

100 years of service 1901-2001

Management and accountability

Corporate governance

The organisational structure chart on pages 18-19 lists senior executive staff and indicates their area of responsibility. Figure 2 on page 16 also lists which member of the SES is specifically responsible for each of the five outputs. Thirteen SES staff were reassigned duties during 2000-01, consistent with the Customs career movement policy.

Customs operates under a matrix management system. Central office senior executive staff are primarily responsible for setting policy and standards for Customs and for coordinating national operations. Regional senior executive staff are responsible for administering these policies and standards within their region and for managing regional operations.

Senior management committees and roles

Further information on senior management committees and external consultative mechanisms is available under the Overview of Customs on page 20.

Corporate planning

Customs remains committed to an effective planning framework, with strong links between the corporate plan and lower level plans including individual staff performance assessment and feedback agreements. This is achieved through a three-year corporate plan, an annual working corporate plan (for internal use only) that focuses in detail on activities for a given year and annual divisional, branch and work area plans. The work area plans outline key tasks and activities for each work area and these tasks and activities translate directly into individual performance assessment and feedback agreements.

These plans rely on the corporate strategic risk profile, which outlines the strategic risks facing Customs. This allows coordinated risk assessment and planning for all levels of planning documents.

Risk management practices

A new corporate strategic risk profile was developed in 2001 and provided the basis for risk management plans at operational and tactical levels. Customs continued to integrate risk management with the planning and resource allocation processes. This provided a structured process for determining priorities for the year.

Two major plans formed part of the risk-management planning cycle: the *Fraud Control Plan* and the *Security Plan*. These provided treatments for all work areas to ensure that fraud is minimised and security is maximised.

Specific risk-management exercises were also conducted to ensure that major projects and initiatives were fully analysed to minimise risk. Areas covered included the cargo management re-engineering project, implementing the *Electronic Transactions Act 1999* and the operations of the Customs Staffing Branch.

Security

A Customs-wide security awareness campaign to launch the revised *Commonwealth Protective Security Manual* started in February 2001. This included presentations to Customs staff and contracted service providers about mandatory Commonwealth requirements, emphasising responsibility and accountability. Security information on the Customs Intranet site was also updated.

Customs developed a security plan that identifies key security risks and treatments for these risks. Managers completed security risk reviews of their work areas against the plan and listed specific actions to address security risks. The Customs Security Committee will use these reports during 2001-02 to review the plan.

Internal audit

The internal audit function of Customs is outsourced. Further information on this contract is available under Competitive tendering and contracting on page 103.

Internal audits are conducted to improve organisational performance by focussing on areas that have higher risk profiles or concern management. Internal audits provide assurance to senior management about the quality of internal controls and procedures. They also provide recommendations to improve the efficiency and effectiveness of business practices.

There were 38 audits and reviews completed during 2000-01, with another six in progress. Most recommendations were accepted by Customs and their implementation was monitored by the Audit and Evaluation Committee at its quarterly meetings.

The internal audit area also provided advice and assistance to other areas within Customs, based on emerging risks and requests by management for assistance. Major projects included implementing tax reform, the Tourist Refund Scheme, the National Intelligence System and cargo management re-engineering.

Ethical standards

Customs revised its ethics and conduct booklet that outlines the behaviour required of employees under the Australian Public Service values and code of conduct. The booklet places the APS standards into a Customs perspective and sets out directions on a range of ethical issues.

Customs is also undertaking an integrity self assessment based on the World Customs Organization self-assessment guide. This aims to identify any potential weaknesses in procedures, policies and systems that might be susceptible to corruption.

Investigation of ethical concerns

The Internal Affairs unit impartially investigates serious misconduct and complaints of criminality against staff. Internal Affairs staff maintain high visibility throughout Customs, encourage employees to report matters of concern and provide lectures on integrity to staff.

The unit investigated 78 complaints of serious misconduct and/or criminality and 106 miscellaneous inquiries. Of the 78 matters received, 19 were substantiated and 34 were not substantiated. The remaining 25 are either still under investigation or are awaiting the outcome of action for breaching the code of conduct. Nineteen matters were carried over from 1999-2000 and 18 of these were finalised.

Action taken when matters were substantiated included staff counselling, resignation and procedural and policy change. When cases about suspected criminality were substantiated, they were referred to the Australian Federal Police or other appropriate law-enforcement agencies.

Integrity

Integrity is a key issue for public sector administrations. Customs, because of the scope, nature and complexity of its work, is keenly aware of expectations. International attention on integrity often focuses on Customs administrations, as government agencies responsible for administering crucial functions linked to economic stability and development.

For Australian Customs, integrity is more than not being corrupt. It includes meeting the service standards expected by clients and stakeholders, and ensuring requirements are simplified. Australian Customs strives to ensure its actions are transparent, demystifying customs requirements and simplifying transactions.

Australian Customs helped establish a regional integrity working party within the World Customs Organization (WCO) Asia-Pacific region. This working party developed a self-assessment guide to assist Customs administrations to develop and implement integrity action plans relevant to their needs, resources, cultural circumstances and operating environments. This guide was adopted and further developed by the WCO. Australian Customs is using the guide to undertake its own self-assessment process.

Senior management remuneration

Further information on senior management remuneration is available under Appendix D on page 178.

External scrutiny

Freedom of information

Details on freedom of information are available under Other information for annual reporting purposes on page 108.

Ministerial representations

Figure 28: Ministerial correspondence and briefings

	1998-99	1999-2000	2000-01
Ministerial Correspondence	864	1 202	1 116
Ministerial Briefs	277	449	410

The Minister for Justice and Customs received 1116 items of Customs-related correspondence. Customs provided the Minister with advice and recommendations on the 771 items that required a response. Major issues covered by this correspondence included:

- applications for permits to import goods
- information on import requirements
- the payment of customs duty and GST on imported goods
- anti-dumping investigations
- processing of passengers at airports
- coastal surveillance
- changes to legislation and regulations administered by Customs.

Customs also provided the Minister with 410 briefings on issues including:

- initiating anti-dumping investigations
- significant seizures of prohibited imports such as illicit drugs
- detections of illegal entrants
- proposed changes to legislation and regulations administered by Customs.

Judicial decisions and decisions of administrative tribunals

Further information on judicial decisions and the decisions of administrative tribunals is available in Appendix C on page 176. Information on judicial decisions that may have a significant impact on the operations of Customs is outlined below.

Malika Holdings

In March 2001 the High Court held that, in an action by Customs to recover the amount of duty allegedly payable in respect of imported goods which had been entered into home consumption, the owner is permitted to challenge the validity of the rate or the accuracy of the amount of duty demanded or the liability of goods to duty notwithstanding that the

owner had not paid the duty under protest pursuant to section 167(1) of the *Customs Act 1901*.

The High Court additionally considered whether section 165 of the *Customs Act 1901* (which requires demands for short-levied duty to be made within 12 months of the short levy) applied to all duty-recovery actions brought by Customs. The High Court found that section 165 had no application where an importer had misinformed Customs or where no duty had been paid by reason of fraud or negligent description by the importer. It found that section 165 applies to recovery actions where the short levy arose as a result of an error made by Customs.

Tony Longo trading as Aquila Shoes

In May 2001 the New South Wales Court of Appeal allowed an appeal by Customs against an order of the Supreme Court striking out its Statement of Claim. This claim alleged that Tony Longo trading as Aquila Shoes had unlawfully failed to pay duty in relation to the importation of shoes which had not been entered for home consumption as required by the *Customs Act 1901*.

The Court of Appeal found that the Customs legislation does not require that goods which should be entered for home consumption actually be so entered as a prerequisite for customs duty to be payable on them.

Privacy matters

The Privacy Commission did not raise any specific cases on Customs matters.

Customs commented on a number of draft guidelines papers circulated by the Office of the Federal Privacy Commissioner, including guidelines on pilot date matching programs, public key infrastructure and the National Privacy Principles (Private Sector Privacy).

A consequential amendment was also made to the *Customs Act 1901* as part of the *Privacy Amendment (Private Sector) Act 2000* amendments to the *Privacy Act 1988*. A new section (273GAB) was added to the *Customs Act 1901*, which authorises the disclosure of personal information to Customs in circumstances other than an individual case or individual investigation. It covers information that relates to the movement of people and goods.

Commonwealth Ombudsman matters

Figure 29 outlines complaints and issues dealt with by the Commonwealth Ombudsman during 2000-01. Twenty-one complaints were referred to Customs. Six of these were formal written approaches to the CEO. The rest were informal approaches directly to the relevant area for immediate response.

Of the six formal approaches, two alleged unfair targeting for searches by Customs officers in airports. The others concerned rejection of a Tourist Refund Scheme claim, the execution of a search warrant, alleged unlawful duty collection and failure to reply to a complaint.

Figure 29: Complaints and issues raised with the Commonwealth Ombudsman

	1998-99*	1999-2000	2000-01
Complaints raised	83	68	83
Complaints finalised	..	72	77
Issues raised**	..	73	86
Issues investigated			
Agency defect	6	10	7
No agency defect	14	9	14
No conclusion reached	1	4	-
Issues withdrawn or lapsed	12	4	2
Ombudsman exercised discretion not to investigate	49	52	56
Issues finalised^	93	79	79

* The method of reporting investigation outcomes changed on 1 January 1999. Figures for complaints finalised and issues raised are not available for 1998-99.

** More than one issue may be raised in a complaint.

^ Some issues are not completed within the year during which they were raised. The number of issues raised may be different to the number of issues finalised.

As shown in figure 29, Customs was found to be at fault in seven cases. The issues raised in these cases included:

- poor wording in an advice letter
- incorrect interpretation of legislation
- non-professional conduct by a staff member.

These issues were all addressed by Customs. Actions taken were applied not only to complainants but also to any similarly affected parties that could be identified.

Auditor-General's reports

The Australian National Audit Office (ANAO) audited the financial statements of Customs in accordance with its annual financial statements' review of Commonwealth Entities.

The ANAO conducted one performance audit specific to Customs – ANAO Report No 12 – Passenger Movement Charge – Follow-up Audit.

Further information on this report is available under Output 4 on page 77.

Other reports released during 2000-01 of relevance to Customs were:

- ANAO Report No 13 2000-01 – Certified Agreements in the Australian Public Service
- ANAO Report No 14 2000-01 – Benchmarking the Internal Audit Function
- ANAO Report No 19 2000-01 – Management of Public Sector Travel Arrangements Follow-up Audit
- ANAO Report No 25 2000-01 – Benchmarking the Finance Function
- ANAO Report No 47 2000-01 – Managing for Quarantine Effectiveness
- ANAO Report No 54 2000-01 – Engagement of Consultants.

The recommendations tabled in these reports may be generic recommendations to be adopted by Commonwealth organisations or specific recommendations targeted at particular agencies. The Customs Audit and Evaluation Committee monitored the implementation of recommendations relevant to Customs.

Further information on ANAO reports is available on the ANAO Internet site at www.anao.gov.au

Parliamentary Committee reports

Joint Committee of Public Accounts and Audit inquiry into Coastwatch

Further information on this inquiry, which was still in progress at 30 June 2001, is available under Output 3 on page 65.

Senate Legal and Constitutional Committee

Customs appeared before the following Senate Legal and Constitutional Legislation Committee Estimates hearings:

- Supplementary Budget Estimates on 22 November 2000
- Additional Budget Estimates on 19 February 2001
- Budget Estimates (for 2001-02 Portfolio Budget Statements) on 28 May 2001.

Topics discussed at these hearings included:

- the outsourcing of IT functions by Customs
- cargo management re-engineering
- competitive tendering and contracting
- measures to combat foot and mouth disease
- the acquisition of marine vessels by Customs.

The Committee also conducted an inquiry into the Customs Legislation Amendment and Repeal (International Trade Modernisation) Bill 2001, Import Processing Charges Bill 2000 and the Customs Depot Licensing Charges Amendment Bill 2000. Customs made a submission and appeared before the Committee on 3 May 2001. The Committee released its report on the Bills on 23 May 2001 and recommended that the Bills proceed subject to a number of conditions. The conditions, relating to the Customs Amendment and Repeal (International Trade Modernisation) Bill 2001, were:

- making guidelines relating to the strict liability offence regime a disallowable instrument
- providing training to Customs staff with the delegated authority to issue infringement notices
- monitoring and reporting on the operation of infringement notice arrangements
- consulting with industry before gazetting IT specifications and requirements

- reviewing the operation and implementation of the legislation within three years of Royal Assent.

These conditions were addressed, with either the Bill amended or the Minister endorsing the recommendation of the Committee.

Customs also appeared before the Committee's inquiry into the Measures to Combat Serious and Organised Crime Bill 2001 on 7 June 2001. The Committee recommended that the Bill proceed. However, a minority report recommended that Customs be excluded from provisions relating to controlled operations and assumed identities.

On 26 June 2001 the Senate Legal and Constitutional References Committee announced it would conduct an inquiry into the outsourcing of the Australian Customs Service's information technology. Submissions to the inquiry were due by 29 August 2001.

Senate Scrutiny of Bills Committee

The Senate Scrutiny of Bills Committee also considered the trade modernisation legislation package, as well as several other Customs-related pieces of legislation.

The Committee's consideration of the trade modernisation legislation focused on the monitoring powers and strict liability offence provisions of the Customs Legislation Amendment and Repeal (International Trade Modernisation) Bill 2001.

The Committee also considered some Tariff Amendment Bills and commented on the Customs Tariff Amendment Bill (No. 2) 2001. The Treasurer responded to these comments.

Senate Finance and Public Administration References Committee

The Senate Finance and Public Administration References Committee conducted an inquiry into IT outsourcing. Customs provided a submission to the inquiry and appeared before the Committee on 15 March 2001. Customs reported on its aims in the IT outsourcing process and concerns that the outsourced service provider had not been able to obtain the number of skilled IT resources required by Customs.

Productivity Commission

The Productivity Commission conducted two inquiries of relevance to Customs during 2000-01. Details on these inquiries are listed below.

- The Review of Australia's General Tariff Arrangements – more information on this review is available under Output 4 on page 72.
- Review of Cost Recovery by Commonwealth Agencies – Customs provided a submission to the review and attended hearings and workshops held by the Commission. The final report was expected in late 2001.

Management of human resources

Management and development of human resources

Customs restructured its human resources (HR) area during the year, reducing staff numbers and introducing a new model for HR services delivery. Over January-June 2001 this led to a reduction in HR costs of \$500 000.

A market-testing activity began, covering the processing aspects of HR, including payroll and simple advice. Affected staff were fully involved throughout this process. Further information about the market testing of HR services is available under Consultants and competitive tendering and contracting on page 102.

While the changes will improve the efficiency of HR service, the combination of reduced numbers and staff turnover affected the implementation of the new HR service-delivery model. However, significant progress was made on:

- introducing the Customs Development Program (see Training and development on page 93)
- developing tools to provide better management information on staffing matters
- upgrading the Human Resource Information System to improve employee self-service (see People management reporting below)
- finalising the workforce planning project
- re-engineering National Pay and Accounts Centre work practices.

Workforce planning, staff turnover and retention

Through the workforce planning project, a range of policies was developed. These integrate recruitment, selection, training, development and performance management into a comprehensive approach to providing a workforce that will meet the business requirements of Customs now and in the future. Implementation of the integrated policies and practices started and will continue to be a focus in 2001-02.

As part of the workforce planning project, a tender process for recruitment and selection services was completed. This was designed to enhance selection outcomes through improved targeting of employment markets and improved screening processes and techniques. It was expected that the new recruitment provider would be in place by the end of 2001.

As with other public service agencies, the nature of the Commonwealth Superannuation Scheme focussed attention on the level and numbers of staff likely to retire at or before age 55 over the next few years. At the higher classification levels, the potential separation rates over the next five years may be up to 50 per cent higher than the national trend.

Separation rates Customs-wide averaged 9.15 per cent for 1999-2000 and 8.33 per cent for 2000-01. The ACT (9.42 per cent in 2000-01) and Tasmania (14.02 per cent in 2000-01) were at

the high end of the range. These higher rates may be reflective of early retirements and employer-initiated separations.

People management reporting

Significant improvements were made to the electronic Human Resource Information System. Staff were already able to enter and approve leave, overtime and staff moves electronically. Through a web-based interface, the enhancements allowed staff to also change personal information such as address and emergency contact details, and view records such as leave history, leave balance and occupancy record. Supervisors entered performance assessment and feedback ratings electronically.

Enhancements due for release early in 2001-02 will improve employee self-service further, with staff able to:

- redirect their net pay to a new account or bank
- stop, start or change payroll deductions
- apply for payment of allowances online
- view their delegations online.

Training and development

Customs Development Program

A new competency-based development program for staff at Customs Levels 1-4 commenced during 2000-01. The program consists of a range of core and job-specific competencies developed at each level, reflecting the skills and knowledge staff require to undertake the broad range of Customs functions. The program was developed along functional rather than structural lines, allowing staff to address competencies related to their current work as well as being able to respond to organisational changes in the future. The Commercial Education, Border Education, Customs Graduate Trainee and Customs Trainee programs were integrated into the new program.

Introduction was incremental, beginning with material for Level 1 staff in November 2000 and concluding with Level 3 and 4 material at the end of June 2001. Initial reaction to the program has been positive. A formal evaluation will be undertaken during 2001-02 after six months of operation.

Customs Trainee Program

The entry-level component of the Customs Development program runs for 12 months and those who successfully complete the program are awarded a *Certificate III in Government*.

During 2000-01 there were 437 new staff who participated in this program. Of these, 245 graduated during the year, 22 did not achieve the required standard and the remainder will graduate during 2001-02.

A standard set of competencies identified through the Customs Development Program now provides for consistent development of staff regardless of their location.

Customs Graduate Trainees

There were 17 Customs Graduate Trainees recruited in 2000. All but one successfully completed their development program and were awarded the *Certificate IV in Government* in November 2000. A further 25 Customs Graduate Trainees commenced in February 2001 and were expected to complete their development program in November 2001.

Commercial Education Program

The Commercial Education Program was available as a separate program until the full rollout of the Customs Development Program. Modules are now available to all staff as needed, through the Customs Development Program. Staff who had partly completed studies under the old program were given credit where possible and advised about options for gaining their credentials under the Customs Development Program.

During 2000-01 there were 62 training modules delivered to 594 participants. This included one staff member from the Australian Taxation Office.

Customs International Executive Management Program (CIEMP)

For the past 12 years, Customs has conducted CIEMP - an executive management program for staff from regional customs administrations. Since it began, more than 180 regional customs officers have attended, a significant number going on to lead their own administrations. CIEMP has helped to establish and maintain the leadership and influence of Australian Customs in the Asia-Pacific region.

The outcomes of CIEMP include:

- promoting reform and modernisation of customs procedures in the region, facilitating trade and promoting economic growth
- greater cooperation between administrations, enhancing the effectiveness of Customs in responding to international trade and enforcement challenges.

Significant changes were implemented in the 2000 CIEMP. Of these, strategies to improve the customs-specific component of the program were particularly successful. Feedback from participants indicated that the integration of the practical aspects of customs administration with management theory was a major strength of the program.

The following qualifications were awarded to staff:

● <i>Certificate IV in Business and Commerce (Customs)</i>	12
● <i>Diploma in Business and Commerce (Customs)</i>	17
● <i>Advanced Diploma in Business and Commerce (Customs)</i>	3
● <i>Graduate Certificate in Business (Customs)</i>	1

National indigenous cadetship project

The national indigenous cadetship project provides opportunities for indigenous Australians to gain the professional qualifications needed for a range of jobs in both the public and private sectors. Customs had three cadets in this program in 2000 – two have graduated and now work in the Fremantle office, while the third is in her final year of study. Two more cadets were recruited in 2001.

Technology-based learning

The agency is considering the use of technology-based learning to achieve cost-effective and flexible training, particularly for delivery of the Customs Development Program. It may also be an option to provide clients with training on changes and new processes arising from the cargo management re-engineering project. During 2001-02, a business case will be developed that will recommend the extent to which technology-based learning can be used in Customs.

Australian Workplace Agreements and certified agreements

Senior executive service (SES)

All on-going SES employees have remuneration arrangements agreed through an Australian Workplace Agreement (AWA) that sets out responsibilities and performance expectations. The terms are confidential, but similar for all SES, with heads of power to determine some individual arrangements, for example regional assignment.

Salaries are determined by the CEO and are broadly within three bands representing the three classification levels. Features of the agreements include performance pay, salary regression within and between bands, superannuation (averaging 13 per cent of total remuneration), an executive vehicle (values vary for the three levels), semi-official telephone, leave provisions and business-class travel.

Information on Executive remuneration is available in the Financial statements on page 150.

Non-SES

At 30 June 2001 there were 89 non-SES staff on AWAs. The majority of these were Customs Level 5 staff, who are remunerated in a salary range of \$65,000 – \$83,000.

AWAs offer a degree of flexibility (within certain parameters) that allows Customs to attract, deploy, reward or retain employees by tailoring remuneration and conditions accordingly. The Certified Agreement provisions generally apply to these staff.

Staff who are not covered by an individual AWA are covered under the Customs Certified Agreement 1999. This agreement is the second comprehensive agreement covering Customs staff, following on from the 1998 Certified Agreement. It covers a new broad-banded structure for Customs Level 1 to 5, a performance management system and a 9.1 per cent pay outcome over three years. Staff received a pay increase of 2.5 per cent on 1 January 2001. The nominal expiry date for this agreement is 31 December 2001 and renegotiations will commence in July 2001.

Performance management

Performance assessment and feedback

Performance assessment and feedback was the main performance-management system used by Customs. It links pay advancement within a salary band, or as a performance bonus, to performance based on the contribution of staff to their work area plan. The system also provides a mechanism for staff to gain feedback on workplace performance and identify development opportunities. Pay outcomes for the 1999-2000 period applied from 1 July 2000. Likewise, the pay outcomes for the 2000-01 period will apply from 1 July 2001.

An extensive evaluation of the Performance assessment and feedback system following the 1999-2000 performance period resulted in changes that will be introduced for the 2001-02 reporting period. The changes aim to produce a more consistent, fair and equitable approach to performance management in Customs.

Performance agreements include the skills needed to carry out the functions listed in the agreement. They allow staff and managers to develop plans to address gaps in skills required. Additionally, agreements in 2001-02 will contain standard performance measures that reflect both work level standards and the workforce characteristics determined through the workforce planning project.

Performance pay

Performance pay is available to SES staff who exceed expectations and is limited to 15 per cent of salary in any one financial year. Performance pay for SES takes the form of either an annual bonus at the end of the cycle; a bonus payment during the cycle in recognition of outstanding contribution to particular outcomes; or movement to a higher salary.

During the past two years an average of 45 per cent of SES received performance pay. Over this time, performance pay represented an average of 4 per cent of total remuneration for any individual employee. During 2000-01 the aggregate amount of performance pay for SES staff was \$76 000.

For non-SES staff, performance is managed through the performance assessment and feedback process. Staff are eligible for a 0, 1, 3 or 5 per cent increase in salary within the range for their level. Staff at the top of the salary range for their level are eligible for a bonus of 5 per cent of salary, paid over the next cycle, or as a bonus. Of those eligible for performance pay (4127), 50 per cent received either a salary advancement and/or a bonus, averaging 2.75 per cent. Some staff were at the top of their salary band. They were not eligible for a bonus unless they were rated at performing above agreed requirements.

Occupational health and safety performance

Details on occupational health and safety are available in Other information for annual reporting purposes on page 106.

Statistics on staff

Further information on staff statistics is available in Appendix D on page 178.

Accountability to clients

Customs provides services to clients relevant to all areas of its business. Its client service function contributes to the five outputs and the Customs outcome. Particularly significant areas of client service include:

- Customs Information Centres
- complaints and compliments
- the Client Service Charter
- access for people with special needs.

Any services provided to clients that relate to one output only have been reported under that output.

Customs Information Centres

Customs Information Centres are located in all states and territories and provide information on services and procedures of Customs. Contact details for the information centre offices are provided in Appendix B on page 175. General information is available on the Customs Internet site – www.customs.gov.au as well as through publications under FOI produced by Customs and other agencies (see further information on publications in Appendix A on page 174). Information centres can also be contacted by telephone on 1300 363 263 from anywhere in Australia or by emailing information@customs.gov.au

The information centres dealt with a large number of inquiries during 2000-01 including:

- more than 240 000 telephone calls
- more than 17 000 email inquiries
- about 11 000 inquiries at information centre counters
- about 900 inquiries by letter.

During 2000-01 there were 19 complaints and 53 compliments registered about information centres.

Customs participated in an Australian Quality Council exercise to benchmark the performance of its information centres against 100 other organisations. The Customs Information Centres were placed in the top 20 per cent of benchmarked organisations. The benchmarking compared how organisations meet customer service needs, such as providing services to customers, managing service quality and developing technological support.

Customs also participated in the Government Business Education Network, a group of Commonwealth and State Government agencies aiming to raise awareness of government

products and services to the business community. The network shares strategies and practices, identifies opportunities for business education and provides a communication link between business and government.

Complaints and compliments

Clients were able to provide comments to Customs through a variety of methods, such as a reply paid 'Tell us what you think' brochure, email, letters and a freecall phone number – 1800 228 227. The brochure was the most popular form of feedback during 2000-01, followed by email and letter.

In December 2000 a national online database was launched to manage complaints and compliments. This database allows electronic monitoring and reporting on all complaints and compliments received by Customs and ensures complaints are resolved within the timeframes set out in the service charter.

An online staff reporting facility was added to the complaints and compliments handling system in February 2001. This allows staff to report by email any complaints or compliments they receive.

Customs received 2196 complaints and 891 compliments. The largest area of complaints was from people who did not have goods in their possession when claiming a refund through the Tourist Refund Scheme (TRS). Other major areas of complaints included staff attitude and misinformation on the TRS provided by retailers. The most common compliment was about staff being helpful.

Significant achievements included:

- developing new information brochures to raise client awareness of Customs procedures
- re-designing counter areas resulting in greater client focus
- improving signage at public contact areas
- changing queuing systems and streaming Australian and non-Australian passport holders at some airports to improve passenger flow.

Client service charter

A review of the client service charters was conducted in 2000, including consulting stakeholders, clients and staff. As a result, Customs introduced a single client service charter, providing one location for all service standards.

A guide to the client service charter was developed for employees, setting out what is expected of staff, the purpose of the charter and how it will improve client service delivery. The complete list of service standards is available on the Internet at www.customs.gov.au/corp/charter/index/index.htm

The new client service charter provides:

- links to client service standards on the Internet
- advice on a range of Customs information services
- links to information on complaints and compliments
- advice on assistance for people who require language/interpreter assistance.

Performance against key standards stated in the client service charter

The client service charter has key speed and efficiency processing standards for cargo and passenger facilitation. The Portfolio Budget Statements include specific targets for these and other service standards.

Customs achieved or exceeded the service delivery targets for the client service charter standards in almost all instances. Highlights included:

- over 95 per cent of travellers arriving on international flights were processed within 30 minutes of arrival at the processing line
- electronic systems for cargo reporting had an availability of over 99 per cent
- 100 per cent of refund claims for GST under the Tourist Refund Scheme were processed within 15 minutes of arrival at the processing queue and 92 per cent of mailback claims were processed within 30 days.

Customs also achieved targets for providing industry support within statutory timeframes.

Further information on the performance of Customs is available under the performance effectiveness for the Customs outcome and the performance measures for the five outputs.

Providing access for people with special needs

Commonwealth Disability Strategy

Customs must report on its performance in implementing the *Commonwealth Disability Strategy*. This strategy aims to ensure that people with disabilities have the same access to Government policies, programs and services as others in the community.

The strategy identifies five key roles that agencies may perform in undertaking their core business. Of these, the roles that apply to Customs are regulator, provider and employer.

Key measures introduced by Customs to address these roles are outlined below.

- Staff were trained in assisting clients with a disability. This resulted in excellent service levels during the 2000 Paralympic Games and many compliments were received.
- Customs information is available in several different formats. Where necessary, assistance is also provided to help clients and potential employees understand information and complete forms.

- Customs monitors, and actively seeks improvements to, the physical environment in which clients access services. This includes environments that are the responsibility of other organisations.
- The Customs complaints and compliments handling system allows clients to raise disability-related issues.

Detailed information covering the performance of Customs against the strategy's indicators and measures is contained in Appendix E on page 181.

Social justice and equity initiatives

Social justice and equity initiatives are similar to the *Commonwealth Disability Strategy*. They aim to give people from diverse cultural and linguistic backgrounds the same access to policies, programs and services as others in the community.

Customs assesses its performance against the same roles used for the *Commonwealth Disability Strategy* – regulator, service provider and employer. Key measures introduced by Customs to address these roles are outlined below.

- All staff receive training in cultural awareness issues as part of their basic training. Before the Sydney 2000 Olympic and Paralympic Games, airport staff received additional training and awareness sessions, highlighting the importance of appropriate interaction with international visitors.
- Customs coordinated the Government's visitor information campaign, which made information on Customs procedures available to people interested in travelling to Australia, regardless of their cultural or linguistic background. More information on this campaign is available on page 59.
- Customs worked with the Department of Immigration and Multicultural Affairs to translate the incoming passenger card for arriving passengers into 12 languages. Translations into a further 39 community languages were made for limited use when necessary. Additionally, Customs-related directional signage at airports is provided in six languages other than English. The languages used are based on the major languages used by arriving passengers at that airport.
- To assist passengers selected for a baggage examination, Customs produced a brochure outlining the examination process. This brochure is available to passengers at the time of their examination, in ten languages other than English. When possible, Customs staff with relevant language skills can also explain the process verbally.
- A project on cultural awareness of the Chinese community was conducted at Brisbane airport, where 15 per cent of overseas passengers are from a Chinese background. The results will be incorporated into training and induction packages for Queensland staff.
- Tourist Refund Scheme brochures, outlining how to claim a refund under the scheme, were produced in ten languages other than English.

In addition to these measures, Customs has many existing processes in place to increase access for people from culturally and linguistically diverse backgrounds, including:

- distributing information on Customs in different formats, style and languages
- using the language skills of Customs staff whenever possible
- providing translating and interpreting services when necessary.

Financial management

Purchasing

Customs used a number of mechanisms to ensure that purchasing processes comply with the Commonwealth's core purchasing policy principles:

- the Chief Executive Instructions (CEIs) provide instruction and guidance
- an Accredited Purchasing Unit in Canberra provided advice and assistance with complex purchasing processes to all areas of Customs
- internal audit reviews of purchasing processes were conducted.

During the reporting period:

- purchasing guideline documents dealing with tender evaluation, procurement planning, method of procurement approval, contract negotiation and purchasing advice were produced
- course material was reviewed and a purchasing policy awareness training course trialled
- the February 2001 Australian National Audit Office (ANAO) *Better Practice Guide – Contract Management* and the November 2000 Joint Committee of Public Accounts and Audit report 379 *Contract Management in the APS* were reviewed to identify potential process improvements
- sections of the CEIs dealing with contracts and tendering were revised
- the Financial Management Information System was used to identify contracts arranged to ensure that Customs complied with mandatory reporting requirements.

A selection of tender processes was internally audited to establish that value for money had been achieved. The Audit and Evaluation Committee also monitored improvements to processes in response to ANAO Report No 12 1999-2000 – *Management of Contracted Business Support Processes*.

Customs facilitated the involvement of Australian and New Zealand small to medium enterprises (SMEs) in tender processes. In particular, prospective tenderers were invited to contact Customs if they considered SMEs were not being given a fair opportunity to participate.

Asset management

Sound asset management ensures that Customs maximises one of its major resources to achieve its corporate goals effectively and efficiently. In 1999-2000 Customs reported that assets management had been devolved to divisional, branch and regional business groups. During 2000-01 support and technical advice continued to be provided to business groups to assist them in this new function.

The asset management framework was reviewed and updated. This framework will underpin the further development of formal asset management plans, policies and procedures.

Commonwealth properties occupied by Customs

Most Commonwealth-owned properties occupied by Customs have been sold as part of the Government's property disposal program. Properties sold by the Department of Finance and Administration (Finance) during 2000-01 were on Thursday Island in Queensland and in Port Hedland in Western Australia.

Discussions are continuing between Customs and Finance concerning the sale of remaining properties at Neutral Bay in New South Wales, Townsville in Queensland and Dampier in Western Australia.

Devolved banking

Customs successfully implemented devolved banking during 2000-01. Customs is now in a position to significantly improve the delivery of its cash management and associated banking services. The cargo management re-engineering project provides further opportunities to improve cash management during 2001-02, to ensure the banking environment can support the business outcomes of the project.

Consultants and competitive tendering and contracting

Consultants

Customs let 102 consultancy service contracts during 2000-01 (52 in 1999-2000). Expenditure on consultancy services was approximately \$4.2 million. This included contracts entered into during the year and 31 contracts from previous years that were still in progress.

For the purposes of this report, 'consultant' was taken to include 'an entity, whether an individual, a partnership or a corporation, engaged to provide professional independent and expert advice or services'. Non-consultancy contracts for services, which are typically far more restrictive in the degree of latitude afforded to the contractor, were not included.

Further information on consultants required for annual reporting purposes is available on the Customs Internet site at www.customs.gov.au/media/annual2001/consultants.htm

Competitive tendering and contracting

Major functions already outsourced include Customs Coastwatch aerial surveillance, information technology support, legal services and internal audit.

Customs outsourced its internal audit functions in 1995. This contract was due to expire on 31 July 2001. Customs began a tender process for the provision of internal audit and risk management services for the next three years, with an option for extension for an additional three years.

Government policy on competitive tendering and contracting requires Customs to market test relevant activities and services, starting with corporate services. Market testing of corporate services began following a risk analysis that determined the first group of activities for attention.

Expressions of interest for the management of the Customs uniform, corporate wardrobe and protective clothing and equipment requirements were sought in December 2000. This was the first part of a two-stage market testing strategy. Seven respondents were short-listed from this process and invited to submit a request for tender (RFT). The RFT will be released to the short-listed applicants in early 2001-02.

Expressions of interest will also be sought early in 2001-02 for the provision of records management, mail and distribution services. Information and data was gathered during 2000-01 and documentation for the expression of interest developed. A detailed consultative and liaison process involving regional offices and affected areas was undertaken in developing service specifications before release of the expression of interest to the market.

Preparations for market testing of the pay and accounts shared services functions began during 2000-01. A single-stage open tender will be used to approach the market. Agreement on the scope of the market test was reached and development of the service specifications for the RFT commenced.

Market testing activity was also undertaken in a Customs operational support activity. Expressions of interest were sought for cargo unpack/repack and associated services in February 2001. This market test covers the provision of labour and specialist equipment to assist in the unpack and repack of cargo containers entering the country. Associated services include de-fumigation, transport, and a secure unpack site for some ports. Following completion of the expressions of interest evaluation, a decision on whether to proceed to an RFT is expected in early 2001-02.

Customs is continuing to carefully assess opportunities to use competitive tendering and contracting processes to support business improvement and the efficient achievement of its objectives.

Management of information technology

The Customs Information Services Agreement between Customs and EDS Australia (EDSA) entered its fourth year. The contract, signed in 1998, covers information technology (IT) and related services and is for five years, with a possible extension to nine years. The services covered contribute to all outputs and the Customs outcome.

Key activities during 2000-01 included:

- ensuring that systems availability targets were met
- providing project and applications development support to business owners
- managing change and facilitating access to quality IT services.

EDSA has generally met specified service standards for infrastructure support and maintenance of business applications. However, EDSA has had difficulty in providing sufficiently skilled IT staff to build and deliver new applications by the due date.

Infrastructure changes

The Bruce Computer Centre was sold and EDSA is relocating the Customs mainframe and midrange IT infrastructure to the EDSA Data Centre at Burwood, NSW.

A replacement for the Unisys mainframe environment was investigated and an IBM mainframe system selected. The migration process was expected to occur over the next two years.

Customs and EDSA planned the installation of new desktop equipment and a new standard operating environment for all Customs staff. This was expected to be completed by October 2001.

Applications development

The Tariff and Precedents Information Network was implemented successfully and Automotive Competitiveness and Investment Scheme was delivered by 1 April 2001.

Customs and EDSA made changes to a number of applications including Passenger Analysis Clearance and Evaluation System, the commercial systems for tax reform and the National Intelligence System. The Human Resource Information System had a version upgrade.

The development of the Coastwatch Command and Support System and the redevelopment of the Tourist Refund Scheme were both subjected to tender. Customs continued to provide human resources and financial systems services to the National Crime Authority and excise processing systems, services and support to the Australian Taxation Office.