



# Australia Post and Department of Foreign Affairs and Trade

PASSPORTS LOST IN THE MAIL

June 2010

Report by the Acting Commonwealth and Postal Industry Ombudsman,  
Ron Brent, under the *Ombudsman Act 1976*

REPORT NO. **08**|2010

## Reports by the Ombudsman

Under the *Ombudsman Act 1976* (Cth), the Commonwealth Ombudsman investigates the administrative actions of Australian Government agencies and officers. An investigation can be conducted as a result of a complaint or on the initiative (or own motion) of the Ombudsman.

The *Ombudsman Act 1976* confers five other roles on the Commonwealth Ombudsman—the role of Defence Force Ombudsman, to investigate action arising from the service of a member of the Australian Defence Force; the role of Immigration Ombudsman, to investigate action taken in relation to immigration (including immigration detention); the role of Postal Industry Ombudsman, to investigate complaints against private postal operators; the role of Taxation Ombudsman, to investigate action taken by the Australian Taxation Office; and the role of Law Enforcement Ombudsman, to investigate conduct and practices of the Australian Federal Police (AFP) and its members. There are special procedures applying to complaints about AFP officers contained in the *Australian Federal Police Act 1979*. Complaints about the conduct of AFP officers prior to 2007 are dealt with under the *Complaints (Australian Federal Police) Act 1981* (Cth).

Most complaints to the Ombudsman are resolved without the need for a formal report. The Ombudsman can, however, culminate an investigation by preparing a report that contains the opinions and recommendations of the Ombudsman. A report can be prepared if the Ombudsman is of the opinion that the administrative action under investigation was unlawful, unreasonable, unjust, oppressive, improperly discriminatory, or otherwise wrong or unsupported by the facts; was not properly explained by an agency; or was based on a law that was unreasonable, unjust, oppressive or improperly discriminatory. A report can also be prepared to describe an investigation, including any conclusions drawn from it, even if the Ombudsman has made no adverse findings.

A report by the Ombudsman is forwarded to the agency concerned and the responsible minister. If the recommendations in the report are not accepted, the Ombudsman can choose to furnish the report to the Prime Minister or Parliament.

These reports are not always made publicly available. The Ombudsman is subject to statutory secrecy provisions, and for reasons of privacy, confidentiality or privilege it may be inappropriate to publish all or part of a report. Nevertheless, to the extent possible, reports by the Ombudsman are published in full or in an abridged version.

Copies or summaries of the reports are usually made available on the Ombudsman website at [www.ombudsman.gov.au](http://www.ombudsman.gov.au). Commencing in 2004, the reports prepared by the Ombudsman (in each of the roles mentioned above) are sequenced into a single annual series of reports.

## ISBN 978 0 9807966 1 2

Date of publication: June 2010

Publisher: Commonwealth Ombudsman, Canberra Australia

© Commonwealth of Australia 2010

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Australian Government, available from the Attorney-General's Department.

Requests and enquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Copyright Law Branch, Attorney-General's Department, National Circuit, Barton ACT 2601, or posted at <http://www.ag.gov.au/cca>.

Requests and enquiries can be directed to the Director Public Affairs, Commonwealth Ombudsman, GPO Box 442, Canberra ACT 2601; email [ombudsman@ombudsman.gov.au](mailto:ombudsman@ombudsman.gov.au) or phone 1300 362 072 (calls from mobiles charged at mobile phone rates). This report is available on the Commonwealth Ombudsman's website <http://www.ombudsman.gov.au>.

# CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>PART 1—INTRODUCTION.....</b>	<b>3</b>
Background.....	3
<i>Fraud</i> .....	3
<i>Financial implications</i> .....	4
Our investigation .....	4
Australia Post and DFAT responses.....	4
<b>PART 2—SENDING PASSPORTS THROUGH THE POST.....</b>	<b>6</b>
How passports are sent.....	6
<i>How the public sends passports</i> .....	6
<i>How DFAT sends passports</i> .....	7
<i>How foreign diplomatic missions send passports</i> .....	7
What happens when a passport is lost .....	8
<i>DFAT's records of lost passports</i> .....	8
<i>Australia Post's records of lost passports</i> .....	9
<i>Compensation</i> .....	9
<b>PART 3—ISSUES .....</b>	<b>11</b>
Keeping track .....	11
<i>Setting an example</i> .....	11
<i>Information captured by Australia Post</i> .....	12
Which service to use .....	12
Compensation for lost passports .....	13
<i>Extra Cover</i> .....	14
<b>PART 4—CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>16</b>
<b>APPENDIX 1—AUSTRALIA POST'S RESPONSE.....</b>	<b>17</b>
<b>APPENDIX 2—DFAT'S RESPONSE.....</b>	<b>21</b>
<b>ABBREVIATIONS AND ACRONYMS .....</b>	<b>22</b>

## **EXECUTIVE SUMMARY**

More than a million passports are sent through the Australian post each year. Most commonly these are new passports issued by the Department of Foreign Affairs and Trade (DFAT) and passports sent to and from diplomatic missions for visa purposes. Australia Post carries the majority of these passports.

The Postal Industry Ombudsman noted an increase in complaints about passports going missing in the post, from 1.2% of total complaints about Australia Post in 2007–08 to 2.2% in 2008–09. Although these complaints comprise only a small overall percentage of complaints to our office, we consider that the security and financial implications involved in the loss of a passport warrant treating this kind of complaint seriously.

The most frequent passport-related postal complaints brought to this office are first, that a passport has been lost, and second, that the amount of compensation offered by Australia Post for the loss of the passport is inadequate. In investigating Australia Post processes and practices relating to its handling of complaints about lost passports we considered:

- how Australia Post deals with complaints of this nature
- the postal services used by passport holders and the compensation arrangements available in case of loss.

We also sought information from DFAT, as a bulk sender of passports and the agency responsible for issuing passports and dealing with reports of their loss.

As a result of our investigation, we have concluded that there are measures that both Australia Post and DFAT could put in place to capture better data about lost passports. This would enable more useful analysis of patterns of loss and expose possible systematic stealing of passports.

We have also concluded that Australia Post should redraft its terms and conditions and other information it makes available to the public about how to send passports through the post, and the compensation payable if a passport is lost. Updated versions could clarify the postal services available to customers and the protections for customers against the direct costs of loss of a passport.

Generally speaking, we do not consider it unreasonable for Australia Post to exclude payment of compensation for consequential loss (such as loss of income related to time off work) from its terms of service. Customers should be made aware of this, and should make passport and visa arrangements in ample time to deal with matters if a passport is lost. If that is not possible, customers should consider alternative arrangements that avoid the risk of loss in the course of carriage.

This report deals mostly with the inconvenience and damage encountered by members of the public when a passport is lost in the post. There are, of course, other considerations that make it important to minimise the risk of lost passports. Chief among these is the need to safeguard the integrity of the Australian passport system and reduce the risk for individuals that their personal information will be obtained by a third party. The danger of identity theft is a prominent concern within government. The recommendations in this report could go some way to reducing those and other risks.

**Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail**

Both DFAT and Australia Post have accepted our recommendations and advised us that they are taking steps to implement the suggested changes and improvements. We appreciate the detailed responses both agencies have provided, and their assistance in explaining some of the issues involved in handling reports of lost passports.

## PART 1—INTRODUCTION

### Background

1.1 More than one million passports are sent through the Australian post each year—new passports issued by DFAT, and passports sent to and from diplomatic missions for visa purposes. Many of these are sent by Australia Post’s registered post service, which is designed for the carriage of valuable items and is the service used by DFAT for sending newly-issued passports. However, a substantial proportion of customers use Express Post or Express Post Platinum services, and a few use the ordinary letter service.

1.2 Complainants who approach our office about a lost passport generally raise two main concerns about the implications of a lost passport—the risk of identity fraud, and the costs involved in replacing the passport and rearranging travel plans.

### **Fraud**

1.3 Identity fraud is a serious issue with widespread ramifications. A report of the Model Criminal Law Officers’ Committee of the Standing Committee of Attorneys-General in March 2008 stated that:

Accurate measurement of the cost of identity crime is difficult and there are relatively few statistics available on its impact in Australia. The Australian Institute of Criminology reported that approximately one quarter of incidents involving fraud reported to the Australian Federal Police involve ‘the assumption of false identities’. *Identity Fraud in Australia*, a 2003 report by the Securities Industry Research Centre of Asia-Pacific (SIRCA) for financial intelligence agency AUSTRAC, claimed that identity fraud cost Australian large business \$1.1 billion in 2001–02.

1.4 A passport, and the information it contains, can be an effective means of assuming someone else’s identity, both here and overseas. Government agencies such as the Australian Customs and Border Protection Service, the Australian Federal Police (AFP) and DFAT each play a role in investigating passport fraud, educating the public about passport security and ensuring passports utilise the latest technology in an attempt to stop counterfeit activity.

1.5 Australia Post and DFAT have a memorandum of understanding enabling Australia Post’s Corporate Security Group to work with DFAT’s Passport Fraud section to investigate possible incidents of fraud. Where criminal activity is suspected, the AFP may also be involved.

1.6 Australia Post is usually the first point of contact for a person whose passport has gone missing in the post. As such, Australia Post is in a good position to identify and act upon an issue that potentially has wider implications than the immediate impact on the passport holder.

1.7 For these reasons, Australia Post’s procedures when presented with a complaint about a passport lost in the post are significant in the context of the detection and future prevention of fraud. For example, tracking the locations in which passports go missing may demonstrate patterns of loss that provide investigative leads for law enforcement agencies.

### ***Financial implications***

1.8 While identity fraud is important to complainants, the more pressing concern is usually the impact the loss will have on the complainant's immediate travel plans. For the majority, the cost of an overseas trip is at stake, which could amount to thousands of dollars. For some, the potential loss is more personal—the lost opportunity to attend a wedding or participate in some other one off event, for example.

1.9 There are also consequential costs associated with the loss of a passport, which can include phone calls, domestic travel, time off work, postage and obtaining replacement documents. These costs can be significant, as the following case study illustrates.

#### ***Case study—consequential losses***

Mr and Ms A sent their passports to a foreign diplomatic mission via Registered Post. When the passports did not arrive at the consulate, both Mr and Ms A were forced to change their travel plans, apply for new emergency passports, apply for new identification documents due to a change in the law, undertake significant domestic travel to obtain the necessary documents and arrange additional yellow fever inoculations due to the time passed. The total cost came to more than \$4,000.

## **Our investigation**

1.10 Our investigation considered Australia Post's and DFAT's internal policies and procedures relating to lost passports, as well as relevant public information, such as the Passports website ([www.passports.gov.au](http://www.passports.gov.au)).

1.11 In Australia Post's case, we also considered its service terms and conditions, its Post Guides, information published on its website, and information appearing on postal products.

1.12 Australia Post's postal services are governed by Australia Post's terms and conditions. The terms and conditions are made in accordance with the provisions of the *Australian Postal Corporation Act 1989*, and bind both Australia Post and anyone choosing to use its services.

1.13 The terms and conditions are expanded upon in Post Guides published by Australia Post, which are available online and from post offices. The Post Guides are interpretive and outline Australia Post's practical application of the terms and conditions. Where inconsistencies exist between the two, the terms and conditions take precedence.

1.14 In response to our enquiries, DFAT provided us with information about its lost passport reporting practices, details of its postage choices, and details of the administrative action taken when a passport is reported as lost or stolen.

1.15 Many of the complaints brought to us relate to passports lost in transit to or from foreign diplomatic missions in Australia. In view of this, we also conducted research into postal methods used or recommended by these authorities.

## **Australia Post and DFAT responses**

1.16 Australia Post's response to a draft of this report is reproduced in full at appendix 1.

**Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail**

1.17 Australia Post has accepted our recommendations and has outlined the steps it is taking or will take to implement them. We welcome Australia Post's recognition of the importance of the issue, and its commitment to improving those aspects of its services most relevant to the safe carriage of passports through the post.

1.18 We are particularly pleased to note that Australia Post's current review of its terms and conditions and Post Guides aims to remove any ambiguity where passports are concerned by reclassifying them as 'valuable documents'. Similarly, we commend Australia Post's proposal to clarify the information on the front of the Express Post envelope. Both the review and the clarification on the envelope will assist customers to make a better informed decision about which postal service to use.

1.19 We also welcome the launch of Australia Post's enhanced Express Post Platinum service, which would appear to offer the more popular features of both the Registered Post and Express Post services.

1.20 DFAT's response to a draft of this report is reproduced in full at appendix 2.

1.21 DFAT has advised that technical limitations mean it is not currently able to collect the level of information about lost passports that this report recommends. However, DFAT expects that improvements in the passport application system will improve its capacity in this respect.

1.22 DFAT has also advised that it has developed advice on secure methods of posting Australian passports, and has committed to making this information available to the public through the passports website.

1.23 We welcome DFAT's commitment to engaging with this issue to the extent that it has, and its practical approach to alerting the Australian public to the potential risks of sending passports through the post.



## PART 2—SENDING PASSPORTS THROUGH THE POST

### How passports are sent

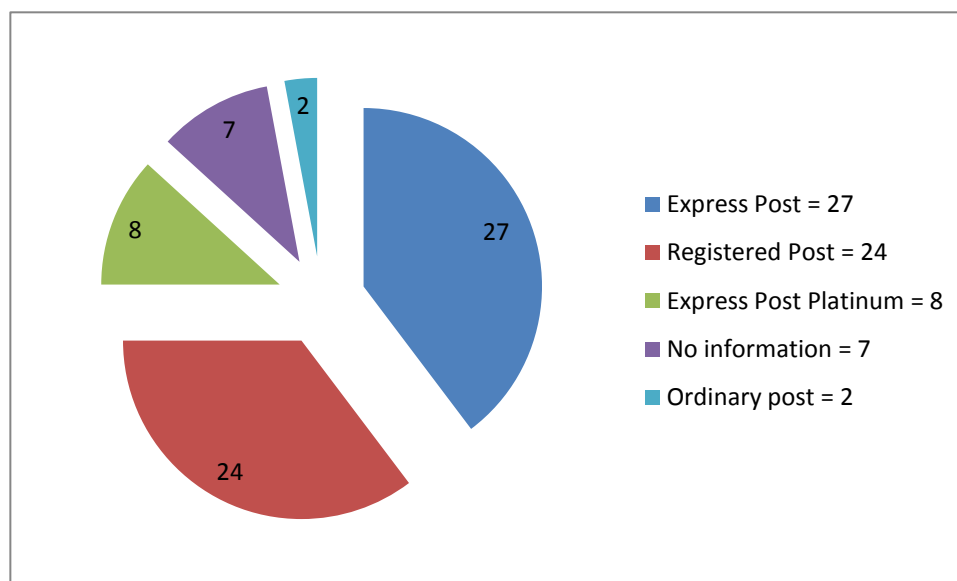
2.1 As part of our investigation, we analysed our complaint data to identify how people had sent passports through the post: whether they had used Registered Post, Express Post or some other service. This is relevant to two issues in particular:

- does the method by which passports are sent through the post affect the likelihood of their being lost?
- which service should customers choose to send passports through the post in order to obtain compensation in the event of loss, and are customers aware of limitations or exclusions of liability that apply if they choose other postal services?

### How the public sends passports

2.2 In the current market, there are two main postal services used by the public to send passports—Registered Post and Express Post (use of the Express Post Platinum service, which requires a signature upon delivery, is increasing). Our records show that the majority of complaints to this office about lost passports in 2007–09 concerned these two services.

Figure 1: Breakdown of complaints about lost passports for financial years 2007–08 and 2008–09, by postal service used



2.3 Our complaint records also show that when people send passports through the mail, they consider several service features—security, tracking in transit, speed of delivery, proof of delivery, and compensation for service failure. These preferences or expectations may only become relevant for, or be fully appreciated by, the passport holder in the event of non-delivery by the expected date.

2.4 Express Post and Registered Post offer varying service features. Australia Post's promotion of these services emphasises the aspects of the service considered most desirable—speed and security. Express Post is promoted as the fastest way to send something through the post, while Registered Post is promoted as the most secure, as the cost of this service includes obtaining a signature on delivery.

## **Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail**

Registered Post also offers an enhanced level of compensation for loss and damage, and Extra Cover (formerly known as ‘insurance’) can be purchased for Registered Post items, but not Express Post.

2.5 Our complaint data shows that senders expect an Express Post item to be fast and will regularly choose this service when time is of the essence, as when finalising travel arrangements close to the date of travel. Foreign diplomatic missions also regularly recommend Express Post as an appropriate postal method.

2.6 However, when an Express Post item does not arrive within the expected timeframe, the service guarantee only extends to provision of a replacement satchel or envelope. It does not mean that Australia Post accepts liability for any associated costs. The nature of the guarantee is set out on the envelope/satchel, but complaints to this office indicate that senders often fail to understand the meaning of the guarantee until things go wrong.

2.7 Our complaint records show that Registered Post is often chosen to send passports because the sender believes the service to be more secure than Express Post. This is partly because a signature is required for delivery. However, some senders mistakenly believe that Registered Post items are treated differently during transit, and are less subject to interference.

2.8 Australia Post has confirmed as part of this investigation that Registered Post items are carried in the same mail stream as ordinary mail, and that no extra level of security is applied during transit. The security benefits derive from the requirement for a signature to be obtained upon delivery, rather than special handling.

### ***How DFAT sends passports***

2.9 DFAT sends more than a million passports through the post every year using the Registered Post service.

2.10 DFAT has used different postal services over time, and a comparison of its loss rates for those periods provides a useful contrast between Registered and ordinary post.

2.11 DFAT started sending passports by ordinary post from 1 January 1998 as a cost-cutting measure.<sup>1</sup> In DFAT’s 1998–99 annual report it was noted that concerns about ordinary mail being used to send passports was a significant complaint theme. From July 2002, in response to increasing security concerns, DFAT resumed sending all passports by Registered Post.

2.12 Of the 1,472,674 passports DFAT produced in 2008–09,<sup>2</sup> only 187 were subsequently reported as lost in the post between DFAT and the applicant.<sup>3</sup> This compares favourably with 2001–02, when fewer passports were produced but 2,079 of those were lost in transit between DFAT and the applicant.<sup>4</sup> The comparison tends to support DFAT’s decision to revert to using Registered Post.

### ***How foreign diplomatic missions send passports***

2.13 Foreign diplomatic missions in Australia provide varying degrees of guidance about how to send passports to and from their offices. We visited the websites of 24 foreign diplomatic missions in the course of our investigation: nine recommended

---

<sup>1</sup> Auditor General: Audit Report No. 37 2002–03, Passport Services, page 78.

<sup>2</sup> DFAT annual report 2008–09, chapter 2.1.2.

<sup>3</sup> DFAT response to Ombudsman investigation.

<sup>4</sup> Auditor General: Audit Report No. 37 2002–03, Passport Services, page 78.

## **Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail**

Registered Post for sending passports to them, eight recommended Express Post, three recommended Express Post Platinum and nine gave no advice (of the missions that did give advice, some recommended more than one postal service).

2.14 We asked DFAT if it took an interest in the postal practices of other authorities that may be expected to regularly handle Australian passports. DFAT advised that it does not consider it has a role in advising foreign diplomatic missions about Australian postal methods. DFAT considers the mail procedures used or promoted by these authorities to be a sovereign matter for the responsible government.

### **What happens when a passport is lost**

2.15 A passport holder is required under the *Passports Act 1954* (Passports Act) to report a lost or stolen passport immediately they become aware of the loss. Once a report is made, the passport is cancelled.

2.16 In practical terms, if a passport is lost in the post the passport holder is also likely to contact Australia Post. Australia Post's Customer Contact Centre (CCC) will usually make enquiries, depending on the postal service used. For example, it will check its electronic system to see if it can locate any relevant scanning events, signatures or other information that may assist to pinpoint the location of the passport.

2.17 If there is no information on the system, or the passport was sent by ordinary post, the CCC may make enquiries with the post office at which the passport was lodged, the destination post office and/or the relevant mail redistribution centre (formerly known as the dead letter office).

2.18 If the passport cannot be located, Australia Post may provide compensation to the sender in accordance with the terms and conditions of the postal service used.

2.19 Both DFAT and Australia Post keep records of reports or complaints about lost passports. The purpose of these records, the details captured and the way each organisation uses the information varies.

#### ***DFAT's records of lost passports***

2.20 It is difficult to obtain reliable data on how many passports are lost in the post in Australia each year. DFAT keeps records of how many Australian passports are reported as lost or stolen in any given year (34,422 in 2008–09), and how many new passports are reported lost in the post between DFAT and the applicant (187 in 2008–09). However, it does not generally distinguish between different types of loss. For example, there are no records showing how many passports were stolen in burglaries versus how many were lost in the post after being sent by the holder to a foreign diplomatic mission for visa purposes.

2.21 Our complaint records show that of the complaints about lost passports received by our office in 2008–09, more than half were lost in transit to or from a foreign diplomatic mission. Where the passport involved was Australian, the loss would eventually have been reported to DFAT in accordance with the Passports Act.

2.22 The amount of information DFAT collects about lost and stolen passports depends on how the loss is reported. There are four possible ways to report a lost or stolen Australian passport: through a new passport application, by phone to the Australian Passport Information Service, online via the Passports website, or on a *Lost or Stolen report* form (a DFAT 'PC2'). In all cases DFAT records the passport

## **Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail**

number, the date the incident occurred and whether the passport was lost or stolen. Where the loss is reported online or on a 'PC2', DFAT also records details of the place the incident occurred and how the incident occurred.

2.23 The action taken by DFAT in response to a report about a passport lost in the post depends on who sent the passport.

2.24 Where DFAT sent the passport, the loss is recorded and the passport cancelled. DFAT also contacts Australia Post, which investigates the circumstances of the loss. If the item cannot be located, Australia Post will compensate DFAT for the cost of re-printing and mailing a replacement. In these circumstances, where the loss is reported within 60 days, there is no additional cost to the passport-holder, and a penalty is not applied.

2.25 Where a passport which DFAT did not send is reported as lost, DFAT records the fact of the loss, cancels the passport and applies a 'lost or stolen' penalty to the cost of a replacement passport. Under the Passports Act, these penalties increase with the number of passports reported as lost or stolen by the passport-holder over a particular period.

### ***Australia Post's records of lost passports***

2.26 By law, the loss of a passport must be reported to DFAT. However, the circumstances of the loss will often also be taken up with the person or entity the applicant believes is responsible. In the case of a passport lost in the post, the responsible entity is Australia Post.

2.27 Australia Post has advised that it received 697 enquiries about lost passports in 2008–09, including 200 from DFAT.

2.28 Australia Post records complaints about missing mail items as a separate category within its electronic Customer Management System (CMS). The entry includes a description of the lost item and its contents. Data relating to the type of missing item, including passports, can be retrieved by Australia Post using data mining tools.

2.29 While the amount of information recorded by Australia Post in its CMS depends to a certain extent on the staff member entering the information, the capacity for recording detailed information exists and can be searched as required.

2.30 Currently the CMS generates an alert when an above average number of 'missing mail items' complaints are registered against a particular postcode. Where an alert is triggered, Australia Post's Corporate Security Group may investigate.

2.31 The CMS does not routinely generate an alert about passport complaints, but it does produce monthly postcode alert reports that include information about missing item contents. On the basis of these reports, Australia Post's Corporate Security Group may request further reports using different criteria.

### ***Compensation***

2.32 By the time a complaint about a lost passport is made to our office, the passport itself is usually understood to be irretrievable and the complaint relates to Australia Post having declined to cover the costs incurred by the passport holder.

2.33 We have encountered some inconsistency over time in Australia Post's stance on whether, and if so, how much, compensation is payable. Accordingly, we

**Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail**

analysed the compensation available when a passport is lost under Australia Post's terms and conditions. We also considered the information available to the public about compensation for lost passports.

2.34 Australia Post's general terms and conditions exclude liability where the item being sent is a 'non-negotiable security'.<sup>5</sup> According to its definition,<sup>6</sup> this includes passports. This means that Australia Post is under no obligation under its terms and conditions to pay compensation when an ordinary or Express Post mail item containing a passport is lost. However, the sender of an Express Post item that does not arrive at its destination in accordance with the service guarantee is entitled to claim a replacement satchel.

2.35 Compensation for Registered Post items is payable under a different part of the terms and conditions. This also specifically excludes cover for 'non-negotiable securities',<sup>7</sup> and defines 'non-negotiable securities' as including passports.<sup>8</sup>

2.36 However, Australia Post's Post Guides state that compensation of up to \$100 is payable for document reconstruction costs when a 'non-negotiable instrument', also defined as including a passport, is sent by Registered Post.<sup>9</sup> We are aware from previous complaints to our office that Australia Post will, on occasion, pay compensation in respect of passports that have been lost when sent by Registered Post.

2.37 Australia Post has advised us that the conflicting information in the terms and conditions and the Post Guides is the result of an oversight during a major review of the same, which was undertaken in 2001. Australia Post says it was never the intention to exclude passports from eligibility for compensation if sent by Registered Post. We discuss the proposed availability of compensation for lost passports in more detail later in this report.

---

<sup>5</sup> Australia Post Terms and Conditions, s 74.1.1.

<sup>6</sup> Australia Post Terms and Conditions, s 67.1.3.

<sup>7</sup> Australia Post Terms and Conditions, schedule 1, 8.1.1.

<sup>8</sup> Australia Post Terms and Conditions, schedule 1, 2.8.

<sup>9</sup> Post Guide—Letter Post and Electronic Mail Within Australia, November 2005, L3.3.2; Post Guide—General, September 2007, G6.5.4.

## PART 3—ISSUES

### Keeping track

#### *Setting an example*

3.1 We acknowledge DFAT's view, supported in principle by the Passports Act, that individual passport security is ultimately a matter for the passport holder. We also acknowledge that postal services used by foreign diplomatic missions are ultimately a matter for the government concerned.

3.2 Australian passports remain the property of the Australian Government after issue, and Australia may be said to have a national interest in minimising the number of passports that are lost—possibly stolen—each year. DFAT is the agency best placed to promote this interest.

3.3 DFAT can draw upon its own experience of sending passports through the post to make recommendations about the best way of posting an Australian passport. Also, as the agency to which the loss of all Australian passports must be reported, DFAT has a unique opportunity to analyse the circumstances of loss and seek to draw conclusions about how loss might be minimised.

3.4 The level of information collected about the loss of a passport depends on how it is reported. For example, DFAT records only the fact of a lost passport if it was mailed by someone other than DFAT. The amount of information collected also varies according to which of the four methods of reporting a lost or stolen passport is used.

3.5 Without a data collection process that includes specific information about how a passport came to be lost, it is not possible for DFAT or anyone else to obtain a true indication of how many Australian passports are lost in the post. Further, it seems to us that in not capturing the same information in every instance that a loss is reported, DFAT is losing an opportunity to gain an insight into how and why Australian passports are lost.

3.6 In our view, DFAT should capture information in relation to any lost passport, including whether it was lost in the post, and if so, which postal service was used to send it. DFAT could also inform the public, based on its own experience of posting passports, that the rate of loss appears to be significantly lower when the Registered Post service is used.

3.7 DFAT already plays an active role in educating the public about general passport security. There is advice on DFAT's website and in some of its passport-related pamphlets about how to keep passports safe. It is our view that this material would be enhanced by the inclusion of information about postal risks and possible ways to mitigate them.

3.8 In response to our investigation, DFAT has said that it will review the information on its website with a view to including mention of postal security. We welcome DFAT's willingness to share its experience in this way.

***Information captured by Australia Post***

3.9 DFAT is required to record the number of Australian passports lost overall, and has the capacity to collect details about how they are lost. However, people generally complain to Australia Post when a passport is lost in the post.

3.10 Complaint data provides an organisation with a rich source of information about ongoing and potential problems with its operations. Equally, it can be an important pointer to areas needing improvement. We consider that there is scope for Australia Post to make additional use of its complaint data to address passport security issues.

3.11 Australia Post does not treat lost passport complaints separately to complaints about other lost items, except in response to a specific request from an authorised party such as the Corporate Security Group. Lost mail complaints are primarily grouped by postcode, not content.

3.12 This means that several missing passport enquiries could be registered against a particular postcode without the system identifying an issue. Australia Post could therefore lose an opportunity to identify a potentially significant spike in passport-related complaints.

3.13 Australia Post has also advised that it is difficult to extract information about postal services used in incidents where passports have been reported as missing. Capture of this information in a readily retrievable form would allow Australia Post to analyse whether one particular postal service, say Registered Post, was preferable to another in terms of mail security for passports.

**Which service to use**

3.14 One of the aims of our investigation was to determine which Australia Post service is most suitable for sending passports through the post, and why.

3.15 Both Registered Post and Express Post Platinum services are promoted as giving the sender ‘peace of mind’ because a signature is obtained on delivery.<sup>10</sup> We have observed that senders regularly do not realise that a signature on delivery does not necessarily mean the item will be delivered into the hands of the addressee. Person-to-person delivery is an additional option available for purchase with the Registered Post service.

3.16 In addition, senders may not realise that (as previously discussed) Registered Post is not treated any differently to other post items while in transit.

3.17 We have received several complaints about passports sent by Registered Post or Express Post Platinum being delivered to the wrong person. Perhaps understandably, these complainants were particularly concerned about identity theft, as they had assumed the item could only be signed for by the addressee. In none of these cases was Australia Post able to determine who had actually signed for the item, or what had happened to the passport inside.

3.18 Investigating complaints of this kind is further complicated when the addressee is not expecting the passport by a specific date (for example, when waiting on a passport to be returned from a diplomatic mission after a visa

---

<sup>10</sup> Australia Post Registered Post brochure, July 2009; Express Post Platinum web page—<http://www.auspost.com.au/BCP/0,1467,CH2528-MO19,00.html> viewed 3.3.10.

application). In these circumstances, there could be a delay before a mis-delivery is discovered.

***Case study—time lapse***

Ms B's passport was sent to her by the British High Commission within days of her visa application, but it was delivered to someone else. Ms B did not realise the High Commission had sent the passport until she made enquiries after the recommended processing timeframe had elapsed. Upon investigation, it was found that the signature obtained on delivery did not match that of Ms B, or of anyone else in her household. No further action could be taken to retrieve the item, as the delivery person could not recall the delivery, which had taken place almost a month prior. Ms B had to cancel her passport and rearrange her travel.

3.19 We do not suggest that there should be an additional level of security or scrutiny applied to the Registered Post service. However, it is important that sufficient information about the features and benefits of the different postal services is available to customers.

### **Compensation for lost passports**

3.20 Where a mail item is lost in the post, Australia Post may, in accordance with its terms and conditions, compensate the sender. With Registered Post the basic maximum compensation payable is \$100, but Extra Cover may be purchased for higher amounts. With any other postal method, the maximum payable compensation is \$50. Extra Cover cannot be purchased.

3.21 However, compensation is not payable in all circumstances where an item is lost. As discussed previously, the definition of 'non-negotiable security' in Australia Post's terms and conditions appears to exclude Australia Post's liability to pay compensation for lost passports regardless of the postal service used.

3.22 Australia Post's definition of a passport in its terms and conditions is inconsistent with the definition in its Post Guides, and apparently does not reflect Australia Post's intention to make Extra Cover available in relation to the carriage of passports.

3.23 The use of somewhat technical terms such as 'non-negotiable security' to describe passports can lead to confusion, particularly when it comes to claiming compensation for a lost item. The confusion may be heightened by the fact that a passport would not usually be described as a 'security'.

3.24 Notwithstanding this, Australia Post considers that its Customer Contact Centres would not refuse compensation for a lost passport because compensation decisions are based on the information in the Post Guides, not the terms and conditions.

3.25 We consider the conflicting information concerning the definition of passports problematic and in need of remedy. Despite Australia Post's assurances, it has been our experience that the resulting lack of clarity can lead to inconsistent case outcomes, as demonstrated by the following two case studies.



**Case studies—same problem, different outcome**

Mr C sent his passport by Express Post Platinum to the Korean Embassy to obtain a visa. When it was lost, he incurred more than \$2,000 in direct and related expenses, as he needed the visa for work purposes. Australia Post said it would not compensate him because he had not used Registered Post to send his 'non-negotiable instrument'. It maintained that under the terms and conditions, he was only entitled to a replacement Express Post Platinum envelope.

Ms D was told by Australia Post that an Express Post item she had been expecting, and which contained her passport, had been delivered. Ms D disputed this, as she had not received the item. Ms D had to cancel her passport. Australia Post compensated her \$50.

3.26 We understand that as a result of our investigation Australia Post intends to amend its terms and conditions to bring them into line with the Post Guides. That is, Australia Post intends to re-define passports and to offer compensation for passports lost in the post if, but only if, they are sent by Registered Post.

3.27 We do not believe there is any reason passports cannot be referred to as 'passports' in Australia Post's terms and conditions, Post Guides and related information. We consider them to be a type of document posted in sufficient quantities to warrant a specific reference. Using plain English in public information would prevent the kind of confusion created by the current descriptions.

3.28 It would also be beneficial—if compensation will not be payable for passports lost when sent by Express Post, Express Post Platinum, or ordinary mail—for Australia Post to make this explicit in its publicity material for these services. Our complaint data suggests that Express Post and Express Post Platinum are commonly used for carriage of passports.

3.29 Express Post envelopes carry a warning against their use for mailing 'valuables', which it lists as including cash, jewellery and precious stones. It would not be unreasonable, therefore, for customers to assume that Express Post is an appropriate service for sending passports through the mail, especially given that printed on the envelope are the words 'for letters and documents only'. If passports should not to be sent via the Express Post service, we consider that a specific exclusion statement should also be printed on the envelope.

**Extra Cover**

3.30 Australia Post recommends Registered Post for sending valuable items because a signature is required for delivery, and because a higher level of compensation is payable should the item be lost or damaged. While the maximum compensation available is \$100, Australia Post offers an Extra Cover service where, for an additional fee, the customer can insure their Registered Post item against loss or damage up to \$5,000.<sup>11</sup>

3.31 There are several exclusions in the Extra Cover service terms and conditions that have an impact on passports sent through the post.<sup>12</sup> Given the inconsistencies in the definition of passport throughout the current material, the impact of these exclusions is difficult to evaluate.

3.32 In one complaint we received, the complainant was offered \$100 after incurring significant expenses when her passport, sent by Registered Post, was lost.

<sup>11</sup> Australia Post Terms and Conditions, Schedule 1.

<sup>12</sup> Australia Post Terms and Conditions, Schedule 1, s 8.1.1.

**Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail**

Australia Post advised that the complainant was only entitled to \$100 because she had not purchased Extra Cover. The implication was that the complainant could have purchased Extra Cover to the amount required to have her passport re-issued. However, the Post Guides state that:

Registered Post offers compensation to reimburse reasonable document reconstruction costs up to the limit of \$100. This covers the construction or replacement of an exact duplicate of a lost or damaged non-negotiable instrument, such as a passport ...<sup>13</sup>

3.33 There is no reference in the terms and conditions to restricting the availability of Extra Cover where the costs involved relate to document reconstruction. In this regard, the further limitation of document reconstruction costs in the Post Guides lacks support in the terms and conditions.

3.34 Australia Post's terms and conditions expressly exclude liability for general consequential loss. Our office does not consider this to be unreasonable. We would not, generally, expect Australia Post to reimburse a consequential cost such as an airfare. Similarly, we would not expect Australia Post to provide cover for future<sup>14</sup> possible lost or stolen passport penalty fees, as we see these as constituting a consequential loss for the passport holder.

3.35 However, given Australia Post is not obliged to compensate for consequential loss in any case, there does not appear to be any particular reason customers cannot purchase Extra Cover up to the actual cost of replacing the item to be sent—in the case of a passport, this would usually be around \$200–300.

---

<sup>13</sup> General Post Guide, September 2007, paragraph G6.5.4.

<sup>14</sup> By which we mean the possibility that after a passport is lost in the post, the holder loses another passport for which they will then be charged 'prior lost or stolen' fees. However if a customer has previously lost a passport and knows that losing another one will incur a lost or stolen fee, then as a matter of principle there would seem to be no reason why they should not be able to purchase Extra Cover against that risk.

## PART 4—CONCLUSIONS AND RECOMMENDATIONS

4.1 The vast majority of passports sent through the post reach their destination without any problems. However, it is the significant impact on the public of those few that do not which has led to this issue coming to our attention, and to the recommendations contained in this report.

4.2 We consider that Australia Post and DFAT could both usefully take steps to review the way in which they collect and analyse data about lost passports. This could provide more specific information about patterns of loss, or contributing factors such as method of postage used.

4.3 In addition, Australia Post should review the terms and conditions upon which it carries passports, and redraft them and associated guides and publications in plain English to make it clear which postal services are appropriate for carrying passports and what compensation is payable if passports are lost in the post.

4.4 As a result of this investigation, I have made the following recommendations.

**Recommendation 1**—Where a passport is reported to DFAT as lost, DFAT should in each case record the details of how the loss occurred and, where loss occurred in the post, the details of the postal service used.

**Recommendation 2**—DFAT should consider providing additional information to the Australian public and to foreign diplomatic missions that handle Australian passports about the most secure way of posting passports.

**Recommendation 3**—Australia Post should review its data capture and analysis capacity as it relates to lost passports, with a view to reporting separately on passport loss by geographical location and type of postal service used.

**Recommendation 4**—Australia Post should use plain English in its public information and refer to passports as passports in its terms and conditions and other publications.

**Recommendation 5**—Australia Post should review its terms and conditions and Post Guides to ensure clear and consistent treatment of passports in them.

**Recommendation 6**—If passports are to be excluded from compensation when carried by the Express Post and Express Post Platinum services, Australia Post should make specific reference to this on relevant envelopes and satchels.

**Recommendation 7**—Australia Post should review the availability of Extra Cover to compensate for the basic cost of replacing a lost passport, and ensure that its published material sets out its position clearly and consistently in its terms and conditions.

## APPENDIX 1—AUSTRALIA POST'S RESPONSE



CORPORATE SECRETARY

GPO Box 1777  
MELBOURNE VIC 3001  
111 BOURKE STREET  
MELBOURNE VICTORIA 3000  
Telephone +61 3 9108 7113  
Facsimile +61 3 9208 4119  
[www.auspost.com.au](http://www.auspost.com.au)

16 April 2010

Mr Ron Brent  
Acting Commonwealth and Postal Industry Ombudsman  
GPO Box 442  
**CANBERRA ACT 2601**

Dear Mr Brent

I refer to correspondence from Professor John McMillan (Ref 2009-300026) of 3 March 2010, inviting comment on the draft report of the own-motion investigation into Australia Post's processes and practices relating to the handling of lost passport complaints.

Our responses to the individual recommendations in the draft report are contained in the attachment to this letter.

As you will note, the planned relaunch of an enhanced Express Post Platinum service scheduled for the end of May, will address many of the areas of concern outlined in your report.

Should any clarification be required, Paul Burke, Manager Board & Shareholder Liaison, would be happy to oblige. He may be contacted on (03) 9106 7115.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michael McCloskey".

Michael McCloskey

**Attachment A**

**PIO Report – Australia Post and Department of Foreign Affairs and Trade - Passports Lost in Mail**

Recommendation 1 and 2 are not applicable to Australia Post

**Recommendation 3**

Australia Post should review its data capture and analysis capacity as it relates to lost passports, with a view to reporting separately on passport loss by geographical location and type of postal service used.

**Response**

The current Customer Management System (CMS) is to be replaced by the Customer Relationship Management (CRM) system which is currently being developed by the National Customer Contact Channels (NCCC).

As part of this development process, consideration will be given to building functionality capable of delivering specific data on a detailed geographical basis.

**Recommendation 4**

Australia Post should adopt a plain English approach and refer to passports as passports in its terms and conditions and other publications.

**Response**

Substantial amendments to the General Terms and Conditions are currently being drafted and will result in passports being classified as a "valuable document".

These changes will introduce clearer language regarding what constitutes a "valuable document" which will be defined to include, but not be limited to, passports, certificates of title, academic records, birth certificates and wills.

## Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail

### **Recommendation 5**

Australia Post should review its terms and conditions and Post Guides to ensure clear and consistent treatment of passports in them.

### **Response**

The Post Guides will be amended to reflect the changes made to the General Terms and Conditions and to ensure consistency in regard to the classification and treatment of passports.

### **Recommendation 6**

If passports are to be excluded from compensation when carried by the Express Post and Express Post Platinum services, Australia Post should make specific reference to this on relevant envelopes and satchels.

### **Response**

Commencing from end of May 2010, Express Post Platinum will automatically provide up to \$100 compensation for loss or damage to "valuable documents" carried by this service, and will also offer customers the option of purchasing Extra Cover for items up to \$5,000 in value.

The conditions applicable to the basic \$100 compensation and Extra Cover are aligned, and will allow the reimbursement of costs incurred for the reconstruction or replacement of "valuable documents" (including but not limited to passports, certificates of title, academic records, birth certificates and wills) to the limit specified under the General Terms and Conditions.

The following wording will appear on all Express Post Platinum products:

"Where Extra Cover has not been purchased, compensation only extends to the reimbursement of reasonable costs incurred, to a maximum of \$100. For valuable documents (including but not limited to, passports, certificates of title, academic records, birth certificates and wills) this allows for reconstruction or replacement to a maximum of \$100."

## Commonwealth and Postal Industry Ombudsman—Australia Post and Department of Foreign Affairs and Trade: passports lost in the mail

There will be no change to the current service conditions for Express Post. However, to ensure that our customers can make an informed decision concerning which service best suits their particular needs, it is proposed to clarify the service conditions displayed on all Express Post products by amending the current wording along the following lines :

“Express Post is not to be used for the carriage of valuable goods including cash, gold, jewellery, precious stones, etc. or valuable documents such as passports, wills, etc.”

“When sending valuable goods and documents, Australia Post recommends using Express Post Platinum, with the option of using Extra Cover when sending items up to the value of \$5,000.”

### **Recommendation 7**

Australia Post should review the availability of Extra Cover to compensate for the basic cost of replacing a lost passport, and ensure that its published material sets out its position clearly and consistently in its terms and conditions.

### **Response**

The Registered Post service currently allows customers the option of purchasing Extra Cover to cover the reconstruction or replacement costs of a lost or damaged passport. This information is printed on the Registered Post envelopes and is also reflected in the Post Guides.

From the end of May, the Express Post Platinum service will also provide customers with the option of purchasing Extra Cover when mailing valuable items or documents.

As outlined in our response to recommendations four and six, work is currently in progress to reflect this change in the General Terms and Conditions and other related publications including the Post Guide.

To remove any element of doubt Clause 2.8 of the current General Terms and Conditions will be replaced with a new clause which introduces the concept of “Valuable Documents”. These will include, but not be limited to, passports, certificates of title, academic records, birth certificates and wills.

As part of this process, Schedule 1 - Extra Cover Service terms and conditions are also being amended to include compensation for a “valuable document” that is lost or damaged, within the terms of existing clauses and limits.

## APPENDIX 2—DFAT'S RESPONSE



**Australian Government**  
**Department of Foreign Affairs and Trade**

File Number: 09/12259-3

19 March 2010

Professor John McMillan  
Commonwealth and Postal Industry Ombudsman  
GPO Box 442  
CANBERRA ACT 2601

Dear Professor McMillan

**Commonwealth Ombudsman - Ref 2009-300026**

I refer to your letter of 3 March 2010 to the Secretary of the Department of Foreign Affairs and Trade (DFAT) concerning DFAT's role in relation to passports lost in the post. We acknowledge receipt of the draft report and have outlined below our response to the relevant recommendations.

**Recommendation 1** – Where a passport is reported to DFAT as lost, DFAT should in each case record the details of how the loss occurred, and, where loss occurred in the post, the details of the postal service used.

**Response** – Currently, due to technical limitations, the information captured regarding the circumstances of the lost passport cannot be stored, analysed or verified for its accuracy. DFAT is, however, developing a new passport interviewing system which will allow for an efficient and systematic method of capturing and analysing this information.

**Recommendation 2** – DFAT should consider providing additional information to the Australian public and foreign diplomatic missions that handle Australian passports about the most secure way of posting passports.

**Response** – DFAT has developed advice on secure methods of posting an Australian passport in Australia and overseas. This information will be available to the Australian public and other interested parties through the passports website [www.passports.gov.au](http://www.passports.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bob Nash'.

Bob Nash  
Executive Director  
Australian Passport Office

R G Casey Building, Barton ACT 0221 [www.dfat.gov.au](http://www.dfat.gov.au) Telephone: (02) 6261 1111



## ABBREVIATIONS AND ACRONYMS

<b>CCC</b>	Customer Contact Centre (Australia Post)
<b>CMS</b>	Customer Management System (Australia Post)
<b>Consequential loss</b>	Indirect loss or damage related to an act or omission by Australia Post, including loss of profits, income, interest or financial penalties applied by third parties.
<b>Delivery person</b>	The person responsible for delivery of mail to the customer. For the purposes of this report, the definition also includes contractors with this responsibility.
<b>DFAT</b>	Department of Foreign Affairs and Trade
<b>Item</b>	Mail item, including a parcel or envelope.
<b>Person-to-person</b>	An additional service available with Registered Post— for an additional fee the item will be delivered to, and signed for by, the addressee only.
<b>Post Guides</b>	Periodically published guides to Australia Post’s provision of postal services. Available online and in hardcopy upon request.
<b>s</b>	Section
<b>Signature on delivery</b>	For Express Post Platinum and Registered post items— Australia Post will obtain a signature from the person to whom the item is delivered, which may not be the addressee. The exception is where the sender has paid for the Person-to-person service.
<b>Service guarantee</b>	For Express Post items—if the item is not delivered the next business day after posting (subject to certain conditions), the sender is entitled to an equivalent value envelope or satchel free.
<b>Tracking</b>	As Express Post and Registered Post items move through the postal system, they are scanned at various points (generally at or around the destination delivery centre, although a lodgement scan may in some cases be available). These scans allow limited electronic tracking of those items.