



Transforming an agency in crisis: driving change at the Immigration Department (A)

In at the deep end

For Andrew Metcalfe, 18 July 2005 was a day of conflicting emotions. It marked his return to the Department of Immigration, Multicultural and Indigenous Affairs (DIMIA),¹ an agency in which he had spent most of his career. It was a place he loved. To be appointed its Secretary should have been the fulfilment of a long-held ambition. But it felt more like a poisoned chalice. He took office on the very day that his predecessor and two deputies were being farewelled by grieving colleagues following their peremptory removal from their posts.

Metcalfe had been given the job by his current Secretary at the Department of Prime Minister and Cabinet, the head of the Commonwealth public service. Peter Shergold had not minced words. He needed someone utterly skilled and reliable to fix up the mess in which the Immigration department had found itself, which had precipitated a swathe of inquiries as well as the dismissal of its three most senior leaders. A stop-gap solution would not work. Far-reaching change was necessary to boost staff morale and stem the breakdown in public trust the department had suffered – not to mention the political embarrassment it had caused the government.

The Immigration department is both a policy and program agency as well as a service delivery agency. It advises the government on every aspect of Australia's managed migration

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¹ Following various machinery of government changes implemented during Metcalfe's tenure as Secretary, the department's name was first changed from DIMIA to the Department of Immigration and Multicultural Affairs (DIMA) and subsequently the Department of Immigration and Citizenship (DIAC). Acronyms used in the text will vary accordingly.

program, which has been the main source of the country's population growth and arguably its prosperity and increasingly multicultural character. The department works very closely with other agencies to deliver whole of government policy, for example on visas. Visas are an entitlement for non-citizens to travel to and stay in Australia. Decisions whether to grant them are determined by, or impact on, policy settings in areas ranging from border security to economic and labour market issues, from education and training to tourism, from community health issues to child welfare and issues surrounding the resettlement of refugees.

Though the department delivers many services directly, much too is outsourced. In terms of procurement, Immigration is the second largest Commonwealth agency by number of contracts and fourth by dollar value. During the 2001-2010 decade its staff numbers increased from 5000 to 7000. Its services were delivered through offices in every State and Territory and through an overseas network comprising more than 60 countries.

On a typical working day in 2005, the department would:

- receive more than 12,000 visa applications (over 4.5 million per year);
- grant around 11,500 temporary visas and 500 permanent migrant visas, the latter including about 35 humanitarian visas;
- grant citizenship to around 375 people;
- handle nearly 7,000 calls to its general and citizenship inquiry lines;
- meet around 560 clients face to face at scheduled interviews;
- process more than 60,000 people across the border at air and sea ports – that's around one person per second; and
- provide accommodation, meals, activities, health care and other services to around 750 immigration detainees in detention facilities and alternative detention arrangements (mainly illegal foreign fishermen).

Five years on, these production levels had only grown. To accomplish its wide ranging responsibilities, the department has some awesome powers. It can stop people who have no legal title to enter Australia from doing so. It has the power to lock up people who are in the country unlawfully, and it can expel them. Likewise, it can greatly alter the lives of individuals by granting or withholding from them a visa, residency, or citizenship. These powers are to be exercised with care, reason and transparency – anywhere in the world and all the time. But in the first half of 2005, the media was awash with stories that the department was failing to meet basic performance standards.

Detaining lawful residents and deporting Australian citizens?

The crisis had been precipitated by a double-punch. First it transpired that DIMIA had erroneously and unlawfully detained a mentally unstable young German-speaking woman named Cornelia Rau. When she first came to the attention of the department in late March 2004, she had given various false identities and claimed to be a German tourist. The department had concluded she was an unlawful non-citizen. It had detained her and for months concentrated on establishing her identity and securing her removal from Australia. It was not until February 2005 that it became clear that she was an Australian resident who should have been released immediately.

In the wave of publicity and scrutiny that followed, another case of serious departmental failure was identified. It concerned the removal to the Philippines of an Australian citizen, Vivian Alvarez, back in 2001. Ms Alvarez too had significant mental health issues and spoke poor English. She had been falsely classified as an illegal immigrant and she was removed to

the Philippines in July 2001. Despite various indications and growing recognition by individual DIMIA officers that a mistake had been made, no corrective action had been taken until April 2005.

Both cases were the subject of major inquiries. The first such report, by former police commissioner Mick Palmer on the Cornelia Rau case, was published just days before

Metcalf's appointment. It contained a damning judgment of the department's procedures, processes and culture. Palmer concluded that "there are serious problems with the handling of immigration cases. These stem from a deep-seated culture and attitude and a failure of executive leadership in the compliance and detention areas."² He continued:

"What has been identified is not so much incompetent management but instead an *absence* of management – not on a single occasion but during 10 months, in two jurisdictions and involving a wide range of practices, procedures and executive conduct that all pertained to the management and care of detainees more generally."³

Palmer noted that "there seemed to be a 'disconnect' between DIMIA detention policy development and management in Canberra and the realities of time frames for dealing with operational requirements in [detention facilities and state offices]. This is reflected in the lack of responsiveness to operational concerns and the failure to achieve desired performance outcomes."⁴

Palmer recommended "urgent reform" to address "serious cultural problems within DIMIA's immigration and detention areas", cautioning that "structural and procedural changes alone will not be sufficient".⁵ His 49 recommendations covered every aspect of the department's performance: from training to information systems, from leadership to file management, from infrastructure to information provision and stakeholder relations, from advisory bodies and expert input to modernising custodial management. And he made it clear where the buck had to stop:

"The current immigration compliance and detention executive management team is unlikely ... to have the perspective or capacity to lead and bring about the major changes in mindset and practice that are required."⁶

No federal agency in living memory had been given anything like this comprehensive grilling. In immediate response to the report, the department's top executive was transferred out and Metcalfe was appointed.

Meanwhile the world outside the department was enraged. Journalists and human rights groups were milking the crisis for all it was worth. The Minister (Liberal Senator Amanda Vanstone) had lost confidence in the department. And the Australian public was confused – how was it possible that DIMIA was detaining lawful residents and deporting Australian citizens? Though on any given day the department was handling thousands of visa and citizenship applications and a range of other decisions and client contacts correctly, there was no room for errors of this kind.

² Palmer, M J, *Inquiry into the Circumstances of the Immigration Detention of Cornelia Rau*, July 2005, Commonwealth of Australia, p160. Hereafter "Palmer"

³ Palmer, p161.

⁴ Ibid, pxi.

⁵ Ibid, p6.

⁶ Ibid, pxi.

On his first day at the Department, Metcalfe and another key recruit, Deputy Secretary Bob Correll (brought in from the Department of Employment and Workplace Relations on the strength of his wide program management experience), had taken a grand tour of DIMIA's national office. They had shaken hands with each and every one of the 2000 or so staff members that were around at the time. In the process they could "take the temperature" of staff morale, and the picture was bleak. Many were shattered, bewildered, and angry at the public mauling their organisation was receiving. They felt their dismissed leaders had been unfairly scapegoated. Some of the Senior Executive Service saw it as a complete and opportunistic over-reaction. Though few said so openly, it was clear that they rejected Palmer's assertion that the problems evidenced by the Rau case were deep-rooted, systematic and cultural.

It was hardly a welcoming environment for the new leadership team. Upon learning of his appointment, Metcalfe had prevailed upon some trusted associates within the public service to join him in a change management task force. Among them was Wendy Southern, who was working with Metcalfe in the national security area at Prime Minister and Cabinet at the time. Southern recalled:

"It was very difficult for Andrew. As someone who had worked in immigration, including in the detention area, for a long time, he too felt sadness about the departures of the executive team, who were people he had worked with in the past and whom he respected."

Metcalfe's predecessor, Bill Farmer, was a key mentor of his. To see them go under these circumstances was taxing, knowing that more tough decisions about staffing lay ahead. To then muster and radiate enthusiasm for changes that were urgently required yet likely to be deeply resented by many in the organisation was a daunting challenge.

A contentious policy domain

One thing was certain: despite its unprecedented depth, the current crisis was not the first and probably would not be the last that the department would have to deal with. Managed migration has been widely regarded as a cornerstone of Australia's growth and prosperity. However, the sector was dogged by periodic and sometimes intense strife over the criteria by which this "management" should take shape and how it should be executed.

One key bone of contention concerned the *size* of the migration and humanitarian intake. These arguments were about how many people Australia needed and how many it could support, economically and ecologically. Another concerned the *composition* of the intake. Here the underlying question was what sort of nation Australia aspired to be, and what if anything this implied for the age, socio-economic, geographic, ethnic, and religious composition of the people it granted residency to? The long-standing controversy over early governments' White Australia policy had dominated the post-1945 decades. After the policy was abolished, a marked rise in the number of non-European migrants taking up residency ensued. A political backlash followed in the 1990s which saw the rise of Pauline Hanson's nationalist One Nation party and involved intense debates about the desirability of "Asian immigration" and "multiculturalism".

Critical situations were also imposed upon the sector by recurrent spikes in the number of unauthorised arrivals, almost all by boat and usually from Indonesia (see *Exhibit 1*). These were usually desperate people from countries in the grip of war, turmoil and political

persecution, such as Vietnamese in the late 1970s or Iraqis, Afghans and Sri Lankans in more recent times. Many among these asylum-seeking “boat people” (officially, Irregular Maritime Arrivals or IMAs) met the criteria for refugee status set by the international conventions to which Australia is a signatory. Their number was insignificant compared to the total migration intake or indeed the number of people who entered Australia lawfully but then overstayed or otherwise breached their visa conditions. However, a spike in boat arrivals put disproportionate pressure on the immigration sector.

Anyone arriving by boat who is granted refugee status takes a place in the annual quorum of people Australia grants residency to under its humanitarian program. These people are selected in a planned process from refugee camps around the world. They are “waiting their turn”, so the political rhetoric goes. Boat people (and the people-smugglers who make money off them) unfairly skip this process, triggering concerns about “queue-jumping”. As well, there is a deep-rooted and well-documented undercurrent of fear in parts of the Australian community that the relative trickle of boat arrivals may grow into an unstoppable and unmanageable large stream of “undesirables” from poor, backward, “foreign” parts of the world.

Political pressure and the “Pacific Solution”

During spikes in boat arrivals, political pressures built up very quickly around the appropriate level of “toughness” in border control policy, including engagement with neighbouring governments (particularly Indonesia). In the lead-up to the 2005 Rau/Alvarez crises, the Immigration department had taken regular flak from critics of the self-consciously “resolute” border policy of the Howard government. In 2001 the government had legislated to excise some Australian territory from the migration zone, allowing for differential treatment of non-citizens arriving in Australia by boat. People attempting to do so were now intercepted at sea where possible. They were either returned to Indonesia, removed to third countries in the Pacific, or sent to Australia’s immigration facilities on the island of Nauru. Any claims made by those people for refugee status could then be processed by the Immigration department outside the jurisdiction of Australian courts. These border protection measures became known as the “Pacific Solution” and would remain intensely controversial.⁷

Charged with administering policies many Australians found too harsh, the department always risked becoming identified with cold and inhumane treatment of people at their most vulnerable. This risk was aggravated by the political and administrative challenges created by spikes in unauthorised arrivals. Given bipartisan consensus on a policy of mandatory detention of unlawful migrants, more arrivals translated into a direct need for a surge in detention capacity. When this coincided with a ruling government’s determination to signal that Australia takes a tough stance against unauthorised arrivals, the predictable result was that large numbers of people ended up housed in overcrowded, highly remote or otherwise harsh conditions. Stories about the fate of women and children from war-torn regions of the world, held behind barbed wire in the middle of the desert, were publicity fuel for human rights and refugee advocacy groups seeking a softening of the policy settings.

Rapid growth in detainee numbers furthermore increased the time taken to process the average application, which meant people spent more time in detention. It tended to prompt

⁷ A 2010 decision by the Australian High Court in favour of asylum seekers’ rights to appeal against offshore executive decisions not to grant them refugee status undermined this cornerstone of the “Pacific solution”.

government decisions to sharpen the criteria for granting refugee status, leading to more refusals and more removals. As a result of both, the detainee population was likely to become more restless and more desperate. This compounded the pre-existing mental health problems many detainees experienced. It also generated more disorderly behaviour and increased incidence of self-harm and suicide attempts. Combined with increased workloads and stress levels among staff, this risked turning detention facilities into powderkegs - potential sources of high-profile incidents damaging to the reputation of the department. This had occurred in the wake of the 1999-2001 peak of boat arrivals. As one DIMIA veteran recalled:

“These were very hard days. We had riots, Christmas Day fires, lip-sewing, the crisis at Baxter and Woomera [both controversial detention facilities]. It was relentless... The Immigration Act offered the department almost no discretion around mandatory detention. Many officers really tried what they could to soften the edges for the most vulnerable. Yet community perception did not see this and saw us as cold, indifferent and robotic.”

On the face of it, the Rau and Alvarez incidents had nothing to do with illegal arrivals. Yet they provided ample ammunition to critics of the Howard government’s policies and of the Immigration department as its chief agent of implementation. And, as some insightful observers remarked, perhaps it was precisely the focus on irregular arrivals and the creeping crises of border control and detention that had sucked up all the department’s resources and leadership attention, thus weakening its capacity to prevent, detect and correct errors in other areas of its remit.

The institutional crisis of 2005 did not just affect the department. It also put pressure on the government’s hardline policies, which had been conceived and supported by Prime Minister John Howard and then Immigration Minister Philip Ruddock. Both found themselves on the defensive, not least within their own party, where dissent was given a voice by a group of Liberal parliamentarians led by Petro Georgiou, who began drafting a private member’s bill aimed at softening detention policy. Seeing the writing on the wall, the Prime Minister announced a shift in that policy. Families in detention with children would be allowed to enter the community, and long-term detainees would have their cases reviewed regularly.

A world of its own

The department Andrew Metcalfe was to turn around was a remarkable place, and in many ways a department *sui generis*. Though it was large and spread across many locations on and offshore, it inspired great loyalty among its staff. Many, including a high percentage of its Senior Executive Service, had worked there all or much of their professional lives. There were many “DIMIA families” whose adult members all worked there, in some cases spanning three generations. As a result, there was a strong emphasis on interpersonal ties, long-standing relationships and a great respect for veterans and traditions. Within Immigration, what mattered was staying power, on-the-job experience, getting along, and whom you knew. This was reflected in the recruitment pattern: of the last 40 SES appointments that had been made in the three years prior to July 2005, 37 had been internal promotions. One of the three “outsiders” had been Metcalfe, who had only left the department for Prime Minister and Cabinet a few years earlier.

At a general level, most DIMIA staff subscribed strongly to the department’s basic, nation-building mission. They accepted that the department’s work in implementing this mission involved both a “light” side (granting people access to Australia, even actively recruiting

them; supporting them in settling and integrating into Australian society) and a “dark” side (interdicting and removing people who had no legal title to stay).

While at one level the department could be thought of as a giant “people-processing” factory like the Tax Office or Centrelink, the breadth and complexity of its remit gave it a finger in many pies of public service work. Like any other department of state, it did policy work: providing strategic advice to ministers, designing programs, maintaining a knowledge base. Like many regulators or police agencies it did enforcement work: securing compliance of individuals and organisations with relevant laws and regulations. Like a delivery agency, it either provided or purchased a wide range of human services – in areas such as housing, mental health, language training, vocational education, job-seeking - for parts of its client base. Like a prison system, it maintained a range of closed as well as open facilities accommodating large numbers of residents some of whom had complex needs. Like a foreign service, a significant part of its operations were abroad, and maintaining cooperative relationships with foreign governments was crucial to the successful implementation of its mission.

With so much internal variety on offer, staff members had plenty of opportunities to hold very different types of jobs in different nooks and crannies without ever having to leave the department. “Working at Immigration” might mean a whole range of different things to different staff members. To some extent, staff felt that there was no such thing as “the” department but rather a loose “federation” of “shops” with very different tasks, processes, and performance standards. This was probably why many who worked outside the detention and compliance areas denied that the Palmer diagnosis and recommendations had any relevance to their particular part of the organisation.

Like many other large and geographically dispersed agencies, Immigration experienced a fair amount of tension in the relationships between its national office and the state offices (less so the overseas posts, which were numerous but small in size). In compliance, for example, distinct state-level cultures of case processing and decision-making had developed in different offices, leading to strategic “venue-shopping” by employers and applicants. Tensions persisted over budgets, information-sharing, joining up policy with operational realities, and central steering versus local autonomy.

Notwithstanding such internal complexities, most staff would ascribe to an overall departmental culture characterised, firstly, by pride and loyalty. There was pride in the fact that by and large, the department proved able to accomplish its multifaceted and complex mission unobtrusively and – mostly – seamlessly. There was pride in its ability to handle pressure (“this place loves crises,” remarked one former senior official), facing down the periodic peaks and tensions in the portfolio by stepping up to the plate - if only because many staff were time and again willing to go beyond the call of duty to plug holes, improvise and find workarounds.

DIMIA was an introverted organisation with an inward-looking culture. Its own complexities were such that much of its attention was focused internally. Its pride in self-sufficiency meant that little emphasis was placed on engaging with other departments and agencies. The preference was to build and maintain its own capacity, whether in human services provision or border control. It kept to itself most of the time, and did not have much of a presence in Canberra’s myriad of interdepartmental bodies. While this reduced the department’s dependence on all but a limited number of key players, it also meant that DIMIA did not

engage much with public service-wide innovations in areas like program management, information management, case management and client services.

It also meant that stakeholder engagement had been low on the list of priorities. The department had come to assume that there would always be a chorus of vocal and implacable critics of its every move. This particularly applied to the detention and compliance areas, which were to be kept at arms' length as much as possible. Perhaps therefore it was not surprising that the Palmer inquiry found "considerable deafness to the concerns voiced repeatedly by a wide range of stakeholders, a firmly held belief in the correctness of the processes and procedures that exist, and a culture that ignores criticism and is unduly defensive, process motivated and unwilling to question itself".⁸

Managing a 'mess'

Once its performance had been discredited, DIMIA found itself isolated and friendless, unable to spread the risks and the fallout. It had loyally served a government that now washed its hands of it. The department looked to its new leader to salvage something from the wreckage. Metcalfe knew that the second inquiry, commissioned by the Commonwealth Ombudsman⁹ about the Vivian Alvarez case, was due for release in late September. His sources told him that it was likely to be at least as critical as Palmer had been. Metcalfe knew that the Minister must be presented with a credible plan of action before Cabinet in October. The change management task force he led had about 100 days to produce a strategy that was coherent, feasible and well-supported internally and externally.

How was he to go about it? What should be his priorities? What challenges and risks would he have to reckon with? How could he forge a way forward that would sustainably diminish the department's susceptibility to the inherent tensions of the portfolio?

⁸ Palmer p 164.

⁹ The inquiry was carried out by Neil Comrie, former Victorian Commissioner of Police.

Exhibit 1

Unauthorised boat arrivals (“irregular maritime arrivals”) in Australia since 1976 by calendar year

Year	Number of Boats	Number of people
1976		111
1977		868
1978		746
1979		304
1980		0
1981		30
1982–88		0
1989	1	26
1990	2	198
1991	6	214
1992	6	216
1993	3	81
1994	18	953
1995	7	237
1996	19	660
1997	11	339
1998	17	200
1999	86	3721
2000	51	2939
2001	43	5516
2002	1	1
2003	1	53
2004	1	15
2005	4	11

Source: excerpted from
http://www.aph.gov.au/library/pubs/bn/sp/boatarrivals.htm#_Toc233686291