higher priority tasks, bad weather, vessel breakdowns or crew shortages.

Table 2.3

Strategic taskings requested and completed for period 01 July 2001 to 30 June 2003

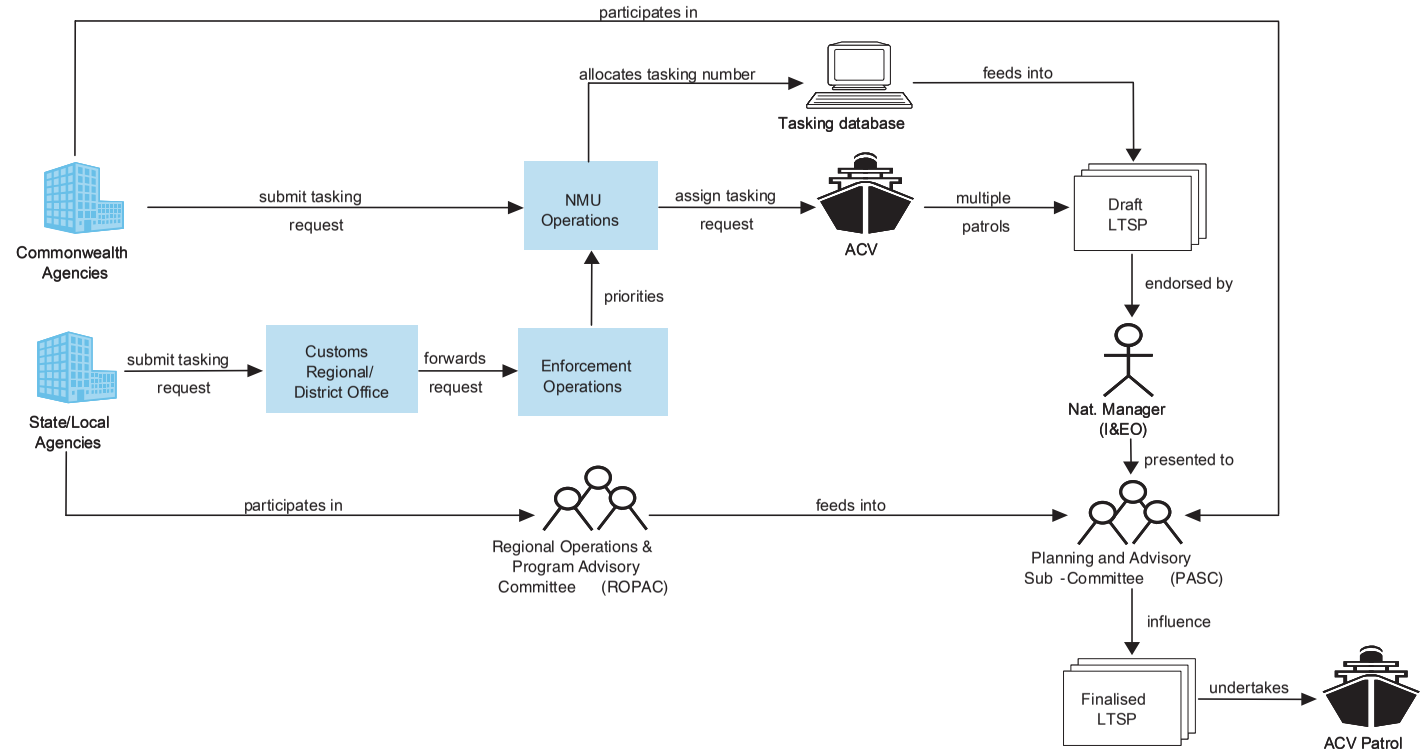
Year	Taskings requested	Taskings completed	Percentage completed
2001–2002	255	232	91.0
2002–2003	324	292	90.1

Source: National Marine Unit

[38] Enforcement Operations assess whether the task is feasible/valid and that an ACV is the most effective means of carrying out the task. If there is a conflict between tasks the Unit will evaluate the priorities associated with the tasks and negotiate alternative arrangements where necessary.

Figure 2.3

Strategic and standing tasking process



Source: ANAO analysis of Customs data

Tasking database

2.22 The tasking database has been in operation since July 2003 for tasking requests and from September 2003 for reporting purposes. The database records tasking requests and the allocation of tasks to patrols. It also generates reports relating to the status of taskings,[39] Coastwatch geographical areas, and vessel boardings and apprehensions.[40] Marine Operations staff monitor outstanding tasks and advise clients when taskings are not completed. Monthly reports are provided to the Marine Operations Manager. Previously, the NMU used a spreadsheet to record and assign tasking requests. The ANAO considers the taskings database is a significant improvement over the previous spreadsheet and provides a capability to analyse and evaluate tasking requests.

Long Term Sailing Program

2.23 The LTSP spreadsheet details the deployment of the NMU fleet to undertake tasking requests.[41] The LTSP is drafted to cover planned ACV patrols for up to six months (for NMU purposes). A three-month LTSP is tabled at the monthly Planning and Advisory Sub-Committee (PASC) meeting coordinated by Coastwatch.

Coastwatch consultative forums

2.24 Coastwatch has established the following forums to coordinate strategic and tactical operations with its client agencies. The NMU participates in these forums and they can influence the development of the NMU's LTSP:

- Operations and Program Advisory Committee (OPAC): meets every three months to develop and review the Civil Maritime Surveillance and Response program, significant events and emerging issues.
- Regional Operations and Program Advisory Committee (ROPAC): meets monthly to discuss regional surveillance requirements.[42] Outcomes are communicated to OPAC and PASC.

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[39] The status of taskings provides details of when the tasking was assigned, if it is outstanding or completed, and if rejected, cancelled or not achieved the reasons for this action.

[40] Details of vessel boardings and apprehensions are outlined in the daily activity summary provided by each ACV. This information is then input into the tasking database by Marine Operations staff.

[41] The LTSP spreadsheet outlines, for each ACV, its 19-day operational patrol and three-day hot handover period. Annual survey/extended maintenance periods are also incorporated as these are a priority and may over-ride a planned patrol.

[42] Clients include State Government agencies that provide additional support to Commonwealth agencies and operations. The NMU liaison officers in Darwin and Cairns or, where possible, an ACV Commanding Officer, will attend these meetings.

- PASC: meets monthly to determine the long-term maritime surface support requirements of Coastwatch and NMU clients. The LTSP, RAN Fleet Activity Schedule,[43] RAAF P3C Maritime Aircraft Support and Coastwatch's long-term flying program are reviewed and discussed.

2.25 Coastwatch and client agencies advised the ANAO that, over time, the PASC meeting has become less effective as an operational planning forum. In part, this may be because agencies, to ensure tasking requirements are met, advise the NMU and Coastwatch of their taskings prior to attending the PASC meeting. Although this has reduced the need for planning all tasks to be covered during the three-month period, the ANAO considers that the meeting can still influence the type of taskings being undertaken and the priority given to taskings.

2.26 Coastwatch and the agencies involved in PASC are trying to make the process more interactive. Each agency now outlines its concerns for the coming tasking period. Historical activity data and threat analyses are being used to determine surveillance and response activity. Coastwatch is also trying to better coordinate its surveillance activity with NMU patrols.

Prioritisation of taskings

2.27 The NMU considers all tasking requests received in the context of operational priorities and fleet availability. Agencies advise the urgency of the task on the tasking request form.[44] If there is a conflict between client taskings, this is discussed and negotiated with the clients. The NMU does not prioritise or assess taskings against any specific documented criteria. Consideration is given to factors such as: Government and Customs' priorities; NMU maintenance and training requirements; seasonal trends; weather patterns; and the timeframes in which the task can be completed. Enforcement Operations prioritise Customs and State/Local government tasking requests before submitting these to the NMU.

Ability of the NMU to meet tasking requests

2.28 Government priorities can impact on the NMU's ability to respond to strategic and tactical taskings. For example, Customs' *Operation Eddington*,[45] requires a significant commitment of NMU resources. As previously stated, four ACVs are deployed in northwest Australia and the Torres Strait to meet

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[43] This schedule is for the Fremantle Class Patrol Boats and the Landing Class (Heavy) Units.

[44] The tasking request form asks agencies to identify if the task is a routine, priority or immediate task.

[45] Customs' *Operation Eddington* supports the ADF's *Operation Relex*, which was mounted in August 2001 to detect and deter unauthorised boat arrivals.

the current level of threat.[46] It should be noted that, even though these vessels are committed to this area of operation and priority is always given to *Operation Relex/Eddington*, the ACVs do complete other tasks during these patrols. However, *Operation Eddington* has reduced the NMU's capacity to undertake some client agency taskings. Routine coverage in coastal areas of Western Australia, Queensland and New South Wales was also reduced.[47]

2.29 *Operation Rushcutter*, which was undertaken in April/May 2003, also reduced the NMU's ability to complete tasking requests. The involvement of 22 seagoing officers in the Southern Ocean training program, and subsequent deployment of 21 officers for the patrol, considerably reduced crew availability and the operational capability of the NMU fleet. The NMU advised that some of the limitations imposed on the fleet during this period included:

- limiting sea operations to daylight hours;
- limiting at sea operations to within 30 nautical miles off the coast;[48]
- operating without a boarding party capability; and
- in the event of a tactical operation, in extreme circumstances, shutting down an ACV and flying its crew to another vessel.

2.30 The NMU advises that, to date, it has generally been able to accommodate clients' tasking requests. However, in addition to existing commitments, DEH and GBRMPA tasking requests are to increase, suggesting that, in future, agencies' requests may conflict.

2.31 The ANAO considers that using the results of Coastwatch's Common Risk Assessment Methodology (CRAM) would help the NMU to address possible conflicts between agencies' taskings.[49] The process would also provide a more rigorous basis for assessing the relative importance and urgency of requests. The majority of the NMU's client agencies have already completed a risk assessment of their tasking threats and geographical areas as part of this methodology. As well, NMU patrols operate within the same geographical areas.

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[46] The current NMU commitment is a continuous NMU presence in the area of operation, an ACV that can respond within 12 hours and another ACV that can respond within 24 hours. This commitment could change with the level of threat.

[47] Australian Customs Service, *Annual report 2002–2003*, ACS, Canberra, 2003, pp. 66-67.

[48] This is only when there was no engineer onboard the ACV.

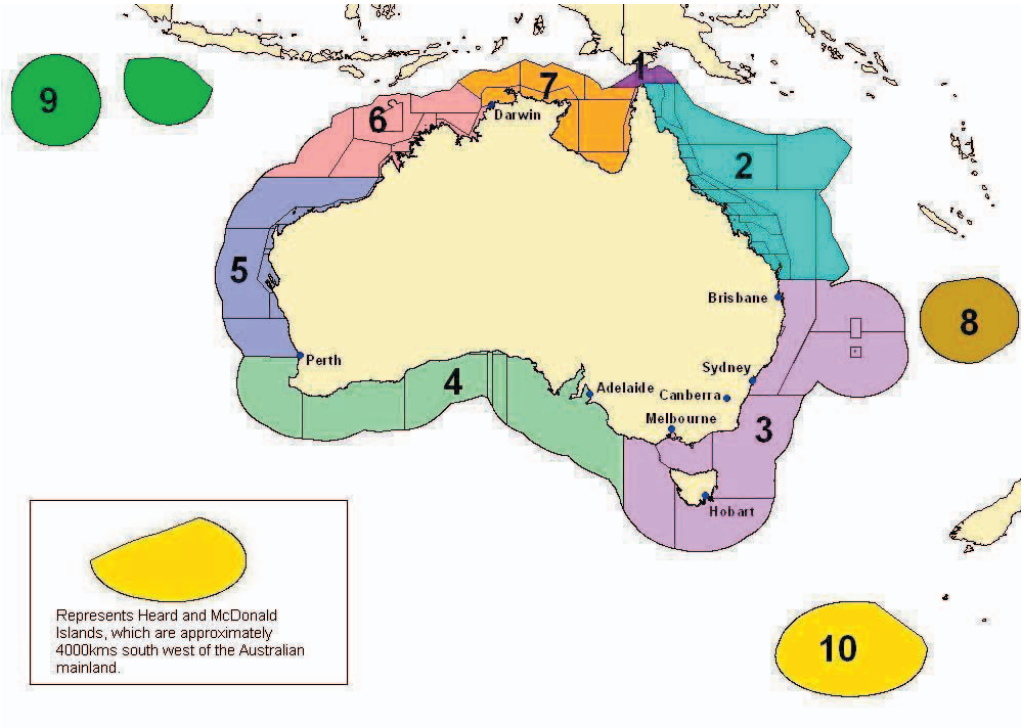
[49] Auditor-General Report No.38 1999–2000, *Coastwatch Australian Customs Service*, recommended developing a common risk assessment process as a basis for ranking and treating client taskings for maximum effectiveness.

Coastwatch's Common Risk Assessment Methodology

2.32 Coastwatch developed CRAM to provide its clients with a risk assessment process that permits all client threats to be considered against a common unit of measurement. The Coastwatch (and NMU) area of interest is divided into ten broad geographical areas, which are further delineated into sub-areas and, for some of these areas, into sectors. Figure 2.4 illustrates these areas. The client agency identifies specific threats for each of the areas that form part of its surveillance needs.

Figure 2.4

Coastwatch and NMU geographical areas of operation



Source: Coastwatch

2.33 Coastwatch, in consultation with client agencies, identified eight high-level threats that relate to tasking requests. These threats include illegal arrivals, resource exploitation by foreign and domestic fishing vessels, marine pollution, suspected breaches of international conventions and the illegal import or export of goods. Agencies derive specific risks for each high-level

threat and then calculate risk scores.[50] The CRAM methodology enables Coastwatch to capture all risks affecting clients in all areas and assess them uniformly. Each area (and sub-area and/or sector) is then assessed, risk-rated and prioritised.

2.34 Although the ANAO did not audit the CRAM process, it would appear to provide a sound framework for assessing and prioritising tasking areas and potential threats to taskings. During discussions with client agencies, it was apparent that they had put considerable effort into completing their risk assessments. The ANAO recognises that not all requesting agencies have completed the CRAM process, but where risk/priority ratings are available, the NMU should consider using these when assessing and prioritising tasking requests. If the existing CRAM process does not meet the NMU's tasking requirements, the methodology could be modified to incorporate particular NMU/client needs.

Reporting process

2.35 Prior to sailing, the Marine Operations Section forwards a patrol brief to the Commanding Officer of the relevant ACV. The patrol brief provides an overview of the patrol, the passengers to be embarked and tasks to be completed. Reports are also prepared by ACVs prior to departure, during and at the completion of a patrol.[51] These are forwarded to the NMU, NSC, Enforcement Operations and client agencies.

2.36 Reporting procedures are outlined in a number of NMU Operations Instructions and the Coastwatch Manual for Surveillance Units (Section 5).[52] However, the ANAO found that there was no consistency in the format used for post patrol reporting or the method of transmission. During the audit, the NMU advised that an Operations Instruction is being issued stating the format to be used and that the report is to be emailed before the crew leaves the ACV.

2.37 The ANAO found that the NMU has implemented adequate systems and processes for planning, completing and reporting strategic and standing taskings requests.[53] The ANAO considers that these processes could be

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[50] Client agencies assess risks according to the potential impact they would represent to Australian economic, environmental and community interests and the likelihood of the risk occurring.

[51] Reports include: a Marine Patrol Order prior to departure, a daily activity summary, surveillance sighting reports and, at the completion of a patrol, a Marine Patrol Report, Environmental Warden's report and the Commanding Officer and Engineer handover notes.

[52] Operations Instruction No.2 *Preparation of the Daily ACV Status Report*, Operations Instruction No.14 *Daily Activity Summaries Collection and Distribution*. Reporting Procedures will also be included in the *National Marine Unit Operations Manual*, which is currently being drafted.

[53] Documented processes include: Operations Instruction No.11 *Registration of Client Taskings*, October 2002; Operations Instruction No.23 *ACV Long Term Sailing Program*, January 2003; and Operations Instruction No.5 *Strategic Patrols (Non International Voyages)*, October 2002.

improved, if the NMU was able to use the Coastwatch Command Support System (CWCSS) to automate tasking requests and reporting processes.

Coastwatch Command Support System

2.38 CWCSS automates and integrates most of Coastwatch's business procedures and facilitates communication with clients and surveillance contractors. Currently, a number of key client agencies have, or are in the process of acquiring, access to CWCSS.[54] Clients are able to submit tasking requests electronically; monitor the progress of tasks; receive reports on the outcome of their tasking requests; and view information that is relevant to them. A number of these clients are common to the NMU. Additional benefits would include:

- daily activity summaries and post patrol reports from the ACVs could be forwarded electronically to the NSC and an NMU mailbox for distribution;
- relevant information could be distributed electronically to clients in a more timely manner using modified CWCSS templates;
- CWCSS would provide the NMU with a capability to evaluate tasking data; and
- the NMU and Coastwatch tasking request and reporting processes for client agencies would be consistent.

CWCSS NMU module

2.39 The initial CWCSS request for tender and user requirements incorporated a module for the NMU. Although this module was never fully developed, it included the requirement for ACV crews to have daily access to CWCSS, to receive patrol briefs and other information, and to send reports to the NMU, the NSC and client agencies. The ANAO has been advised that minor modifications would be required to provide access to the NMU and ACV crews.[55] Although the ANAO considers there are benefits to the NMU and its clients by including the NMU within CWCSS, it also recognises that there will be costs associated with providing such access. For this reason, it is recommended that a feasibility study be completed by Customs to determine all costs and benefits involved.

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[54] The DEH, DIMIA and GBRMPA have dial-in access. AFMA is pursuing a connection through a standalone computer and Coastwatch are working on a network-to-network connection with AQIS.

[55] The system has the capacity to trial this module in a pre-production environment to determine what modifications would be required and to test any subsequent changes.

Recommendation No.1

2.40 To improve the effectiveness of the tasking process, the ANAO recommends that Customs undertake a feasibility study to determine the costs and benefits associated with developing the existing NMU module within the Coastwatch Command Support System to:

(a) provide access to the NMU and ACV crews; and

(b) automate existing NMU tasking and reporting processes.

Customs response

2.41 Agreed. Customs has commenced evaluation of the practicalities of providing NMU and ACV crews with access to CWCSS and incorporating NMU tasking and reporting systems into the CWCSS development environment.

Intelligence capability

2.42 The NMU does not have its own intelligence capability. The Unit relies on Customs' Risk Identification and Intelligence (RI&I) Branch, Enforcement Operations, client agencies and the Coastwatch Analysis Unit (CWAU)[56] as its primary sources of intelligence. The NMU participates in the Coastwatch daily briefing and will disseminate information to the ACVs on a 'need to know' basis.[57] During tactical response operations, Coastwatch and Enforcement Operations provide situational updates to the NMU and relevant ACVs.

2.43 The NMU advised that it does not receive intelligence from its client agencies and has recently initiated a request for intelligence support from the CWAU. The purpose of this request is to provide ACV crews with background information, details of apprehensions, seasonal trends relating to FFV activity and immigration issues. Such information will enhance their knowledge and understanding and assist them in the conduct of maritime surveillance and response activities. The ANAO understands that, currently, the only information of this nature available to crews is a report on FFVs, prepared by the ADF Headquarters Northern Command in December 2000.[58]

2.44 This type of information generally forms part of an operational intelligence assessment and, to remain relevant, needs to be updated regularly.

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[56] The CWAU has a number of intelligence officers with experience in analysing illegal immigration and fisheries activities. The analysts work on a roster system as the CWAU operates on a 24-hour basis.

[57] Coastwatch provide a daily briefing covering the status of Coastwatch, NMU and ADF assets, activities of interest, planned surveillance flights and an intelligence update.

[58] Headquarters Northern Command Joint Intelligence Branch *Foreign Fishing Vessels in the NORCOM Area of Operations*, December 2000.

Coastwatch acknowledges the benefits that such assessments would provide to the NMU and has undertaken to provide these assessments within current operational and tactical intelligence priorities. To date, it has not had the resources to complete operational assessments. The CWAU also relies on information provided by its client agencies, which at times can be constrained by their own resourcing. To encourage and develop the exchange of information and better target surveillance activities, Coastwatch is coordinating a number of operations with particular client agencies. The operations are based on Coastwatch intelligence combined with clients' historical data. The NMU is involved in the planning of these operations and providing a response capability.

2.45 The RI&I Branch produces strategic and operational intelligence assessments[59] and weekly intelligence reports. The NMU may also request intelligence assessments from RI&I. Enforcement Operations provide the NMU with copies of any relevant strategic assessments. The NMU advised that it rarely receives operational assessments.

2.46 Currently, very little intelligence is received from, or provided to, the NMU or ACV crews. An effective intelligence capability requires a two-way exchange of information between the NMU and its intelligence sources. To facilitate this exchange of information, the ANAO considers that the NMU should assign an officer the role of intelligence liaison. This officer would be a point of contact within the NMU and could routinely liaise with, and disseminate information to, all relevant intelligence sources within and outside Customs. They would also be responsible for disseminating intelligence received within the NMU and to ACV commanding officers as required.

[59] Strategic intelligence assessments are produced by Central Office and are primarily for the use of Customs' senior executives. Operational intelligence assessments are completed by Regions to support target development and operational response activity.

Recommendation No.2

2.47 To facilitate the effective exchange of information and timely dissemination of intelligence, the ANAO recommends that the NMU assign an officer the role of intelligence liaison with responsibility for:

(a) routinely liaising with, and disseminating information to, all relevant intelligence sources; and

(b) disseminating intelligence received within the NMU and to ACV commanding officers.

Customs response

2.48 Agreed. This recommendation will be included as part of an overall strategy to improve intelligence support to the NMU.

3. Crew Operations

This chapter reviews the processes for developing crew rosters and the importance of crew maintaining current qualifications. The NMU's domicile policy is outlined and the need to evaluate and analyse staffing and travel data is also discussed.

Introduction

3.1 The NMU established the Marine Crew Operations Section in May 2002. The Section is responsible for recruiting, managing and administering all seagoing crew movements. This includes developing crew rosters and organising crew travel and accommodation. There are currently 198 seagoing marine officer positions.[60] The normal roster cycle for permanent seagoing marine officers is six weeks, 22 duty days and 20 days rostered days off (RDOs).[61] Officers recruited for Southern Ocean duties are employed under different conditions of service.[62]

3.2 The ANAO reviewed the systems and processes that the NMU has in place to ensure that adequately qualified seagoing crew are effectively deployed across the fleet to meet operational requirements. Our review included:

- developing and maintaining crew rosters;
- the onboard verification of qualifications and certificates;
- crew domicile and travel arrangements; and
- evaluation and analysis of staffing and travel data.

Developing and maintaining crew rosters

3.3 It is important that seagoing officers rostered to ACVs hold current qualifications and certificates as required by the Uniform Shipping Laws Code.[63] If crewing qualifications and requirements are not met, the ACV may not be able to lawfully sail in Australian waters (see also paragraphs 3.20–3.22

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[60] This includes 168 permanent NMU officers and 30 officers employed under a 12-month employment agreement to undertake Southern Ocean patrols.

[61] Operational planning within the roster cycle is based on the average duty requirement of each employee being 173 duty days each year plus annual leave.

[62] Southern Ocean officers will be entitled to one RDO for every: four training days; two duty days (i.e. shore based Southern Operations or other Customs duties); and duty day at sea.

[63] The USLC is administered by AMSA and specifies the minimum marine qualifications required by crewmembers for ACVs to operate in and around Australian waters.

and 4.1). Minimum crewing requirements for the ACVs must also be maintained. The type of patrol, its area of operation and the taskings to be completed dictate crewing requirements. Appendix 3 lists patrol types and crewing requirements.[64] Routine patrols generally require a nominal crew of eight.

Developing crew rosters

3.4 Rostering crews is, predominantly, a manual processes. Crew rosters are generally prepared at least eight weeks in advance. The Fleet Support Officer assigns seagoing crew to an ACV after taking into account the type of patrol, crew qualifications, their availability, and the conditions of service outlined in the NMU's Certified Agreement.[65] The following data sources are used in preparing crew rosters:

- the Long Term Sailing Program (LTSP) spreadsheet, which outlines for each ACV its 19-day operational patrol and three-day hot handover period. The LTSP covers a six-month period;[66]
- crew rostering database containing details of each individual crewmember's sea days, RDOs, training days and recreation leave;
- crew rank and qualifications spreadsheet, which includes details of crewmembers by level, their qualifications, passport number and expiry date, and some training courses;
- crew contact list spreadsheet, which includes each crewmember's rank, homeport, deck and engineering qualifications, date of birth, address and contact details; and
- rostered days worked spreadsheet outlining the days worked by each crewmember for a particular patrol.[67]

3.5 The crewmembers nominated for each ACV patrol are recorded on the LTSP spreadsheet. Figure 3.1 outlines the process for developing crew rosters.

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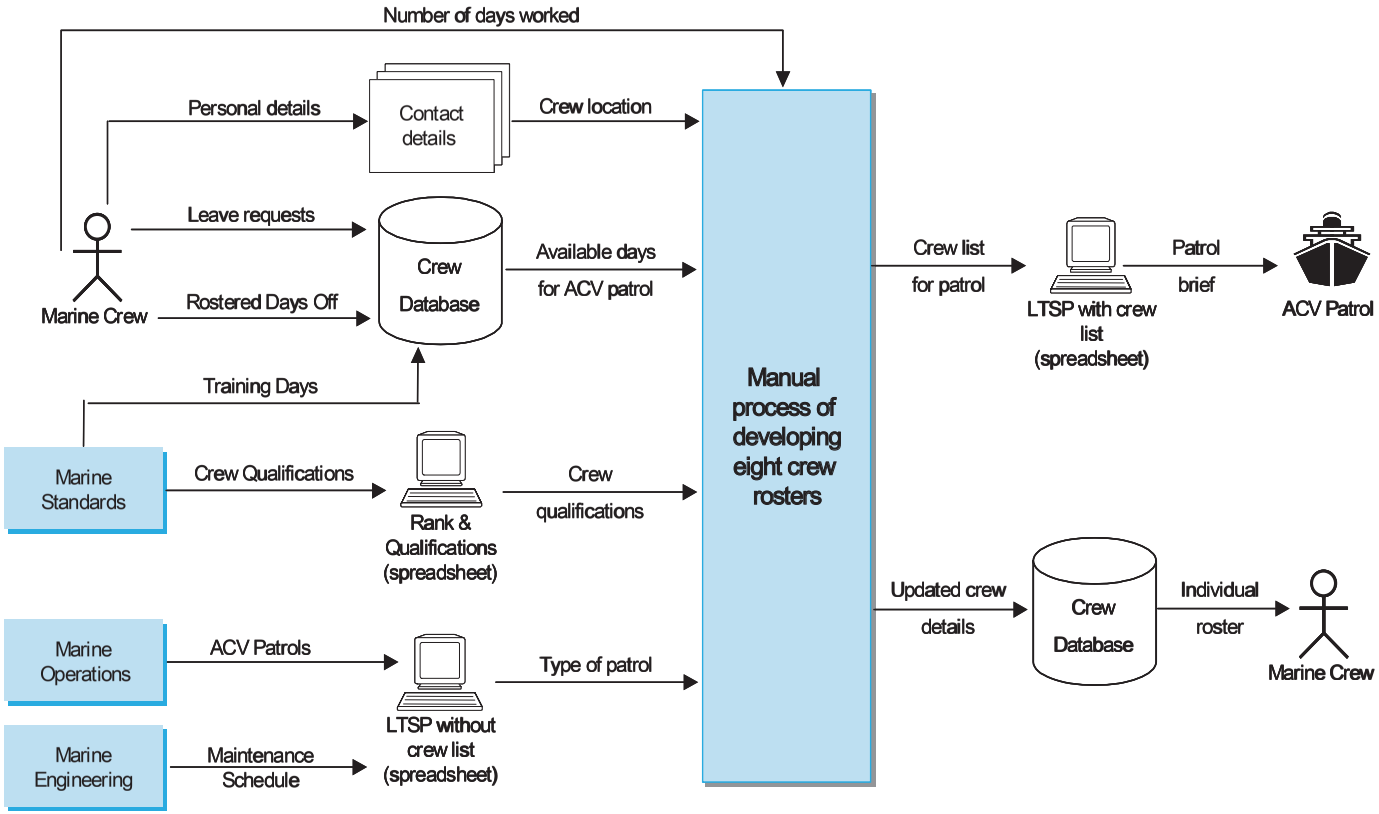
[64] Particular crew qualifications apply if the ACV is operating 'restricted offshore' (within 30 nautical miles of the coast), 'offshore' (out to 200 nautical miles from the coast) or in areas greater than 200 nautical miles from the coast (e.g. Coral Sea Islands).

[65] Duty will be performed over a six-week roster cycle comprising of 22 duty days and 20 RDOs. To meet a tactical response, seagoing marine employees may be required to perform in excess of 22 days but will not be required to perform more than 30 days of consecutive duty.

[66] Annual survey/extended maintenance periods are also incorporated as these are a priority and may over-ride a planned patrol.

[67] Crew Operations use this data to calculate pay and allowances based on marine conditions of service.

Figure 3.1
Crew rostering process



Source: ANAO analysis of National Marine Unit data

3.6 At the end of each patrol, a crewmember must complete a crew attendance record and have this approved by the Commanding Officer. This record includes higher duties allowance, overtime and accommodation allowance details.[68] Crew Operations reconcile and manually calculate total hours and entitlements and input this data into Customs' *PeopleSoft* system.[69]

3.7 Operational imperatives also impact on the development and maintenance of crew rosters. *Operation Rushcutter*, the recent Southern Ocean patrol had a significant impact on rosters over a period of many months in 2003.

Southern Ocean patrols

3.8 *Operation Rushcutter* was undertaken in April/May 2003 and involved:

- a 30-day training program for 22 NMU seagoing crew;[70]
- a 40-day operation for the 21 officers deployed;[71] and
- a total of 1440 RDOs (600 days for the training component and 840 days for the at sea component) for those involved.[72]

3.9 Maintaining sufficient crew availability for routine patrols required a tightening of crew leave, a reduction in non-essential training from February to October 2003 and the rescheduling of several maintenance periods. The NMU advised that it was unable to crew four patrols during June and July 2003 because of this operation as well as illness and injury to other crewmembers. *Operation Rushcutter* highlighted that, without additional seagoing crew, Southern Ocean patrols could jeopardise the operational effectiveness of the NMU fleet because of their effect on staff leave and crew training.

3.10 The NMU has recently recruited 30 officers to undertake Southern Ocean patrols. However, the NMU has advised that, if any of these officers do not complete the training program or are unavailable for patrols, their

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[68] The Marine Conditions of Service include a marine accommodation allowance to be paid to a seagoing marine employee for each night accommodated on board an ACV. Where seagoing crew are required to work in excess of 26 Saturdays and Sundays in any financial year and extra penalty of 200 per cent on top of base salary will apply. An additional penalty is also payable where a seagoing employee is required to perform duty in excess of 191 days during a financial year.

[69] *PeopleSoft* is Customs' Human Resource Information System. This information is forwarded to the National Pay and Accounts Section and processed as a manual adjustment to the crewmember's fortnightly payment.

[70] Operational training period was from 19 February to 21 March 2003.

[71] Operational deployment period was from 3 April to 12 May 2003.

[72] For the training component, RDOs were calculated using the Customs' Certified Agreement (i.e. 22 duty days and 20 rostered days off). For the actual operation, each individual had 40 RDOs.

position(s) will be taken by permanent seagoing crewmembers. This could again adversely impact on routine patrols and crew rosters.

Maintaining crew rosters

3.11 After developing the crew rosters, the Fleet Support Officer must maintain these rosters. Any changes to a roster will invariably flow on to other rosters and assigned crew lists. This could be because a crewmember is injured or ill; takes compassionate leave; undertakes training courses; or is deployed to tactical response operations and higher priority tasks. Changes to a patrol roster require, as a minimum, manually changing the crew listings on the LTSP and details in the crew rostering database. The NMU advises that it makes multiple changes to more than half of all patrol rosters. The ANAO was advised that crewmembers regularly complain about the uncertainties of the rostering system, particularly, the disruption to their family lives, and difficulty in planning training and personal development activities.

3.12 Preparing and maintaining crew rosters is complex because of the numerous factors that must be taken into account. The manual processes involved also increase the risk of error and reduce the NMU's ability to consider all factors when preparing rosters. The ANAO found that the spreadsheets and database containing the information used to develop crew rosters are not integrated, resulting in data duplication and redundancy. For example, the Fleet Support Officer prefers to use Crew Operation's *Crew Rank and Qualifications* spreadsheet rather than the *Crew Qualifications Record* spreadsheet maintained by Marine Standards. Similarly, the LTSP is developed and maintained by Marine Operations but also used by Crew Operations to generate and record crew rosters. The potential exists that, where changes are made to these spreadsheets by other Sections, they may not be picked up by the Fleet Support Officer. This increases the risk that current data is not being used to prepare rosters. Also, the current systems do not allow the NMU to retain historical data, making it difficult to analyse trends or undertake performance reviews.

3.13 The ANAO considers that the increase in crew numbers and the need for two roster cycles covering different conditions of service will compound existing problems. The NMU recognises the limitations of the systems and processes it uses to develop and maintain crew rosters and views them as a serious concern. It is taking steps to develop and implement a new integrated rostering system.

New roster system

3.14 The NMU pursued the need for a new integrated roster system as part of Customs' Staffing Branch's proposal to upgrade its *PeopleSoft* system in 2003. The upgrade was to include a rostering package that would address the

needs of a number of areas within Customs, including the NMU. As part of this project, user requirements were developed for the NMU in May 2003. However, Customs decided, through its National Resource Allocation (NRA) process, not to fund an agency-wide roster package.[73]

3.15 In the light of the NRA decision, the Small Systems Development Unit (SSDU)[74] is redesigning the NMU's existing rostering database as an interim 'fix'. This project will stabilise the existing crew rostering database and provide some additional functionality by incorporating crew qualifications and training data. However, the rostering process would still remain, primarily, a manual process. As the costs associated with this project are currently not being charged back to the NMU, the project has not been given a high priority by SSDU.[75] In the ANAO's view, this is a short-term solution and will not provide an integrated rostering system that would allow the NMU to more effectively and efficiently develop and maintain crew rosters.

3.16 The ANAO understands that, due to the urgent need for a new rostering system, the NMU is considering either purchasing or leasing a system using its discretionary funding.[76] An integrated rostering system would allow the NMU to implement a comprehensive rule-based approach to rostering and integrate existing data sources such as rosters, crew details, training, vaccinations and qualifications. It would also remove a considerable amount of the manual work currently undertaken by Crew Operations, especially if it can be linked to the *PeopleSoft* system.

3.17 The ANAO supports the development and acquisition of such a system and suggests that the NMU review its user requirements. It is important that the new system integrates all data sources across the NMU that influence ACV patrols and crew rosters. A business case outlining options for leasing or purchasing should be prepared by Crew Operations, so that the decision to lease/purchase is based on sound analysis. This should also provide assurance that any new system meets the NMU's business needs.

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[73] Customs has developed its NRA process as a mechanism for prioritising and allocating resources to its various activities. Proposals are developed by the relevant areas and must be accompanied by a risk assessment in respect of the funding being sought. Financial Services Branch examines the proposals in the light of the identified risks, the funding sources, performance data and any other relevant information.

[74] The SSDU is part of Customs' Information and Office Technology Branch.

[75] Charge back for some of the services provided by the SSDU will commence during the 2003–04 financial year.

[76] The NMU's discretionary funding is the $400 000 it receives from its service level agreement with DEH for the provision of environmental services.

Recommendation No.3

3.18 To enable decisions to lease or purchase an integrated rostering system to be based on sound analysis, clear logic and business principles, the ANAO recommends that the NMU:

(a) prepare a business case that considers the costs and benefits associated with leasing or purchasing options; and

(b) review the user requirements developed for the rostering system.

Customs response

3.19 Agreed. User requirements for a rostering system have now been developed and Customs is currently in the process of developing a business case for lease and purchase options.

Onboard verification of qualifications and certificates

3.20 Det Norske Veritas (DNV) Rules for Classification of Ships requires shipping companies to:

> establish an onboard verification process to ensure that personnel are qualified, certified and medically fit for the performance of their tasks, in accordance with national and international requirements.[77]

3.21 Also, the *Navigation Act 1912* states that unqualified persons are not to perform certain duties on ships and that all crew must be able to produce certificates to proper authorities. Fines apply for non-compliance. Currently, it is an individual marine officer's responsibility to:

- maintain marine certification;
- ensure that they are currently in date for their qualifications, certificates and medical assessment; and
- hold current documentation, including passports, identification cards and aboriginal land permits.

3.22 To ensure that marine crews comply with mandatory regulations and Customs' instructions, verification of qualifications is undertaken at the commencement of each patrol and also when personnel join or depart during a patrol. A check-off list is to be completed. All certificates, permits and other documentation must be sighted prior to sailing. The purpose is to alert the Commanding Officer to any crew limitations in an operational situation and to ensure the safe operation of the vessel. If all requirements are not met, the

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[77] DNV Rule for Classification of Ships–Part 7, Chapter 5, Section 2, Article 401.

Commanding Officer is to inform Central Office as the ACV cannot sail without the approval of the Manager, Marine Operations. In certain circumstances, it may be necessary to request an exemption from AMSA, for example, if a cross-border patrol cannot crew two Marine Engine Driver Grade 1 (MED1) officers.[78]

3.23 The NMU undertook an audit of the onboard verification checklists for the three-month period between 29 November 2002 and 13 February 2003. The audit identified the following nine instances[79] (out of some 200) where crewmembers either did not have, or did not present, their qualification:

- two instances where senior first aid certificates had expired or were not presented;
- two instances where AMSA medicals were not current;
- one instance where an aboriginal land permit was not current; and
- four instances where occupational health and safety at sea qualifications were either not current or were not presented.

3.24 The ANAO is also aware of instances where Use of Force (UoF) permits have expired and re-certification training courses have yet to be completed.[80] With minimum crews, such instances can compromise the crews' ability to undertake taskings and boardings. It can also have occupational health and safety implications. For example, a crewmember cannot sail without a current AMSA medical clearance, participate in a boarding party without a current UoF permit, or have any involvement in administering first aid to other crewmembers or clients without a current first aid certificate. The cost associated with these lapses is that officers without current medical certificates must be flown home and may need to be replaced by other officers. This could delay or compromise taskings.

3.25 The NMU advised that there have been occasions where the check-off list has not been properly completed and instances where vessels have sailed when crew have not had or been able to present current qualifications. The implications when the onboard verification process is not properly completed may include:

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[78] The NMU requested and was granted crew-manning exemptions from AMSA on six occasions during the period 2002–2003.

[79] This included one officer failing to either have or present qualifications on three occasions.

[80] For example, in the recent *Exercise Northern Exile* held in Darwin in July 2003, the Commanding Officer of one of the ACVs involved found that a senior crewmember's UoF permit had expired. This meant that an experienced officer could not participate in the boarding party, which was a significant component of the exercise as the ACV was required to intercept and board the target vessel at sea.

- the Commanding Officer does not know whether qualifications and certificates are current;
- the ACV sails with crew whose qualifications/certificates do not meet legislative or NMU requirements; and/or
- the Marine Operations Section is unaware that crew may not have current certificates or qualifications necessary to undertake taskings.

3.26 The Marine Operations Section advised that it has re-issued its instructions, relating to the Qualification Check-Off List, in a further effort to ensure that all Commanding Officers and crew comply with these instructions. The ANAO considers that the NMU could take a more proactive role in monitoring the currency of all qualifications and certificates. This suggestion is discussed in more detail in the *Crew Training* chapter (refer paragraphs 4.19 and 4.20).

3.27 The ANAO also considers that a new rostering system that incorporates all current crew qualifications, certificates and expiry dates would alert the Fleet Support Officer when preparing patrol rosters. Although it would not ensure that crewmembers carry their qualifications and certificates, the system should provide a greater level of confidence within Central Office that crewmembers actually hold all necessary qualifications and certificates.

Crew domicile and travel arrangements

Domiciling policy

3.28 The ACVs do not have designated homeports. Customs determines the homeporting or domiciling arrangements for seagoing crew according to operational requirements. Where possible, it will take account of employees' personal circumstances. These arrangements are outlined in the NMU's current domiciling policy, which was released in May 2003.[81] Current preferred homeports[82] are located in major cities in proximity to the operating/maintenance ports used by the ACVs.

3.29 Preferred homeports are reviewed on an annual basis. The NMU advised that the recent domiciling policy review was primarily concerned with current and future areas of operations and the availability of crew should an immediate response be necessary. At the time of the review, there was

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[81] The policy outlines preferred homeports, domicile arrangements relating to preferred homeports for ongoing and new employees and Aboriginal and Torres Strait Islander officers, relocation requests and avenues of appeal.

[82] As at 28 May 2003, the preferred homeports (in order of operational priority) are: Thursday Island (for Torres Strait Islander trainees and officers); Darwin; Cairns; Adelaide; Brisbane; Sydney; and Canberra.

difficulty in flying crewmembers (within a reasonable timeframe) from Perth, especially to Cairns, Thursday Island and Darwin. The NMU advised that the 2004 policy review would include more detailed analysis such as costs, flight availability, time to work and response capabilities. The ANAO considers this would provide a more comprehensive review of the policy.

Crew travel processes

3.30 The Crew Operation's Travel Cell makes all travel bookings through Customs' preferred booking agent[83] and accommodation broker. The crewmember is advised accordingly. Crew movement officers calculate each person's travel allowance and enter his or her travel details into the travel management system in QSP.[84] On completion of the patrol, the Commanding Officer confirms the actual travel undertaken by all crewmembers. Individual crewmembers are required to complete movement requisition forms and forward any receipts and boarding passes so that all travel costs for the patrol can be acquitted. The ANAO considers that there are adequate controls in place for organising and acquitting marine crew travel.

Evaluation and analysis of staffing and travel data

3.31 Currently, the NMU does not analyse staffing data or associated crew travel costs to evaluate trends, identify areas for improvement or potential savings. The ANAO recognises that the Section was only established in May 2002 and, for the last 18 months, has been involved in extensive recruitment campaigns for permanent marine officers and contract officers for Southern Ocean patrols. This has resulted in a significant increase in both staff and travel costs. The ANAO considers it is important, and good business practice, for the NMU to regularly review the processes and costs associated with staffing arrangements and crew travel. This analysis would also provide valuable input to the annual review of the NMU's domiciling policy and future workforce planning and recruitment strategies.

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[83] Customs seeks the best value of money airfares available but, because of continual changes to rosters, the NMU must have fully refundable airfares.

[84] QSP is Customs' financial management system.

Recommendation No.4

3.32 The ANAO recommends that the NMU regularly analyse and evaluate staffing data and associated crew travel costs to:

(a) identify trends, process improvements and potential cost savings; and

(b) provide input to the annual domicile policy review, future workforce planning and recruitment strategies.

Customs response

3.33 Agreed.

4. Crew Training

This chapter provides an overview of the NMU's training programs. The administration of these programs and the retention and analysis of training-related data is reviewed. We also examined sea riding activities,[85] the conduct of investigations and the impact of Southern Ocean patrols on crew training.

Introduction

4.1 The NMU's operational effectiveness is directly related to its training capability. Without adequate training, seagoing officers will not have the knowledge, skills or ability to perform their duties. The Uniform Shipping Laws Code (USLC), administered by the Australian Maritime Safety Authority (AMSA),[86] specifies the minimum qualifications required by marine crews based on the type of vessel, its size and propulsion power. Without these qualifications, NMU crews would not be able to lawfully operate the ACVs in Australian waters.

4.2 The Marine Standards Section is responsible for ensuring marine crews have the necessary training to effectively complete the strategic, standing and tactical taskings requested by client agencies.[87] Marine Standards is responsible for:

- ensuring standards, training and personnel meet the requirements of the International Maritime Organisation, USLC, AMSA, Customs and the NMU;
- ensuring that seagoing officers receive the necessary education and acquire the relevant certificates and permits required to do their job;
- assisting with Use of Force (UoF) training and ensuring policy is consistent with AFP standards, or where necessary, modifying AFP standards to the marine environment;
- carrying out sea riding activities to verify that seagoing crews comply with standards and relevant NMU policy; and

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[85] Sea riding activities involve a Marine Standards Supervisor embarking on an ACV patrol, conducting routine exercises and observing crew performance.

[86] AMSA is the national safety agency with a primary role in maritime safety, protection of the marine environment and aviation and marine search and rescue. Established under the *Australian Maritime Safety Authority Act 1990* as a Commonwealth Authority, AMSA is largely self-funded through levies on the commercial shipping industry.

[87] Currently, the NMU has two full time officers to conduct and administer Use of Force training and four full time officers for work-ups, induction training and sea riding activities. The NMU is in the process of recruiting an additional two Marine Standards Supervisors.

- conducting investigations into incidents involving injury to personnel, substantial damage to the ACVs or damage to other property.

4.3 The ANAO reviewed the NMU's systems and process relating to crew training, with particular emphasis being given to the following areas:

- training programs for seagoing crew;
- administration of training programs;
- collection and analysis of training related data;
- sea riding activities; and
- conduct of investigations.

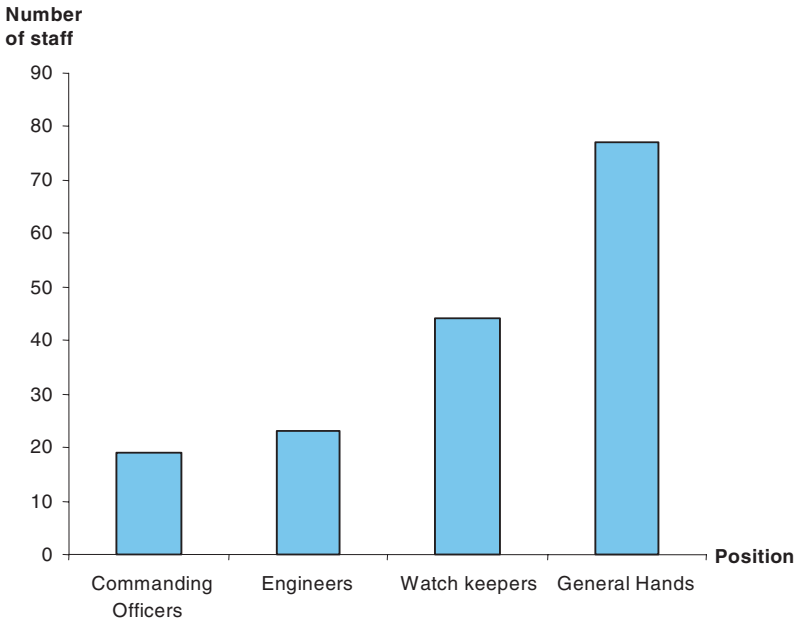
The ANAO also sought to determine the impact recent Southern Ocean patrols had on routine crew training programs.

Training program for seagoing crew

4.4 Currently, the NMU has a nominal seagoing crew of 168.[88] Figure 4.1 outlines the crew profile.

Figure 4.1

NMU crew profile as at November 2003



Source: National Marine Unit Crew Qualifications Record

[88] This figure does not include the 30 officers recruited in February 2004 for Southern Ocean duties.

4.5 The NMU is committed to developing and providing on-going training for its marine crew but it has to balance this with the need to ensure crew are available for ACV patrols and operational requirements. A further consideration is the time and costs involved in training and upgrading marine crew qualifications. This can be considerable. Table 4.1 outlines the estimated costs of upgrading marine qualifications.

Table 4.1

Estimated costs of upgrading marine crew qualifications

Course Name	Course Length (Days)	Full Support[1] ($)	Partial Support[2] ($)
Master Class 5	42	9 325	570
Master Class 4	56	12 865	1 120
Master Class 3	196	41 995	3 750
Marine Engine Driver 2	19	5 250	750
Marine Engine Driver 1	42	9 655	300

Source: National Marine Unit

Note 1: Full support refers to the NMU paying for accommodation, flights, travel allowance and course costs but does not include salary costs

Note 2: Partial support refers to the NMU paying for course costs only

Categories of training

4.6 In light of these competing priorities and cost considerations, the NMU has developed a training policy that prioritises training needs into five categories: mandatory; essential; highly desirable; personal development; and other. For training classified as mandatory and essential, the crewmember will be taken off the ACV patrol roster for the duration of the training and the NMU will meet all costs. Highly desirable training will also be funded by the NMU, but crews will only be taken off the roster if they can be spared. For personal development training, the NMU expects crewmembers to undertake this training in their own time, or by correspondence with the NMU paying for the correspondence course costs. For other training, the NMU will decide, on a case-by-case basis, whether officers are entitled to financial support through studies assistance.

Mandatory Qualifications

4.7 As previously noted, the USLC specifies the minimum professional qualifications NMU officers must have to be able to work in and operate the ACVs. These minimum requirements are the prerequisites a person must have before being employed by the NMU at a particular level (refer Appendix 3). In

addition to these formal qualifications,[89] the NMU requires seagoing crew to hold a senior first aid certificate. Crewmembers must periodically re-certify and renew all certificates and qualifications to ensure their skills and knowledge remain current.

NMU specified training

4.8 The NMU requires seagoing officers to complete the NMU induction training program, UoF training and ACV work-up. This additional training is designed to equip the crew with the skills, knowledge and expertise necessary to perform their duties while onboard an ACV.

4.9 The four-week induction-training program provides crewmembers with information about the NMU and Customs.[90] UoF training provides the skills necessary for seagoing crew to apply the appropriate level of force when conducting boarding operations.[91] To ensure seagoing crew maintain their UoF skills, they must attend an annual one-week re-certification program. Seagoing officers must also participate in an ACV work-up at sea. This provides the crewmember with an understanding of the vessel's layout, safety equipment, operation of tenders, bridge and communications equipment, engineering systems and various safety drills.

4.10 The induction program, UoF training and work-up requires 62 training days. Due to the conditions of service in Customs' Certified Agreement, seagoing crew are entitled to 20 rostered days off (RDOs) for every 22 duty days, which includes training activities. This reinforces the importance of Marine Standards effectively managing the training program to ensure it does not adversely impact on NMU operational requirements.

Seagoing crew nominated training

4.11 The NMU asks seagoing crew to nominate for any training courses they wish to undertake for their own personal development. These courses are not mandatory but are designed to enhance the crewmember's capability. The courses can range from formal education at the Australian Maritime College to self-paced learning programs and can cover a range of topics.

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[89] This includes completing an occupational health and safety at sea course and holding a current AMSA medical certificate.

[90] Topics in the program include an overview of client agencies tasking requirements, Customs' communications, investigations, and search and detention powers.

[91] The UoF training takes four weeks and includes education and practice with a variety of weapons, use of force and self-defence strategies.

4.12 In April 2003, following a review by the NMU and Customs' Staffing Branch, the NMU appointed a panel of three Level 3 seagoing officers to review and prioritise staff requests for training. Priorities are based on a range of factors including the performance of the crewmember, identified skill gaps, NMU operational priorities and future objectives.[92] The panel then developed an order of merit by assigning a priority rating to the crewmember's request. The panel produced the first order of merit in July 2003.

4.13 To ensure that the training panel is meeting its objectives, the ANAO considers that the NMU should review, within the next 12 to 18 months, whether the:

- training identified by the panel has been undertaken by the crewmembers; and
- priority rating assigned to the training course was appropriate.

Administration of training requirements

4.14 The NMU places the onus for renewing and re-certifying mandatory qualifications, certificates and permits on the individual crewmember. When a crewmember has completed training or re-certified a mandatory qualification, certificate or permit, they provide these details to Marine Standards. The relevant documentation is sighted and the information is recorded in a spreadsheet (*Crew Qualifications Record*). The spreadsheet details the position of the crewmember, the qualifications held and the expiry date of their qualifications, permits and certificates. In reviewing the *Crew Qualifications Record* spreadsheet, the ANAO found incomplete information, out-of-date data, the inability to sort on fields and limited scope for any data analysis. It is also very difficult to identify those qualifications that are due to expire.

4.15 The *Crew Qualifications Record* spreadsheet does not record information on officers currently undertaking further studies to upgrade their formal qualifications. Marine Standards advised that, from 01 July 2003, this information has been recorded on another spreadsheet (*Crew Training)*. However, in reviewing this spreadsheet, the ANAO found there was incomplete data in most columns, such as the cost of courses and authorisation.

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[92] Other factors, which may be taken into consideration, include feedback on performance from supervisors, identified development needs, existing qualifications, course prerequisites and the potential for higher-level positions.

4.16 The ANAO considers that the current *Crew Qualifications Record* and the *Crew Training* spreadsheets are inadequate for planning and monitoring training activities. If these spreadsheets are to be used to record and analyse training data, they should be redesigned and existing data validated to ensure that all training related data is accurately recorded.

Currency of crew qualifications

4.17 The currency of crew qualifications is a critical factor in preparing crew rosters. Because of the limited functionality of the *Crew Qualifications Record* spreadsheet, Crew Operations uses its own *Rank and Qualifications* spreadsheet to prepare crew rosters. This increases the risk of data error, duplication and redundancy. Crew Operations advised that there have been instances where changes to the Marine Standard's *Crew Qualifications Record* spreadsheet have not been reflected in its spreadsheet. This has resulted in crew being assigned to patrols without current qualifications or the right qualifications. The NMU also advised that there have been instances where crew have been assigned to patrols when they have been scheduled to undertake training courses.

4.18 The NMU recognise the current method of recording crew qualifications as a problem and is initiating a project to incorporate this data into Customs' *PeopleSoft* system. Crew Operations will then use this system as its primary data source and generate a monthly report listing the qualifications that will expire in the coming month(s). The NMU envisage that this project will be completed within the next few months. The ANAO considers that the NMU will need to validate the information contained in the *Crew Qualifications Record* spreadsheet to ensure the accuracy and integrity of the data being uploaded into *PeopleSoft*. The ANAO also considers that these problems could be addressed through the implementation of an integrated rostering system that incorporates crew qualifications (refer paragraph 3.16 in the *Crew Operations* Chapter).

4.19 To mitigate the risk of marine crew being rostered to, or reporting for, a patrol without current qualifications, certificates and permits (refer paragraphs 3.22 to 3.26), the ANAO considers that the responsibility for renewing and re-certifying qualifications should be shared by both the NMU and crewmember. Central Office should be aware when each crewmember's qualifications, certificates and permits are about to expire and formally advise the crewmember in writing. Progress in updating qualifications should be monitored and records updated when the qualifications have been renewed. Crew Operations should be responsible for certifying that the seagoing officers on the roster have the appropriate qualifications and certificates. Seagoing officers are still required under s17 of the *Navigation Act 1912* to produce, on demand, their certificates to the proper authorities.

Recommendation No.5

4.20 To maintain the currency of marine crew qualifications, the ANAO recommends that the NMU adopt a 'shared responsibility' approach by:

(a) increasing the functionality of the *Crew Qualifications Record* spreadsheet or using the *PeopleSoft* system to pro-actively advise when crew qualifications are about to expire;

(b) advising crew members in writing when their qualifications are about to expire;

(c) monitoring each crewmember's progress and updating crew records when qualifications have been renewed;

(d) ensuring up-to-date information relating to crew qualifications and training commitments is available when preparing crew rosters; and

(e) certifying that officers on the roster have the appropriate qualifications.

Customs response

4.21 Agreed. NMU is currently finalising a review of crew qualifications as part of implementing this recommendation.

Collection and analysis of training related data

4.22 Evaluation of training and development serves two important purposes. It allows an assessment of whether money has been spent wisely, and the opportunity to fine tune strategies and improve delivery.[93] During the audit, the ANAO sought to analyse training related data such as training costs, the allocation of training resources and crew training activities. The ANAO found that, while the NMU may retain some of this data, it is not readily available. To extract this information in a usable form requires considerable effort on the part of Marine Standards and Crew Operations. The NMU advised that it did not analyse training related data.

4.23 The ANAO considers that to effectively manage its training needs, the NMU needs to retain and analyse some basic training data. This information will assist in identifying areas for improvement and support decision-making regarding the allocation of resources and priorities. It will also provide a basis for evaluating and reviewing the effectiveness of current training and development programs. As a minimum, the costs associated with training, how resources are being used, and details of the training activities being

[93] Australian National Audit Office and Australian Public Service Commission, *Building Capability: A Framework for Managing Learning and Development in the APS*, April 2003, p. 22.

undertaken, should be available to adequately monitor training inputs and evaluate outcomes.

Training costs

4.24 Training costs include the cost of the training course, travel, accommodation and travelling allowance. This information should be tied to the individual crewmember undertaking the training. The NMU will then know the full costs of providing training for each crewmember and the NMU overall. It will be able to analyse costing data to more effectively monitor and manage costs, identify possible savings and evaluate training priorities. Having a greater appreciation of the NMU's total training costs will allow the NMU to provide meaningful input into the annual budgetary process. It is only by knowing how much the NMU has spent on training programs and related activities that the NMU can be in a position to advise what resources it requires to effectively fulfil its future training commitments.

Allocation of training resources

4.25 Recording and analysing the time spent by Marine Standard Supervisors on training activities such as UoF training, work-ups, induction courses and sea riding will give the NMU a greater awareness of the resources it devotes to specific activities, and the ability to determine if these resources are being allocated effectively. Keeping this information is also useful when managing the availability of Marine Standard Supervisors because of their entitlement to time-off-in-lieu for sea duties. Analysing this information would allow the NMU to make informed decisions about training priorities, the effective allocation of resources, the adequacy of resources and the optimal level and mix of resources for sea duties and training courses.

Crew training activities

4.26 Data that should be kept relating to training activities includes: the type of course; the number of course training days and participants; and feedback from participants and supervisors. This information gives the NMU a record of its training activities for individual crewmembers and the NMU overall. It will also allow the NMU to evaluate its training activities, to determine that they are meeting the needs of individual crewmembers and the NMU's training outcomes. Feedback from participants and supervisors will contribute to evaluating the relevance of the course content, the effectiveness of the training provided and to forming an opinion on the value for money of external courses. This may be done using course feedback questionnaires to participants and by asking supervisors if participants' performance reflects the training provided. The ANAO considers that the current lack of analysis of

training-related data reduces the NMU's ability to effectively manage its competing training priorities, activities and resources.

Recommendation No.6

4.27 To better understand, manage and prioritise its training resources and commitments, the ANAO recommends the NMU:

(a) routinely collect and analyse training-related data; and

(b) regularly evaluate the quality and effectiveness of its training activities.

Customs response

4.28 Agreed.

Sea riding activities

4.29 Sea riding activities involve a Marine Standards Supervisor embarking on an ACV patrol, conducting routine exercises and observing crew performance. This is to ensure that marine crew comply with the standards and policy set by AMSA and Central Office. At the end of the sea riding period, the Supervisor prepares a report for the Manager of Marine Standards and NMU management.[94] Currently, there are no standard operating procedures or any other formal guidelines to assist Marine Standards' staff on how to conduct sea riding activities. The ANAO considers that documented procedures and assessment criteria would assist new staff members and enable a consistent approach to be adopted across the fleet.

4.30 The NMU has set an internal benchmark of 360 sea riding days per year.[95] This target is designed to ensure sufficient coverage of the fleet. Marine Standards advised that, for the past few years, it has not achieved this target because of increased training commitments for new crewmembers and Southern Ocean patrols. The ANAO found that the NMU does not routinely collect any data in relation to sea riding activities such as the number of sea riding days, the number of patrols involved or crews assessed. To be able to accurately determine whether the sea riding benchmark is being achieved, or to assess its continued relevance, the ANAO considers the NMU needs to collect and analyse such performance data.

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[94] The sea riding report includes observation of crew performance and issues raised by seagoing crew.

[95] This is 15 per cent of the total target of 2400 operational days for the NMU fleet.

Conduct of investigations

4.31 As part of its responsibilities, the Marine Standards Section arranges and/or conducts investigations into any incident involving personal injury, damage to an ACV or where an ACV causes damage to other property. Since 1999–2000, the NMU has conducted three investigations. These have been the collision between two tenders during a work-up and the grounding of two ACVs (one in Darwin and one in the Torres Strait).

4.32 The conduct of an investigation is designed to determine the chain of events leading to the incident, identify possible weaknesses in process and make recommendations to ensure that it does not happen again. Currently, the NMU does not have any standard operating procedures or formal guidelines to assist investigators in examining an incident. Whilst recognising that each incident and subsequent investigation is unique, the ANAO considers that guidelines would help to ensure a consistent approach is adopted when undertaking such investigations. These would also be helpful for any new Marine Standards' staff or other officers seconded to investigation teams. The ANAO considers that the conduct of investigations by the Marine Standards section provides a useful mechanism for improving the NMU's operational performance and reduces the risk of similar incidents occurring. It could also identify training weaknesses.

Impact of Southern Ocean patrols on crew training

4.33 The Government has directed Customs to conduct Southern Ocean patrols to protect Australia's sovereignty, enforce national and international laws, ensure sustainability of resources, and meet international obligations. Marine Standards has developed a specialised 110-day training program for Southern Ocean personnel in recognition of the increased level of intensity. [96]

4.34 The ANAO sought to determine the impact recent Southern Ocean patrols have had on routine training activities and Marine Standards' staff. The ANAO was advised that non-essential training for marine crew was reduced from February to October 2003 because of *Operation Rushcutter*. Four officers from Marine Standards participated in the operation's intensive training program. This involved a total training commitment of 93 days.[97] Two of these officers were also entitled to a further 32 days as time-off-in-lieu.[98] For

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[96] Training includes: cold weather and lifeboat survival; medical and trauma training; conducting hot pursuits; the boarding of vessels; and use of force.

[97] The 93 days included a combination of on-shore and at sea training.

[98] Marine Standards supervisors are entitled to time-off-in-lieu when they undertake duties at sea. A workday at sea is 10 hours whereas a Customs' standard workday is 7 hours and 21 minutes. One officer was entitled to 15.5 days and the other to 16.5 days.

Operation Patonga, a Marine Standards' supervisor was deployed for approximately 52 days. He was then entitled to an additional 52 RDOs, resulting in the loss of a supervisor for a considerable period of time.

4.35 The ANAO found that the Southern Ocean patrols have resulted in an additional training commitment for Marine Standards, which reduced the Section's ability to undertake non-essential training and sea riding activities. This situation is likely to continue until at least May 2004 when training for the new Southern Ocean crews will be completed.

5. Asset Management

This chapter discusses how the NMU manages its assets. It examines the NMU's maintenance programs and its asset planning and management strategies. The future requirements of the NMU are also discussed.

Introduction

5.1 The NMU's principle assets are its eight ACVs. As at December 2003, these were valued at $27.7 million and accounted for 98 per cent of the total value of NMU assets. Consequently, it is important for the NMU to effectively manage and maintain these assets.

5.2 Effective asset management is achieved within a framework of appropriate control and monitoring. The ANAO sought to determine whether the NMU has established an appropriate asset management framework that would cover the life-cycle of the ACVs. This life-cycle includes the acquisition, operation and maintenance, disposal and replacement of the asset. The following areas were included in our review:

- asset maintenance (unscheduled and scheduled);
- asset planning and management;
- asset monitoring and control; and
- consideration of future acquisitions.

Asset maintenance

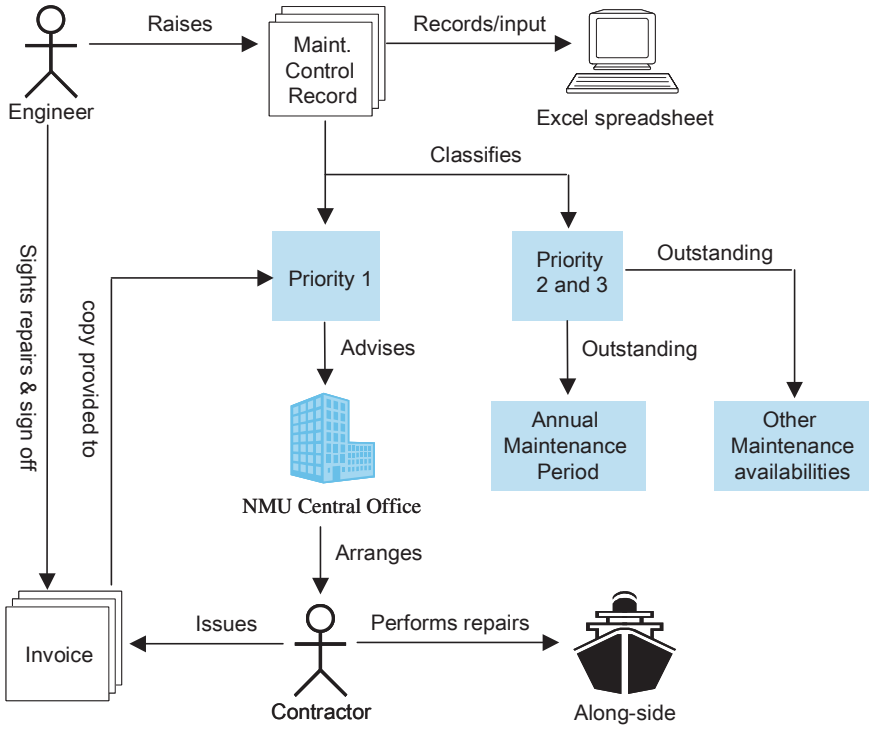
5.3 The NMU acquired the ACVs in 1999 and 2000. The Marine Engineering Section has primary responsibility for ensuring that the ACVs have an effective maintenance program. Customs entered into a maintenance contract for the ACVs in 1998. This contract expired in August 2002 and was extended until 31 August 2003. A further extension has been arranged until May 2004 while a new maintenance contract is being negotiated. The ANAO reviewed the processes involved in planning for and completing scheduled and unscheduled maintenance to determine whether the NMU had appropriate systems in place to adequately maintain its fleet.

Unscheduled maintenance

5.4 The NMU use Micro Plan 3 to schedule planned maintenance. This system is installed on all ACVs and records details of equipment, suppliers, orders, spare parts and equipment running hours. Figure 5.1 outlines the process an engineer follows once they have identified the need for corrective maintenance.

Figure 5.1

Process map of unscheduled maintenance



Source: ANAO analysis of National Marine Unit data

5.5 The engineer must raise a Maintenance Control Record (MCR)[99] for each repair job and record the details on the MCR spreadsheet. MCRs are classified as being priority one, two or three. Priority one items need to be completed immediately because it directly affects the vessel's safety and/or ability to operate. Priority two and three items are repaired as time permits during a patrol, at the completion of a patrol or during the ACV's annual maintenance period.

[99] MCRs contain details about the vessel, the date the engineer raised the MCR, task summary, the priority, required purchases, estimated repair costs and a description of what needs to be done.

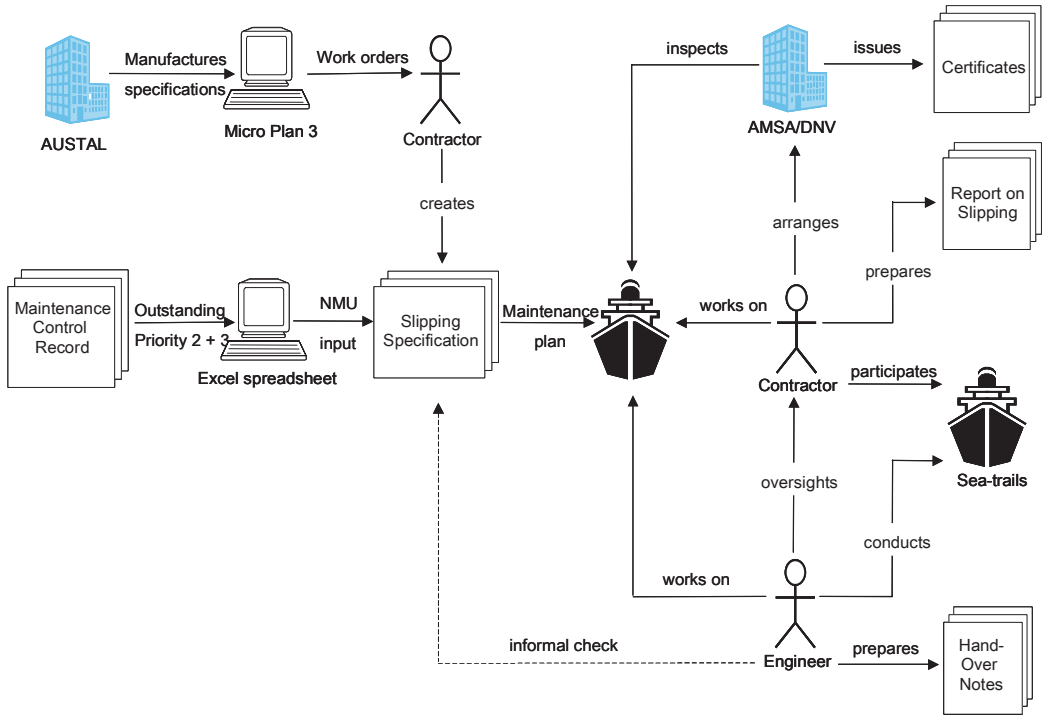
5.6 Where the engineer is unable to repair priority one items due to a lack of experience or spare parts, the engineer will advise the Marine Engineering Section. The Section will then arrange for a contractor and any necessary spare parts to be available when the ACV is in port. When the repairs are completed, the contractor issues an invoice, which the engineer is required to sign, confirming that the repairs have been completed satisfactorily. Where the invoice is sent directly to Central Office, the Marine Engineering Section will confirm with the ACV crew that the repairs have been properly completed before approving payment.

Scheduled maintenance

5.7 Each year, the ACVs undergo a 28-day annual maintenance and survey period. The ACV is taken out of the water and major maintenance work is performed on the hull, machinery and electrical systems. Figure 5.2 illustrates the scheduled maintenance process.

Figure 5.2

Annual maintenance period process



Source: ANAO analysis of National Marine Unit data

5.8 At the start of the annual maintenance period, the contractor provides the NMU with a Slipping Specification, which outlines the repair and maintenance work to be done during the annual survey.[100] Any outstanding priority two and three MCRs from the MCR spreadsheet are also included.[101]

5.9 Where possible, the NMU provides an on-site engineer for each ACV's annual maintenance period. Their role is to be the NMU's representative, complete some repairs outlined in the slipping specification and supervise the work performed by the contractors. The contractor prepares a task sheet for all work to be undertaken. The engineer checks the contractor's completeness and standard of workmanship by signing off on all maintenance task sheets.

5.10 On completion, the contractor prepares a Report on Slipping, outlining the maintenance work and repairs carried out. The engineer also reports on the work carried out in the form of engineer handover notes. These handover notes report by exception any issues or problems and are prepared for the engineer of the next patrol and forwarded to the Marine Engineering Section. The contractor will arrange for the certifying agent Det Norske Veritas (DNV) to inspect the vessel to ensure that it complies with the relevant standards.[102]

5.11 At the end of the annual maintenance period, the on-site engineer takes the ACV through a sea trial at which all major contractors and sub-contractors are present. Testing includes the electrical systems, hydraulics, tenders and taking the ACV to full speed where possible.[103] The engineer will go through the pre-sail standard operating procedure and use the slipping specification and engineer handover notes to inspect and check the condition of the ACV.

5.12 The ANAO found that the NMU has processes and systems in place to manage scheduled and unscheduled maintenance. However, we consider these could be improved by:

- strengthening the NMU's quality assurance processes;
- greater integration of systems and migrating maintenance data from spreadsheets to a relational database;

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[100] The contractor prepares this document using information contained in Micro Plan 3, which also includes the manufacturer's original equipment specifications.

[101] The spreadsheet includes details of the MCR number, date raised, priority, location of the fault, description of the defect, a comments field and whether the MCR has been completed. The marine engineers maintain the spreadsheet.

[102] DNV is a classification society for the maritime industry. Its services include classification and certification of ships, including materials, marine education, systems, safety, quality and the environment. When the certifying agent is satisfied that the ACV complies with all the necessary regulations regarding the type and class of vessel, it will issue certificates that allow the ACV to sail in Australian waters.

[103] The NMU sometimes conducts the sea trial in restricted waters and is unable to take the ACV to full speed.

- improving the control and supervision of contractors by developing better performance monitoring criteria in the maintenance contract; and
- recording and documenting configuration changes with a greater level of detail.

Quality assurance

5.13 NMU engineers usually perform unscheduled maintenance while the ACV is on a patrol. The ANAO considers that there are adequate controls in place given the majority of MCRs are relatively minor repairs. These controls include the engineer signing off the contractor's invoice or checks by Central Office with ACV crews to confirm that the contractor has completed all repairs.

5.14 For scheduled maintenance, the ANAO found that the slipping specification and repair and survey list could not be easily cross-referenced with the MCRs and maintenance task sheets. For example, the repair and survey list does not include the MCR number. Without this reference number, it is very difficult to determine what MCR repairs on the list have actually been completed. It becomes even more difficult if the description of the repairs on the repair list differs from what is recorded on the MCR spreadsheet. As a consequence, there is a risk that the NMU could be paying for work that has not been completed.

5.15 The ANAO also found that there is no formal acceptance of the ACV after the engineer has completed the sea trial. The NMU relies on the signing off of the various task sheets as acceptance of repairs. When the last task sheet is signed, the NMU accepts the ACV back into service. The ANAO considers that the quality assurance process would be strengthened if the NMU was able to ensure that the tasks on the slipping specification and repair and survey list correlated with the maintenance task sheets and the MCR spreadsheet. We also suggest that consideration be given to having the on-site engineer formally accept the ACV back into service after the sea trials are completed.

Recommendation No.7

5.16 To strengthen the existing processes for ensuring the quality and completeness of the work undertaken by maintenance contractors during the annual maintenance period, the ANAO recommends the NMU:

(a) cross-reference the slipping specification and repair and survey list to the maintenance task sheets and the Maintenance Control Records signed off by the on-site engineer; and

(b) formally document that all work has been satisfactorily completed at the conclusion of the sea trials.

Customs response

5.17 Agreed.

Maintenance data

5.18 An MCR is a key source of information for the NMU. It contains details about the ACV, the date the engineer raised the MCR, task summary, the priority assigned, required purchases, estimated repair costs and a description of what needs to be done. This data could be used to evaluate and compare maintenance and engineering performance across the fleet, for example defect analysis, recurring maintenance failures and repairs, and mean time between failures.[104] This analysis could identify common weaknesses, allowing the NMU to take preventative action. In the longer-term, this may reduce maintenance costs and increase the operational availability of the ACVs.

5.19 Currently, the capacity of the NMU to analyse maintenance and repair data is limited. This is due to the manual process of recording MCRs on spreadsheets, a lack of data capture from maintenance periods and a lack of integration of maintenance spreadsheets and systems. The NMU is aware of this limitation and is currently working towards putting in place a Computerised Maintenance Management System (CMMS), as part of its new maintenance contract.[105] The ANAO suggests that an important function of the new CMMS should be the ability to hold maintenance data in a relational database, increasing the scope for analysis and evaluation.

Performance monitoring

5.20 The NMU has a performance-monitoring clause in its current maintenance contract based on the Coastwatch surveillance contracts. This clause specifies that, where an ACV is non-operational due to faulty repairs more than 10 per cent of the time, the NMU can reduce payment. The Coastwatch contracts relate to flying hours for leased aircraft. The ANAO questions whether they are a suitable model for monitoring the maintenance and repairs of marine vessels. The NMU recognises the limitations of the current contract and intends to address these during the negotiation of its new maintenance contract. It plans to engage in a partnering workshop with the two final tenderers to develop performance criteria against which the contractor will manage and report.

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[104] The NMU has conducted an analysis on mean time between failures, however this has been confined to shaft bearing failures. Some data used was extracted from Micro Plan 3.

[105] The NMU plans to use the CMMS system to provide configuration management, ship-to-shore maintenance and supply management.

Configuration Management

5.21 Configuration management is important to the NMU's management of its fleet. This is a process applied over the life cycle of the vessels to control their functional, performance and physical attributes. The main objectives of configuration management are to ensure that a vessel performs as intended; and its physical configuration is adequately documented to meet the anticipated needs for maintenance, operation, and replacement.

5.22 Currently, the NMU records all configuration changes on a spreadsheet.[106] As at October 2003, this spreadsheet listed 118 modifications. For those configuration changes that require on-going maintenance, the NMU also records the details on Micro Plan 3. The NMU acknowledges that the spreadsheet and Micro Plan 3 are insufficient to adequately document and record configuration changes. For example, the NMU does not record key details of the modification or equipment involved in the change, the date of the change, or amend the vessel specifications. Without an adequate record of all modifications undertaken, there is a risk the NMU will not have up-to-date and accurate baseline specifications that reflect the build of each ACV.

5.23 The NMU plans to address this deficiency by implementing a CMMS, as part of its new maintenance contract. The NMU envisages that this system will be able to electronically mark up configuration change requests (for example, ship drawings) and collect information in terms of ship location, ship systems, equipment functions, maintenance routines and document types. The new CMMS will be tailored to NMU reporting requirements, with the capability to query and analyse this information.

New maintenance contract

5.24 The NMU is negotiating a new $26 million (over seven years) maintenance contract. The scope of the contract includes managing and conducting planned, preventative, breakdown and emergency maintenance for all ACVs until their end of life. The ANAO considers that the successful completion of the maintenance contract would address existing limitations in the way maintenance is currently managed. For example, the redesign of performance monitoring systems would provide the NMU with a greater level of contractor oversight and clearly specified performance criteria. The implementation and use of an integrated CMMS would allow better control and direction of maintenance services and configuration management. It would also enhance the NMU's ability to evaluate and compare maintenance related data across the fleet.

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[106] The *Bay-class Modifications* spreadsheet records the sequence number, a one line description of the configuration change and whether an ACV has been reconfigured to include the modification.

Asset planning and management

5.25 Currently, the ACVs account for 45.7 per cent of Customs' assets classified under 'infrastructure, plant and equipment'. Consequently, it is important that the NMU has an asset management strategy that incorporates management control, integrated planning, and supports management decisions relating to asset acquisition, operation and disposal.

5.26 Customs developed its Asset Management Framework in 2001 and is currently moving towards implementing this framework across the organisation. Customs acknowledged that it has not yet reached the stage where all appropriate systems are fully developed nor do staff have the level of awareness required to fully support this Asset Management Framework. The Framework outlines key principles such as:

- assets should exist only to support service delivery;
- responsibility for assets should reside with those within the agency who control them; and
- asset planning should be a key corporate activity considered along with planning for human resources, information systems, finance and operations.

5.27 The ANAO supports these key principles. We found that NMU assets are strongly tied to, and directly support, Customs outputs. Responsibility for the operation and management of the ACVs rests with the NMU.

5.28 The Asset Management Framework recommends that business groups develop an asset management strategy that is linked with other strategies and produce a formal asset acquisition and replacement plan. The document also specifically recommends that the NMU develop a schedule of life-cycle costs for each ACV.

5.29 The ANAO found that the NMU had not produced an asset plan or strategy that would assist and guide decision-making regarding the operation and replacement of the ACVs. If NMU management does not clearly outline its asset strategy and calculate the estimated life-cycle costs, there is a risk that the operating budget may not be sufficient to maintain and operate the NMU fleet over the life of the vessels. The use of life-cycle costing techniques allows a full evaluation of the total cost of owning and maintaining an asset. Estimating life-cycle costs also establishes a baseline for monitoring and controlling costs.[107] This is particularly important when considering the disposal and replacement of ACVs.

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[107] Australian National Audit Office, *Life-Cycle Costing: Better Practice Guide*, December 2001.

5.30 The ANAO considers that having an effective asset strategy directly affects the extent to which the NMU is able to strategically manage its assets and maximise its use of available resources. The NMU should, in consultation with Customs' Financial Services Branch, develop an appropriate asset management strategy.

Recommendation No.8

5.31 To provide the NMU with an effective framework to guide decision-making regarding the acquisition, operation and disposal of marine assets, the ANAO recommends that the NMU, in consultation with Customs' Financial Services Branch, develop an asset management strategy that:

(a) is integrated with Customs and the NMU's other planning documents;

(b) incorporates the full life-cycle costs for each ACV;

(c) includes a timeline for the disposal of the ACVs; and

(d) outlines a plan for the acquisition of replacement vessels.

Customs response

5.32 Agreed.

Asset monitoring and control

5.33 The NMU has approximately 130 attractive and portable asset items valued at $339 000. These include items such as night mariner binoculars, mini gas monitoring kits and UHF portable radios. The NMU has several processes in place to ensure that these assets are tracked and controlled. When the NMU purchases an asset, the asset code is recorded in QSP.[108] This triggers Customs' Business Support Group (BSG) to request details of the asset from the NMU's Finance Cell.[109] When this information is provided, the BSG assigns an asset number and a barcode sticker is sent out to the NMU to be placed on the item.

5.34 The ANAO found that the NMU Finance Cell coordinates an annual inventory check of the items onboard the ACVs. The Finance Cell forwards a list of assets to each ACV, requesting the Commanding Officer to confirm that the items are onboard. The NMU also has a pro-forma that officers must complete when they move an asset from one vessel to another. This allows the NMU to track the location of the assets at all times. A further process for ensuring assets are adequately controlled is the completion of the sail and

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[108] QSP is Customs financial management system. It contains associated subsidiary systems including accounts payable and receivable, assets, travel and general ledger.

[109] The details would include full description, cost per unit, date of acquisition, serial numbers, physical location and the quantity.

arrival checklist at the start and end of each patrol. This requires a crewmember to make sure that various items and equipment are onboard and in working condition. The ANAO considers that the NMU has adequate controls in place to track the location of portable assets and procedures that allow the NMU to effectively safeguard these items.

Consideration of future acquisitions

5.35 The ANAO considers it is important that Customs give consideration to the range of issues that need to be addressed in replacing its current fleet of ACVs as any future replacement will require significant lead time to implement. Customs advised that it took 37 months from the initial cabinet submission to the final delivery of the eight ACVs. In 2004, the ACV Roebuck Bay will approach its half-life. Customs advised that it will consider decommissioning the Roebuck Bay in early 2009, with the remaining vessels reaching their planned end of service by 2010.

5.36 The NMU produced a discussion paper in 2002 aimed at encouraging debate about the future capability of the NMU fleet.[110] The paper highlighted a range of issues Customs needs to consider including: determining areas of operation; funding; marine qualifications and training; surveillance and communication requirements; and boarding and weapons capability. A paper prepared for the Chief Executive Officer in 2003 recommended that any detailed work on replacement of the current fleet of ACVs await the outcome of the 2004 half-life survey of Roebuck Bay. This would allow more informed decision-making about the actual replacement date of the current fleet of ACVs.

5.37 The following are some of the issues that Customs will need to examine as part of its assessment of the NMU's future role:

- vessel capability—the type and class of future vessels;
- boarding capability of the ACVs; and
- covert surveillance capability.

Vessel capability—type and class of future vessels

5.38 The NMU seagoing crew are required to have specific marine qualifications to operate the ACVs in Australian waters. These qualifications are determined by AMSA, based on the type and class (i.e. length) of the vessel. The current fleet of ACVs are at the upper limit of their class. For class purposes, the length of the ACVs is 34.95 metres. If Customs decides to

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[110] National Marine Unit, *Towards a Future Capability: A Discussion Paper,* 2002 p. 3.

increase the length of the replacement vessel by 51 millimetres, it will put the vessel into a different class (i.e. vessels over 35 metres but less than 80 metres). This means that the NMU's marine crews will require additional qualifications.

5.39 The ANAO was advised that upgrading the qualifications of the commanding officers and engineers to accommodate the requirements associated with an increase in the length of the vessel would require a significant investment of time and resources. It would also have a considerable impact on the NMU's current operational capability. Table 5.1 outlines the time and cost required to upgrade the current qualifications of the NMU marine crew should Customs decide on a different class of replacement vessel.

Table 5.1

Time and costs for upgraded qualifications

	Additional qualification	Days Study	Cost (partial support)[1] $	Cost (full support)[2] $
Commanding Officers	Master Class 3	196	3 750	41 995
Engineers	Engineer Class 1	305	1 200	63 210
Engineers	Watchkeeper	182	750	38 390

Source: National Marine Unit

Note 1: Partial support refers to the NMU paying for course costs only

Note 2: Full support refers to the NMU paying for accommodation, flights, travel allowance and course costs but does not include salary costs

5.40 To upgrade existing engineering qualifications, the NMU advised that marine officers must complete nine months on a vessel with over 3000 kilowatts of power, nine months as an engineer in charge of a watch, and 15 months as a second-class engineer. This equates to 38 months sea time. In addition to these requirements, engineers must also complete a 12-month marine engineering course.[111] Under current NMU conditions of service, and taking into account leave and RDO entitlements, this would equate to approximately seven and a half to eight years elapsed time.

Boarding capability of the ACVs

5.41 In February 2003, Customs conducted *Operation Blackrock*. The operation was designed to complement the NSW Enforcement Operations Branch's risk management strategy for screening first port vessel arrivals. Generally, screening occurs after the vessel has entered port, which reduces

[111] The course is an Advance Diploma in Marine Engineering.

Customs' ability to prevent terrorist attacks or other unlawful activity during the vessel's entry or berthing.

5.42 The primary objective of *Operation Blackrock* was to test the concept of boarding vessels at sea. The operation also provided an opportunity to evaluate Customs' existing maritime capability. While the operation was a success, Customs found that the ACV pursuit tenders were not suitable for boarding some merchant vessels at sea. The report on *Operation Blackrock* noted:

> Apart from their design, which does not provide a suitable platform for accessing the boarding ladder, they are too prone to being limited by the weather and sea conditions.

5.43 The report went on to say that the present ACVs are not ideal vessels for deploying officers to board vessels at sea as they do not have suitable accommodation for the Customs officers involved in this type of operation.

Covert surveillance capability

5.44 In August 2003, Customs conducted *Exercise Northern Exile*. The aim of the exercise was to employ Customs 'operational capabilities within a multi-agency response to a significant threat to the Australian border'. The exercise scenario involved the importation of 1000 handguns from Hong Kong into Darwin by small craft. ACVs were used to intercept one of the target vessels at sea and to undertake covert surveillance of the rendezvous yacht as it entered Darwin harbour to offload the illegal shipment. Although the exercise was a success, a limitation noted by the NMU Superintendent (who was on one of the target vessels) was the inability of the ACVs to effectively undertake covert surveillance.[112]

5.45 The ANAO notes that the close link between capability, vessel length, crew qualifications and training reinforce the need for careful forward planning and early discussion and consultation regarding the future requirements of Customs' marine fleet.

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[112] Australian Customs Service, 2003, *Exercise Northern Exile Exercise Director's Report*.

6. Governance Arrangements

This chapter discusses Customs' Planning and Performance Framework, particularly as it relates to the NMU. The adequacy of Customs' performance information and the NMU's financial management framework is also discussed.

Introduction

6.1 An effective corporate governance framework provides a sound basis for the integrated strategic management necessary to achieve the outcome and output performance required to fulfil organisational objectives, and to discharge accountability obligations.

6.2 The ANAO reviewed the following key components of Customs' corporate governance arrangements, particularly focusing on the NMU:

- business planning, including risk management;
- performance monitoring and reporting; and
- financial management.

Business planning

6.3 A sound corporate planning framework helps to ensure that all the elements of good corporate governance are effectively integrated into a coherent corporate approach and that they are well understood and applied.[113] In March 2003, Customs' Executive endorsed its revised Planning and Performance Framework. The framework encompasses three levels: governance; operational; and individual. Customs also developed a Corporate Planning Guide to help Branches and Sections to implement and comply with the planning and performance framework.

6.4 Customs' plans are linked in a hierarchical manner; aligning management decisions and the implementation of those decisions by the relevant work areas and staff members. The planning framework allows individual officers to relate work area activities to Customs' strategic direction.[114] At the Operational level, National Business Plans, Work Area Plans and Risk Management Plans outline how the strategic direction will be delivered. Work Area Plans indicate the tasks that each area will complete

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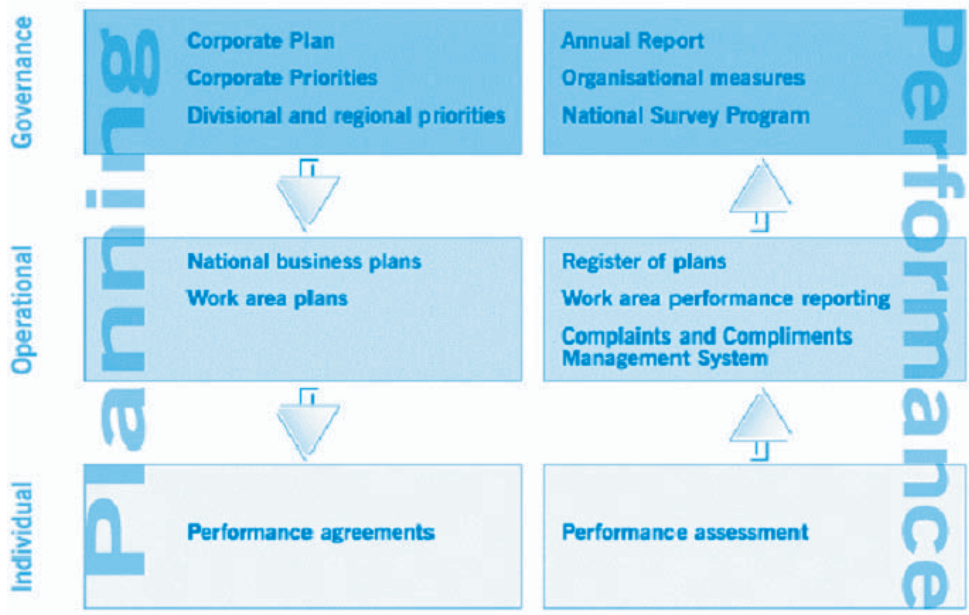
[113] P Barrett, AM, Auditor-General, *Corporate Governance in an Environment of Devolved Authority*, paper presented to the Canberra Evaluation Forum, 17 August 2000, p. 18.

[114] The Corporate Plan outlines the role and business of Customs and the strategic direction of the organisation in ensuring it carries out its responsibilities for border integrity and industry support.

during the year and must be clearly linked to the National Business Plans. Work Area Plans are to be developed in conjunction with Risk Management Plans. Figure 6.1 illustrates the Planning and Performance Framework.

Figure 6.1

Customs' Planning and Performance Framework



Source: Australian Customs Service

6.5 The ANAO considers Customs' Planning and Performance Framework is well designed. It identifies and articulates responsibilities and relationships and gives consideration to who is responsible for what, to whom, and by when. It acknowledges the relationship between stakeholders and those who manage resources and deliver outcomes. The Framework ensures plans are aligned and mutually supportive. The Planning Guide provides the NMU with helpful step-by-step guidance in developing its Work Area Plan (WAP) and Risk Management Plan.

NMU Work Area Plan

6.6 In February 2003, Customs completed an internal review of the NMU. This review found that:

- the NMU did not have a formal Risk Management Plan or process for actively and transparently assessing risk; and
- there were weaknesses in the measurement, monitoring and reporting of performance indicators in the NMU WAP.

6.7 In response to this review, the NMU developed a Risk Management Plan and revised its WAP. A WAP is designed to identify tasks, allocate responsibilities and set out key performance measures against objectives. The plan also needs to identify any regional or local priorities. The ANAO found that the current NMU WAP identified and communicated NMU responsibilities. However, the work area priorities have not been addressed at the local/regional level and do not align with the Investigation and Enforcement Operations' National Business Plan. For example, the NMU did not include 'Detect illegal fishing activities in the Southern Ocean Territories and Australian waters' as a priority. The ANAO considers that the Southern Ocean patrols should be reflected in the NMU's WAP. It is a major priority for the NMU and the Government has provided additional funding for these patrols. Similarly, the NMU should have identified finalising the maintenance program ($26 million over seven years) as a priority.

6.8 The NMU also needs to clearly define in its WAP the timeframes for completing Action Plan tasks. It lists 'ongoing' or 'as required' for 23 of the 37 tasks. Although it is appreciated that some of the tasks outlined in the WAP are ongoing, the ANAO considers completion dates or progress report dates could be defined for several of the tasks. For example, the National Resource Allocation (NRA) process has dates when submissions should be completed. Similarly, the NMU could indicate progress/completion dates when undertaking reviews. The ANAO suggests that these matters be addressed when the plan is next reviewed by the NMU.

Risk management

6.9 An integrated risk management strategy allows Customs (and the NMU) to effectively identify, analyse, treat, monitor and communicate potential risks. Risk management should be an integral part of the overall planning process, particularly where there are limited resources and competing priorities. Customs' planning framework requires Risk Management Plans to be completed simultaneously with WAPs. This allows risk priorities and risk treatments to be incorporated into the WAP.

6.10 The NMU's Risk Management Plan 2003–05 is based on Investigation and Enforcement Operations' Risk Management Plan 2003–04. It outlines the activities, risks and adverse effects associated with the effective management and operation of the NMU fleet. In reviewing this plan, the ANAO noted that the NMU did not complete a SWOT[115] analysis as outlined in the Corporate Planning Guide. The guide suggests that, as part of this analysis, the NMU should examine and verify the information used to develop Investigations and

[115] Strengths, weaknesses, opportunities and threats.

Enforcement Operations' SWOT analysis. This type of analysis would help the NMU to ensure that all potential risks are identified, assessed and, where necessary, treatment strategies developed. The ANAO suggests the NMU should undertake a SWOT analysis when it next reviews its Risk Management Plan.

Performance monitoring and reporting

6.11 Performance monitoring assists accountability as well as assisting management with decision-making and planning. It should enable Customs to assess the effectiveness and impact of its Civil Maritime Surveillance and Response program and provide assurance that stated objectives are being achieved. Performance reporting is undertaken within the Government's outcomes and outputs framework. This framework outlines how the work of Government is measured and/or assessed (through the application of accrual-based budgeting and reporting), and what is measured (through specifying outcomes, administered items and outputs). Relevant performance information must be identified for outcomes, outputs and administered items.[116]

6.12 In 2003–2004, the Government appropriated $586.8 million to Customs to achieve its outcome and five outputs.[117] Figure 6.2 outlines Customs Outcome and Outputs framework. Output Three is particularly relevant to the NMU. Specific surveillance and response operations conducted by the NMU in relation to prohibited imports and illegal people movements are covered under Outputs One and Two.

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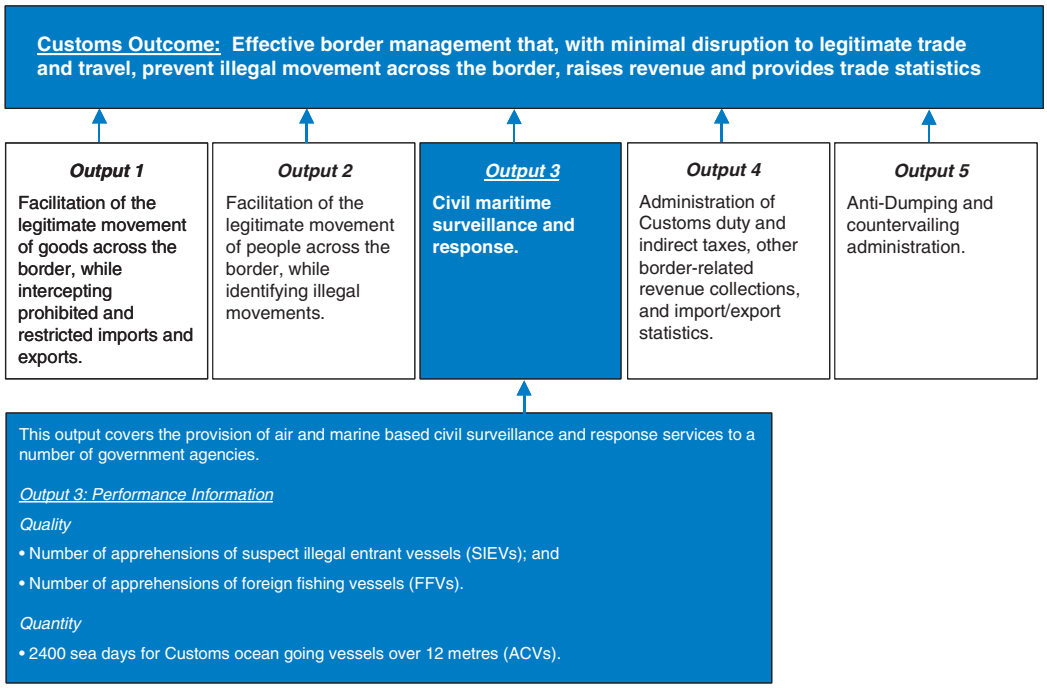
[116] Australian National Audit Office Audit Report No.46 2000–01, *ATO Performance Reporting under the Outcomes and Outputs Framework*, p. 9.

[117] The total appropriation for Customs in 2003–04 Budget was $908.85 million. This includes revenue from Government, revenue from other sources, administered appropriations and equity injections and loans.

Figure 6.2

Customs Outcome and Outputs Framework 2003–04



Source: Australian Customs Service Annual Report 2002–2003

Note: Shaded section represents elements of the outcome/output arrangements of particular relevance to the National Marine Unit

Performance information

6.13 The ANAO examined the adequacy of the performance information used to measure the effectiveness of Customs' surveillance and response activities. Customs reports on the number of operational days achieved by the ACVs, and the number of Suspect Illegal Entry Vessels (SIEVs) and Foreign Fishing Vessels (FFVs) apprehended (refer to Figure 6.2).[118]

6.14 The ANAO considers that Customs cannot determine the NMU's effectiveness solely by the number of operational days achieved or the number of vessels apprehended. These current performance measures monitor activity only; they do not measure the impact or effectiveness of Customs' surveillance and response activities. The ANAO recognises the difficulty in trying to measure the effectiveness of the NMU's activities and the following paragraphs put forward some suggestions on how this may be undertaken.

[118] The NMU achieved its target of 1300 operational days in 2000–01 and 1200 operational days in 2001–02. In 2002–03, it achieved 2332 operational days.

6.15 The number of marine taskings requested was a quantity measure included in the 2001–2002 annual report but has not been included in the 2002–2003 annual report or Portfolio Budget Statements. The NMU is not self-tasking and is dependent on client agencies for the number of requests it receives. The number of taskings completed within agreed timeframes could give some measure of efficiency. To measure the effectiveness of the taskings process, the NMU could draw on feedback from client agencies through its existing Post Patrol Questionnaire. Currently, the Post Patrol Questionnaire is designed to identify clients' expectations of service provided by the NMU and the level of performance of marine crews and vessels.[119] The ANAO considers this questionnaire could be expanded to include questions such as:

- whether the taskings were conducted in a timely manner;
- were the taskings undertaken to the client's satisfaction;
- were the objectives of the taskings achieved; and
- did the information provided by the NMU support their operational requirements.

6.16 Coastwatch and the NMU collect data relating to the number of SIEVs and FFVs sighted and apprehended. These are quantity rather than quality indicators. The most effective measure would be to calculate the number of FFVs/SIEVs not apprehended. However, the ANAO recognises that this population is unknown and virtually impossible to determine. A better indicator of effectiveness could be by comparing the number of FFVs/SIEVs that Customs has received intelligence on with the number it has apprehended.

6.17 Customs could also analyse, over time, the ratio of reported sightings to total apprehended vessels. This is appropriate because it:

- reflects how effective the NMU and Coastwatch are in reducing the risk;
- establishes a causal relationship between outputs and outcomes, that is Customs' impact on the presence of SIEVs/FFVs in Australian waters; and
- can be objectively measured and/or assessed, that is performance can, for example, be compared with a target.

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[119] The questions asked relate to: safety; conduct and appearance of the crew; food and accommodation; if taskings were discussed with the Commanding Officer prior to sailing; and if taskings were completed.

6.18 Trends in activities could also be compared across time periods. Time series analysis covering performance across a number of years could be a further indicator of effectiveness.

6.19 The ANAO has recently completed an audit of Annual Performance Reporting.[120] Customs was one of the agencies included in this audit and agreed to the two recommendations made by the ANAO to improve:

- accountability for, and transparency of, results in agencies' annual reports, with particular reference to performance information frameworks; and
- the presentation and use of performance information to analyse results.

6.20 In December 2003, Customs commenced a Performance Measurement Project. This project is designed to improve Customs performance measurement reporting arrangements to ensure they are accurate, correct and justifiable; and to better align planning processes with the development of performance measures. The ANAO considers that the performance measures relating to Customs surveillance and response activities should be reviewed as part of this project, as well as when implementing the ANAO Annual Performance Reporting audit recommendations.

Financial management

6.21 The financial management framework within an organisation is integral to the structures, processes, controls and behaviours that constitute effective corporate governance. Financial information is essential for the management and control of resources (inputs); the efficient application of those resources to processes (activities); and the direction of those processes to the production of defined outputs.[121] The ANAO reviewed the NMU's funding arrangements and the controls and processes it has in place to effectively manage its financial resources.

NMU funding

6.22 In the past five years, the NMU has experienced rapid growth with funding increasing by 230 per cent from $9.1 million in 1999–2000 to $30 million in 2003–2004. The Government doubled NMU funding in the 2002–2003 Budget. It provided an additional $77.4 million over four years to increase the NMU's surveillance and response capability commitment to 2400 operational days per annum. NMU staffing numbers also increased

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[120] Australian National Audit Office, Audit Report No.11 2003–04, *Annual Performance Reporting*.

[121] Australian National Audit Office, *Better Practice Guide: Building a Better Financial Framework*, Nov 1999, pp. 11-12.

significantly during this period. Since 1999–2000, the marine crew numbers increased 138 per cent from 71 staff to 198.[122] In the same period, Central Office staff numbers increased from 17 to 38.[123]

Southern Ocean patrols

6.23 In December 2002, the Government provided Customs with an additional $10.2 million to enhance its patrol capability in the Australian Southern Ocean fishing zone. Of this, the NMU was to use $6.2 million for three 'surveillance only' patrols in 2003–2004 around Heard and McDonald Islands. The remaining $4 million was to raise an armed enforcement capability and to conduct an 'armed' patrol post-June 2004. *Operation Patonga* was the first of the 'surveillance only' patrols. The final costs for this operation have yet to be determined but the NMU estimates these costs to be approximately $4 million. Because of the considerable costs associated with *Operation Patonga*, funding was not available to complete the two remaining patrols. A second 'surveillance' patrol is to be undertaken by Customs in March 2004.

6.24 In December 2003, the Government announced that it is going to fund full-time surveillance and enforcement patrols in the Southern Ocean. A two-year interim program is being developed, with estimated costs of $53 million in 2004–05 and $46 million in 2005–06, while a permanent patrol program is being considered. The NMU advised that this funding is to provide for the charter of a suitable vessel, recruitment of additional suitably qualified marine officers and to conduct several armed surveillance patrols annually.

Discretionary funding

6.25 The NMU has limited discretionary funding. All allocated funding is directed towards achieving its 2400 operational days. The NMU has a service level agreement with DEH valued at $400 000. This revenue is used by the NMU to fund its Priority Item List (PIL). The NMU uses the PIL to procure non-ongoing operational items. It aims to manage the procurement of items against set priorities on a fleet-wide basis.

Financial management and control arrangements

6.26 The NMU Finance Cell, the Financial Services Branch (FSB) and the Business Support Group (BSG) are the areas involved in the financial management and control of NMU resources. The Finance Cell is primarily responsible for reconciling credit card, mobile phone and bank account

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[122] This includes the 30 officers recruited under a 12 month non-ongoing Employment Agreement to undertake Southern Ocean patrols.

[123] This includes two liaison officer positions in Cairns and Darwin.

statements, and balancing accounts to the General Ledger. It is also responsible for verifying invoices before they are sent to the National Pay and Accounts Centre for payment and for preparing and claiming the diesel fuel rebate. The FSB is not involved in the NMU's day-to-day operations. It provides financial reports to the Customs' Executive, financial advice, asset management control and audit clearance of financial statements.

6.27 The BSG provides financial oversight for Customs' National Office, which includes the NMU. It provides National Directors, National Managers and their staff with the financial support they require to manage their business, and is responsive to their needs. This includes providing the necessary infrastructure to accurately measure program costs, and to undertake audits of expenditure.

6.28 In July 2002, the BSG detected a $5 million shortfall in the 2002–03 NMU Budget. This was an FSB internal accounting error and an agreement was reached between FSB and the BSG that the $5 million would not be returned that year because of allocation commitments elsewhere. The BSG advised the National Director, Border Compliance and Enforcement Division in July 2003 that it 'would be almost impossible [for the NMU] to live within its 2003–04 allocation'. The NMU's financial performance will be monitored and, if necessary, a request will be made for either all, or part, of the 2002–03 base-funding shortfall to be restored. The FSB acknowledge that it is likely that the $5 million will need to be reinstated. The NMU was not aware of any funding shortfall until advised by the BSG. This would indicate the need for the NMU to improve its control of its financial resources.

Financial systems

6.29 QSP is Customs' financial management system. It is made up of five modules: purchasing, accounts payable, accounts receivable, travel and general ledger. Using QSP data, the BSG is able to provide details of the NMU's monthly operating costs for each of the ACVs. It can also outline the monthly operating costs for each of the NMU's Sections. Customs has also recently developed the Corporate Business Intelligence (CBI) system. This system is designed to inform managers and assist decision-making processes by providing a range of reports relating to financial and human resources. The ANAO was advised that all NMU Section Managers have been given access to CBI.

Budget framework and financial analysis

6.30 A basic component of good financial management is establishing a budgetary framework that estimates costs and allocates resources. Such a framework would allow the NMU to monitor actual expenditure with its estimated costs. This assists in better resource control by identifying significant

variances and investigating the reasons for them. The NMU can also analyse this financial data to gain a better understanding of its costs and to identify potential savings.

6.31 The ANAO was advised that the BSG prepares the NMU annual budget with limited NMU input. The ANAO considers that the NMU should have greater involvement in preparing its own budget. However, in order to provide meaningful input into this budgetary process, the NMU will need to have a greater understanding of its cost structure and expenditure patterns.

6.32 Currently, a lack of financial awareness, monitoring of expenditure and analysis of financial data reduces the NMU's ability to effectively manage and control its financial resources. For example, the NMU does not prepare reports that analyse trends over time or variances between estimated costs and actuals, nor include a breakdown of major costs. The NMU is unable to advise the specific costs associated with training or operating individual ACVs without significant assistance from BSG and FSB. The ANAO considers that each Section Manager should be responsible for monitoring and analysing the costs associated with their particular area. This would strengthen the NMU's financial management; increase its ability to control costs; identify inefficiencies or savings; and provide managers with financial data to support decision-making.

Recommendation No.9

6.33 To strengthen the NMU's management of its financial resources, the ANAO recommends that the NMU:

(a) develop a sound, useful financial management framework; and

(b) routinely analyse financial data, expenditure patterns and cost structures to support decision-making and the preparation of budgets as well as to identify inefficiencies or savings.

Customs response

6.34 Agreed.

Canberra ACT
30 March 2004

P. J. Barrett
Auditor-General

Appendices

Appendix 1: Agency Response

Australian Government
Australian Customs Service

3 March 2004

Mr Peter White
Executive Director
Performance Audit Services Group
Australian National Audit Office
Centenary House, 19 National Circuit
BARTON ACT 2600

Dear Mr White

I refer to the letter of 3 February 2004 from Barbara Cass to the Chief Executive Officer regarding ANAO's Performance Audit of the administrative effectiveness of the National Marine Unit.

Customs welcomes the draft report. Progress in implementing recommendations, which impact on Customs, will be reported through the Audit Committee on which the ANAO attends.

I attach the Customs response to the 9 recommendations raised in the audit (refer attachment A). All recommendations have been agreed with some significant progress as noted.

The audit of the administrative effectiveness of the National Marine Unit has been beneficial and the opportunity to comment, both consultatively throughout the audit and with this draft reporting phase is appreciated. Customs would like to commend the ANAO for the spirit in which the audit was conducted. Your team consulted regularly and widely within Customs and client agencies.

If you require any further information please do not hesitate to contact Debbie Rogers, Director Internal Audit on (02) 6275 5643 or Marion Grant, National Director Border Compliance and Enforcement on 6275 6199

Yours faithfully

J Drury
Deputy Chief Executive Officer

ANAO's Performance Audit of administrative effectiveness of the National Marine Unit.

ATTACHMENT A

Recommendations

Recommendation 1

To improve the effectiveness of the tasking process, the ANAO recommends that Customs undertake a feasibility study to determine the costs and benefits associated with developing the existing NMU module within the Coastwatch Command Support System to:

(a) provide access to the NMU and ACV crews; and
(b) automate existing NMU tasking and reporting processes.

Customs Response:

(a) Agree
(b) Agree

Customs has commenced evaluation of the practicalities of providing NMU and ACV crews with access to CWCSS and incorporating current NMU tasking and reporting systems into the CWCSS development environment.

Recommendation 2

To facilitate the effective exchange of information and timely dissemination of intelligence, the ANAO recommends that the NMU assign an officer the role of intelligence liaison with responsibility for:

(a) routinely liaising with, and disseminating information to, all relevant intelligence sources; and
(b) disseminating intelligence received within the NMU and to ACV Commanding Officers.

Customs Response:

(a) Agree
(b) Agree

This recommendation will be included as part of an overall strategy to improve intelligence support to the NMU.

Recommendation 3

To enable decisions to lease or purchase an integrated rostering system to be based on sound analysis, clear logic and business principles, the ANAO recommends that the NMU:

(a) prepare a business case that considers the costs and benefits associated with leasing or purchasing options; and
(b) review the user requirements developed for the rostering system.

Customs Response:

(a) Agree
(b) Agree

User requirements for a rostering system have now been developed and Customs is currently in the process of developing a business case for lease and purchase options.

Recommendation 4

The ANAO recommends that the NMU regularly analyse and evaluate staffing data and associated crew travel costs to:

(a) identify trends, process improvements and potential cost savings; and
(b) provide input to the annual domicile policy review, future workforce planning and recruitment strategies.

Customs Response:

(a) Agree
(b) Agree

Recommendation 5

To maintain the currency of marine crew qualifications, the ANAO recommends that the NMU adopt a 'shared responsibility' approach by:

(a) increasing the functionality of the *Crew Qualifications Record* spreadsheet or using the *PeopleSoft* system to pro-actively advise when crew qualifications are about to expire;
(b) advising crew members in writing when their qualifications are about to expire;
(c) monitoring each crewmember's progress and updating crew records when qualifications have been renewed;
(d) ensuring up to date information relating to crew qualifications and training commitments is available when preparing crew rosters; and
(e) certifying that officers on the roster have the appropriate qualifications.

Customs Response:

(a) Agree
(b) Agree
(c) Agree
(d) Agree
(e) Agree

NMU is currently finalising a review of crew qualifications as part of implementing this recommendation.

Recommendation 6

To better understand, manage and prioritise its training resources and commitments, the ANAO recommends the NMU:

(a) routinely collect and analyse training related data; and
(b) regularly evaluate the quality and effectiveness of its training activities.

Customs Response:

(a) Agree
(b) Agree

Recommendation 7

To strengthen the existing processes for ensuring the quality and completeness of the work undertaken by maintenance contractors during the annual maintenance period, the ANAO recommends the NMU:

(a) cross-reference the slipping specification and repair and survey list to the maintenance task sheets and the Maintenance Control Records signed off by the on-site engineer; and

(b) formally document that all work has been satisfactorily completed at the conclusion of the sea trials.

Customs Response:

(a) Agree

(b) Agree

Recommendation 8

To provide the NMU with an effective framework to guide decision-making regarding the acquisition, operation and disposal of marine assets, the ANAO recommends that the NMU, in consultation with Customs' Financial Services Branch, develop an asset management strategy that:

(a) is integrated with Customs and the NMU's other planning documents;

(b) incorporates the full life-cycle costs for each ACV;

(c) includes a timeline for the disposal of the ACVs; and

(d) outlines a plan for the acquisition of replacement vessels.

Customs Response:

(a) Agree

(b) Agree

(c) Agree

(d) Agree

Recommendation 9

To strengthen the NMU's management of it's financial resources, the ANAO recommends that the NMU:

(a) develop a sound, useful financial management framework; and
(b) routinely analyse financial data, expenditure patterns and cost structures to support decision-making and the preparation of budgets as well as to identify inefficiencies or savings.

Customs Response:

(a) Agree
(b) Agree

Appendix 2: Strategic, Tactical and Standing Taskings

Strategic taskings requested and completed for period 01 July 2001 to 30 June 2003

	2001–2002			2002–2003		
Agency	Taskings Requested	Taskings Completed	Percentage Completed	Taskings Requested	Taskings Completed	Percentage Completed
Customs	207	187	90.3	238	213	89.5
AFMA	16	15	93.8	39	33	84.6
DEH	9	8	88.9	20	20	100.0
AQIS	7	7	100.0	4	3	75.0
DIMIA	6	6	100.0	1	1	100.0
ADF	2	2	100.0	13	13	100.0
Australian Institute of Marine Science	2	2	100.0	0	0	-
Coastwatch	2	2	100.0	4	4	100.0
AFP	1	1	100.0	0	0	-
Australian Search and Rescue	1	1	100.0	1	1	100.0
Bureau of Meteorology	2	1	50.0	0	0	-
GBRMPA	0	0	-	2	2	100.0
Other[(1)]	0	0	-	2	2	100.0
Total	255	232	91.0	324	292	90.1

Source: National Marine Unit

Note 1: Refers to the Australia Day Council and AUSTAL.

Tactical taskings requested and completed for period 01 July 2001 to 30 June 2003

Agency	2001–2002			2002–2003		
	Taskings Requested	Taskings Completed	Percentage Completed	Taskings Requested	Taskings Completed	Percentage Completed
Customs	39	38	97.4	30	28	93.3
AFMA	15	15	100.0	70	63	90.0
DIMIA	4	4	100.0	0	0	-
ADF	3	3	100.0	0	0	-
Australian Search and Rescue	1	1	100.0	1	1	100.0
Total	62	61	98.4	101	92	91.1

Source: National Marine Unit

Standing taskings requested and completed for period 01 July 2001 to 30 June 2003

Agency	2001–2002			2002–2003		
	Taskings Requested	Taskings Completed	Percentage Completed	Taskings Requested	Taskings Completed	Percentage Completed
Customs	148	140	94.6	67	66	98.5
DEH	141	140	99.3	22	19	86.4
DIMIA	128	127	99.2	0	0	-
Australian Search and Rescue	122	122	100.0	0	0	-
AQIS	122	122	100.0	0	0	-
AFMA	122	122	100.0	0	0	-
GBRMPA	42	42	100.0	0	0	-
Bureau of Meteorology	27	27	100.0	14	14	100.0
Total	852	842	98.8	103	99	96.1

Source: National Marine Unit

Appendix 3: Patrol Types and Qualification Requirements

Patrol type	Qualifications	Crew number required on ACV[1]
For all patrols	Master Class IV	1
	Marine Engineer Class 3 (or better)	1
	Global Maritime Distress Safety Signal (GMDSS)	1 (can be any crewmember)
	Master Class V (or better)	2
	Marine Engine Driver (MED) 2	2
	Coxswain (or better)	1+
Additional Qualifications for specific taskings		
Patrol type	**Qualifications**	**Crew number required on ACV**
Cross Border (Papua New Guinea) and other offshore patrols beyond 200 nautical miles from the Australian mainland (Willis Island)	Marine Engine Driver (MED) 1	2
Thursday Island and Cape York Patrols	Thursday Island Trainee (if available)	1
Ashmore Patrols and Darwin Support Vessels	DEH Warden	1
	Indonesian Speaker (if available)	1
Vessel Maintenance	**Qualifications**	**Crew number required**
Vessel Maintenance	Marine Engineer Class 3 (or better)	1

Source: National Marine Unit

Note 1: An individual can hold multiple qualifications (for example, a crewmember may have Master Class IV, Marine Engine Driver 1 and Global Maritime Distress Safety Signal qualifications).

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