

Tony Kingham examines the increasing use of private companies to fulfill border control functions, and argues such arrangements deliver more flexible capabilities and a better deal for taxpayers

FEATURE

OUTSOURCING BORDERS

In late December 2011, Wagtail – the private company operating human detection sniffer dogs on behalf the United Kingdom Border Agency (UKBA) – stopped their 8,250th person trying to enter the United Kingdom illegally. For each of these would-be illegal immigrants stopped on the French side of the channel, the estimated saving to the UK taxpayer is said to be approximately £25,000. The UK Home Office call this value “cost avoidance” – meaning the cost to the UK tax payer of processing and deporting each individual once they have entered the UK illegally. The overall saving to the UK taxpayer is therefore a staggering £206m.

This represents a real success story for the UKBA at a time when it has been on the wrong end of some fairly harsh – and largely unfair – criticism. So why is a private company operating sniffer dogs for the UKBA? As with most things, it is a question of economics. Like most government agencies, both in the UK and around the world, UKBA is under intense pressure to offer taxpayers good value for money in these days of scarce resources and shrinking budgets. Outsourcing certain functions to private companies therefore makes good financial sense. The private sector, by applying commercial practices and management techniques, and having access to private funding, are able to offer agencies like UKBA best value for money.

This is not new in the UK, of course. The UK Ministry of Defence (MoD), for example, has been doing it for years, but it is relatively new to the law enforcement sector, especially in relation to operational functions. The effective result is that UKBA has become the customer, able to set its own requirements, service level agreements and performance measures – and it is up to the private sector bidders to meet those requirements within a fixed budget.

In this particular example, Wagtail won the contract in a competitive tender situation in 2008. The company provides the dogs and the handlers in support of the UKBA officers in the ports of Calais and Dunkirk. It is their job, at the direction of UKBA staff, to sniff out illegal immigrants attempting to hide in trucks trailers and other vehicles about to embark for the UK. The handlers are all Wagtail staff,

and all the related expenses are therefore borne by them – including wages, employer tax contributions and more long-term benefits such as pensions and health care, as well as the other expenses that go along with being an employer such as recruitment, training and management costs such as human resources and administration.

In the case of Wagtail, the other major expense is obviously the dogs themselves. It typically takes



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around four months to train a sniffer dog, on top of which there is the cost of caring for the dogs, including housing and feeding them, vets bills and finding new homes for the retired dogs. For UKBA this means that, in these uncertain times, one thing they can be sure of is there will be the required number of trained dog handlers and dogs available at these two ports for at least four years.

In Mozambique, however, the authorities have taken the principle of outsourcing to a whole new level. In 2005 the Mozambican government put out a tender which called for the provision of equipment and services for the non-intrusive inspection of goods, vehicles, people and luggage. They wanted the latest technologies along with the provision of the operational service at all entry borders points in Mozambique.

Six international companies took part in the tender, which was eventually won by a company called Kudumba Investments Lda. The concession contract was awarded as a Build Own Operate Transfer (BOOT) which will last for a period of 20 years and covers all frontier/border posts – whether rail, land, sea or air – throughout the country.

Kudumba has now been operating in Mozambique since early 2006. Part of the concession contract is to supply some of the very latest equipment and

technologies. It is up to Kudumba to supply and operate the equipment at its own expense.

So how does that work for Kudumba? Well, the company makes its revenue by collecting tariffs for its services direct from customs revenues. For this purpose, Kudumba has purchased and deployed a range of high-energy non-intrusive inspection system for the inspection of all cargo – whether containerized or bulk/break bulk – entering, exiting and transiting Mozambican borders.

This initial deployment was to the Port of Maputo using a Nuctech High Energy X-Ray 4MeV MT1213LT mobile system mounted on a Volvo F12 vehicle chassis. Other inspection capabilities were also provided within the port site, and included a comprehensive CCTV system, a Radiation Portal Monitor RM 2000, trace detection capability and under-vehicle surveillance system (UVSS). These systems permit the electronic and non-intrusive inspection of goods for customs purposes, but also provide assistance with the identification of firearms, explosives and different contraband materials.

The other part of Kudumba's contract is to implement and ensure the transfer of skills and technologies to the customs and the other law enforcement agencies in combating tax evasion, thereby increasing customs revenues as well as

Privately run border controls can offer significant cost savings to taxpayers



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providing deterrence against possible terrorist actions. The equipment is operated by Kudumba employees who are selected and trained locally, but the core activities of selection and decision-making, including the interpretation of imagery, is performed by customs officers.

Once again, this outsourcing approach to border management has huge attractions for cash-strapped governments, particularly in developing countries in Africa and elsewhere. According to data from the UN Council of Trade and Development, between 40 per cent and 80 per cent of revenues from developing countries are derived from the customs revenues. But this type of inspection technology is prohibitively expensive for many developing nations while remaining a vitally important tool for the collection of those revenues on which these governments depend. Even if they can raise the necessary cash for the equipment, it still needs staff, training, logistic support and maintenance.

By contracting this border function to a private company, it becomes the contracted company's responsibility to provide the necessary financing to purchase the equipment, supply and train the staff, provide logistic support and undertake maintenance. The company collects its tariff and the government collects the revenues.

Nose for business: but are profit and national security compatible?

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The idea that government agencies are the proud owners and operators of large inventories of very expensive equipment already seems outdated. There will, of course, be those that can't come to terms with the idea of private companies being involved in public sector activities – let alone national security – believing the profit motive will somehow conflict with the social and national interest. For some this will always be so, but if both sides adopt a long-term partnership approach to the relationship, the benefits can be huge for the taxpayer. For example, as part of a public finance initiative (PFI), Paradigm Secure Communications owns and operates the UK MoD's secure communications satellites. Not only has this resulted in Paradigm and the UK MoD being able to offer the UK Cabinet Office the High Integrity Telecommunications Service (HITS), which provides secure communications to first responders around the country in the event of a national disaster, but each additional satellite added to the two in the original contract has also been financed in advance by Paradigm and built in to the PFI. So, when the UK MOD needed it, the additional capacity was already available.

As governments around the world struggle to raise funds to keep the wheels of state moving, this could just be the way forward for some.

