

100 years of service 1901-2001

Performance reporting - outcome and outputs

The Customs outcome - effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics.

Effectiveness measures

Figure 6: Outcome performance against targets set in 2000-01 Portfolio Budget Statements

Effectiveness indicators	Measures	Target*	Actual
Cargo facilitation	Proportion of electronically lodged entries where an authority to deal is transmitted within 15 minutes of receipt of entry payment and finalisation of entry details	97%	98.06%
Passenger facilitation	National proportion of arriving international passengers processed through the Entry Control Point within 30 minutes of joining the queue (standard agreed with Government is 95%)	95%	97%
Illicit drugs	Trends in the number and weight of seizures	**	See figure 9 & 10
Other prohibited goods	Trends in the number of detections and/or seizures of other prohibited imports and exports from international air passengers	**	See figure 12
Civil maritime surveillance	Undetected vessels subsequently found to have breached the Australian border	**	See figure 19
Revenue collection ⁺	Total Duty, GST and other significant revenues collected		
	Cash collected	# \$6 395 m (nett)	\$6 671.7 m
Revenue deferred ⁺	Total GST revenues deferred	# \$11 500 m	\$10 925.2 m
Industry schemes ⁺	Total Duty forgone [^] in respect of:		
	Tariff concession	\$380-400 m	\$374.5 m
	Cheese and curd quota	\$9 m	\$8.9 m
	Drawbacks	\$78 m	\$70.3 m
Revenue compliance ⁺	Revenue adjustments as a results of compliance activity:		
	Recoveries	\$12 m	\$14.7 m
	Refunds	\$0.5 m	\$4.3 m
Customs decisions	Rates of appeal against decisions where the original decision by Customs is upheld	**	See Appendix C
World Customs Organization - contribution	N/A	-	-

* Targets may be performance targets, service level targets or workload estimates.

** Performance targets cannot be estimated through any reliable statistical or other method.

This figure is tentative and is subject to revision in light of experience within the GST environment.

^ Customs duty forgone as a result of concessional arrangements available under a range of industry schemes is listed on page 75.

+ Measures and/or targets were changed in the PAES.

Resources allocated for the Customs outcome

Funding for outcome and outputs

The prices of the outcome and outputs for Customs are calculated using activity-based costing information and attributed across the outputs to provide a complete picture of the resources dedicated to each task. The prices represent the full cost of the outputs, including overheads such as information technology and operating expenses.

Portfolio Budget Statements

The total price of outputs in the 2000-01 Budget was \$645.702 million, including an appropriation of \$424.887 million and revenue from other sources of \$220.815 million. This included an equity injection of \$2.369 million to complete the purchase of x-ray equipment under the Government's *National Illicit Drug Strategy*.

Customs had two measures in the 2000-01 Budget.

- Output Pricing Review of departmental resourcing – reduction in funding of \$2.5 million and \$5 million ongoing, with savings expected from plans for competitive tendering and contracting.
- Unauthorised arrivals in Australia – additional resourcing for the lease of a charter vessel to assist with people-smuggling related activities.

Portfolio Additional Estimates Statements

Following Portfolio Additional Estimates, the total price of outputs was revised to \$644.081 million (down \$1.621 million). The appropriation for Customs and revenue from other sources were revised to \$422.207 million (down \$2.680 million) and \$221.874 million (up \$1.059 million) respectively. See figure 7 for further information.

Additional appropriations were allocated for a number of measures and other variations through Additional Estimates.

- Storage of imported handguns before sale – additional funding of \$0.384 million for the costs of setting up and administering the storage of imported handguns, following the tightening of the *Customs (Prohibited Imports) Regulations 1956* on 17 August 2000. This affected the price for output 1.
- Import Credit Scheme (ICS) – The Government extended the ICS to Fiji for three months to 30 September 2000. The cost of this measure (a reduction of \$1.0 million in administered revenue) was offset from funds allocated to the Textile, Clothing and Footwear Strategic Investment Program. This did not affect the price of any outputs.
- Business Franchise Fee (BFF) Safety Net – \$0.975 million for additional cost incurred in maintaining the BFF Safety Net as determined under the *States Grants (General Purposes) Act 1994*. This affected the price for output 4.
- Comcover – additional funding of \$0.342 million to cover the costs of the 2000-01 Comcover premium. This affected the price of all outputs.

Several revisions were made to the performance information used by Customs to assess its achievement against its outcome and outputs.

Actual expenditure

Details on the actual expenditure of Customs during 2000-01 are shown in figure 7 below. Further information on this expenditure is available in the Financial statements and accompanying notes, commencing on page 115.

Figure 7: Resources for the Customs outcome

	(1) Budget* 2000-01 \$'000	(2) Actual expenses 2000-01 \$'000	Variation (col 2 minus col 1) \$'000	Budget** 2001-02 \$'000
Administered Expenses (including third party outputs)	260	4 655	4 395	260
Total Administered Expenses	260	4 655	4 395	260
Price of Agency Outputs				
Output 1 – Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports	213 885	235 327	21 442	264 831
Output 2 – Facilitation of the legitimate movement of people across the border, while identifying illegal movements	69 935	87 111	17 176	79 315
Output 3 – Civil maritime surveillance and response#	202 228	174 291	-27 937	205 797
Output 4 – Administration of Customs duty and sales tax, other border-related revenue collections, and import/export statistics.	151 698	116 361	-35 337	148 434
Output 5 – Anti-dumping and countervailing administration	6 335	4 363	-1 972	7 305
Total Price of Outputs***	644 081	617 454	-26 627	705 682
Revenue from Government (Appropriation) for Agency Outputs	422 207	422 207		487 226
Revenue from other sources	221 874	203 810	-18 064	218 456
Total Price of Outputs	644 081	626 017	-18 064	705 682
TOTAL FOR OUTCOME 1 (Total Price of Outputs and Administered Expenses)	644 341	622 109	-22 232	705 942
			2000-01	2001-02
Average Staffing Level (Number)			4 171	4990

* Full-year budget, including additional estimates.

** Budget as announced in the Portfolio Budget Statements.

*** Total Price of Outputs compares the total of the prices derived from estimated revenue to the total of the prices derived from actual expenses. The actual expenses include the Capital Use Charge. The difference between the actual total price of outputs and the actual total revenue for outputs reflects the operating surplus of Customs for the year.

Price includes the resources received free of charge from the Australian Defence Force.

Output reporting

As Customs has its responsibilities combined into one outcome, this annual report provides a more detailed performance analysis of the five outputs that contribute to the Customs outcome.

In addition, the Australian National Audit Office's (ANAO's) inquiry into Coastwatch, tabled in April 2000, recommended that Customs specifically identify the costs involved in providing the Coastwatch function. This information is shown in the detailed analysis of output 3, starting on page 60. Further information on the ANAO's inquiry into Coastwatch is also available in output 3 on page 64.

Output 1

Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports

This output covers the processing of goods across the border, including:

- risk-assessment of vessels, aircraft, cargo, mail, air and sea passengers, and baggage
- intelligence, targeting and search activities
- surveillance of international airports, waterfronts and international mail centres
- land-based surveillance of the coastline, and aerial/marine surveillance and response for specific operations.

Prohibited and restricted items include illicit drugs, weapons, pornography, unsafe products, therapeutic goods, wildlife, quarantine items and items which breach intellectual property rights. This output also covers the investigation and prosecution of non-narcotic prohibited import and export offences.

Performance measures

Figure 8: Performance against targets set in the 2000-01 PBS – output 1[#]

Quality/Quantity performance measures		Target*	Actual
Quality			
Proportion of electronically lodged import entries where an authority to deal is transmitted within 15 minutes of receipt of entry payment and finalisation of entry details ^		97.00%	98.06%
Electronic cargo systems – availability to Customs clients (availability against typical work day)	Air cargo automation	99.70%	99.78%
	Sea cargo automation	99.70%	99.88%
Weight and number of drug seizures by significance of offence		**	See figure 10
Weight of drug seizures by mode of importation		**	See figure 9
Number of detections and/or seizures of other prohibited imports		**	See figure 12
Quantity			
Number of air waybills reported		4 321 545	4 171 711
Number of sea cargo manifest lines reported		1 430 000	1 326 995
Number of international aircraft		122 300	124 852
Number of vessel arrivals ^	First Ports	11 300	10 567
	All Ports	19 100	18 298
Number of customs import entries lodged ^	Electronic	2 821 228	2 833 250
	Manual	20 000	18 411
Number of export entries lodged ^		1 382 730	1 425 885
Price		\$213.885 m	\$235.327 m

[#] Targets set in the PBS for electronic risk assessment for community protection purposes and overseas postal articles were removed in the PAES.

* Targets may be performance targets, service level targets or workload estimates.

** Performance targets cannot be estimated.

^ Measures and/or targets were changed in PAES.

Performance assessment

Drug seizures

Figure 9: Summary of drug seizures by import method*

	Seizures			Weight (kg)		
	1998-99	1999-00	2000-01	1998-99	1999-00	2000-01
Air passengers and crew						
Cannabis	228	271	321	9.2	5.7	4.6
Cocaine	24	28	26	55.0	38.5	10.4
Heroin	15	15	12	23.6	28.9	2.9
MDMA	40	49	51	53.1	36.2	64.5
Other	181	228	439	..	..	..
Cargo and postal[^]						
Cannabis	644	589	595	45.7	16.0	66.1
Cocaine	20	45	33	12.5	207.8	328.9
Heroin	8	24	15	94.7	240.1	212.7
MDMA	62	54	95	49.0	89.6	274.0
Other	1 567	2 624	3 099	..	..	..
Shipping and aircraft[#]						
Cannabis	21	6	9	0.6	0.1	0.1
Cocaine	1	1	1	224.6	502.0	88.2
Heroin	2	-	1	390.2	-	0.0
MDMA	-	1	1	-	15.8	0.0
Other	3	3	7	..	..	..
Total						
Cannabis	893	866	925	55.5	21.9	70.8
Cocaine	45	74	60	292.1	748.4	427.4
Heroin	25	39	28	508.5	269.0	215.6
MDMA	102	104	147	102.1	141.6	338.4
Other	1 751	2 855	3 545	..	..	..

* Seizures subject to ongoing investigation may not appear. Where a weight of tablets for MDMA (ecstasy) was not available, an estimate of 0.29 g per tablet was used.

[^] Includes seizures made from searches in air and sea cargo, and the international postal environment.

[#] Includes seizures made from searches of sea passengers and crew, vessels and aircraft.

[^]Other drugs refer to stimulants other than cocaine, narcotics/analgesics other than heroin, psychotropics/hallucinogens other than MDMA or cannabis products, steroids and all depressants and sedatives. Estimated weight values are not shown, as there is no consistent unit of measure available. Items in this category can be measured in grams, volume, dose unit or capsules.

Figure 10: Drug seizures and significance of offence*

Significance ^	Seizures			Weight (kg)		
	1998-99	1999-00	2000-01	1998-99	1999-00	2000-01
Commercial						
Cannabis	-	-	-	-	-	-
Cocaine	17	12	6	280.2	711.2	420.0
Heroin	6	9	4	502.8	262.2	210.4
MDMA	35	25	38	96.8	138.8	333.4
Trafficable						
Cannabis	53	41	44	51.4	16.8	66.3
Cocaine	26	47	34	11.8	37.2	7.4
Heroin	17	27	15	5.7	6.8	5.2
MDMA	65	68	98	5.3	2.8	5.1
Minor						
Cannabis	840	825	881	4.1	5.1	4.5
Cocaine	2	15	20	0.0	0.0	0.0
Heroin	2	3	9	0.0	0.0	0.0
MDMA	2	11	11	0.0	0.0	0.0
Total						
Cannabis	893	866	925	55.5	21.9	70.8
Cocaine	45	74	60	292.1	748.4	427.4
Heroin	25	39	28	508.5	269.0	215.6
MDMA	102	104	147	102.1	141.6	338.4

* Figures may vary from those previously published due to adjustments arising from subsequent chemical analysis and information received from the AFP. Also, seizures subject to ongoing investigation (including controlled deliveries) may not appear. Weight shown may be net, gross or estimated. Where a weight of tablets for MDMA (ecstasy) was not available, an estimate of 0.29 g per tablet was used.

^ Significance of offence is based on the classification used in the *Customs Act 1901* and is summarised as:

	Heroin	Cocaine	Cannabis	MDMA (ecstasy)
Commercial	1.5 kg and over	2 kg and over	100 kg and over	0.5 kg and over
Trafficable	Between 2 g and 1.5 kg	Between 2 g and 2 kg	Between 100 g and 100 kg	Between 0.5 g and 0.5 kg
Minor	Less than 2 g	Less than 2 g	Less than 100 g	Less than 0.5 g

Customs works closely with other agencies to target large-scale, organised drug trafficking. Investigations are often lengthy and result in a small number of highly significant seizures, which impact heavily on organised criminal syndicates. The large size and small number of these seizures can cause large variations in the weight of drugs seized by Customs from year to year. Further information on major seizures during 2000-01 is available under Major drug seizures below.

As well as targeting large-scale, organised traffickers, Customs also targets mid- and low-scale drug trafficking, with the majority of seizures fitting into these categories. Notable mid-scale drug seizures during 2000-01 included:

- 10.6 kg of MDMA (ecstasy) in December 2000
- 10 kg of heroin in July 2000
- 8 kg of MDMA in June 2001
- 6.4 kg of cocaine in August 2000.

Major drug seizures

In August 2000 the National Crime Authority seized 317 kg of cocaine and \$299 000 cash in Adelaide. The seizure was the result of intelligence gathered by Customs in 1998 and work by a joint Customs-Australian Federal Police target development team from June 2000 onwards. The cocaine was imported from Colombia in sandstone blocks invoiced as marble blocks and was the second largest cocaine seizure made in Australia.

As a result of intelligence received, two containers from China were examined in November 2000. A metal plate had been welded to cover an opening in the struts of the containers and when this was removed, 42 packages wrapped in foil were found. A further 40 packages were found in the second container. The substance was confirmed as crystalline methamphetamine (ice) and weighed 79 kg, the largest interception of that drug by Customs to date.

In November 2000 a container from France was selected for examination. X-ray images of a number of cartons from within the container were consistent with the concealment of tablets. A total of 20 cartons contained 105 kg of MDMA concealed in shrink-wrapped packets between bottles of wine.

On 3 December 2000 three shipping containers arriving in Sydney from China were identified as high risk and selected for examination. Some panels were removed and 124 foil packages of heroin, weighing 184 kg were found. This was the third largest seizure of heroin made by Customs at that time.

In March 2001 Customs staff targeted a sea container from China described as cartons of canned pineapple pieces. Some of the cartons were found to have been opened and tins removed. Further inspection by x-ray revealed images consistent with tablets. One tin was opened and found to contain MDMA tablets. The remainder of the cargo was unpacked revealing a further 15 cartons each containing six 3 kg cans. The final weight of the drugs was 131 kg of MDMA and 12.8 kg of heroin.

Approximately 88 kg of cocaine was seized on a yacht off the east coast of Australia in early May 2001. The operation was the culmination of nearly two years of investigation by the Australian Federal Police (AFP) and Customs and involved significant assistance from state police, police and Customs in New Caledonia and US Customs. Information provided by US Customs initially alerted the AFP and Australian Customs to the possibility of importation and the vessel was tracked from Colombia through Noumea to Australia. The vessel was monitored during its voyage from New Caledonia by Customs Coastwatch aircraft. These aircraft and two Customs vessels played a significant role in the operation.

Performance-enhancing drugs

Performance-enhancing drugs were a priority for Customs, particularly during the lead-up to the Sydney 2000 Olympic and Paralympic Games, with the aim of keeping the Games drug-free. Of the record number (1268) of seizures of performance-enhancing drugs (PEDs)

made during 2000-01, 44 per cent were made between July and September 2000. However, while the number of seizures continued to increase, the increase was not as great as in previous years.

Anabolic and androgenic substances available legally in other countries (such as DHEA and androstenedione) continued to make up the majority of seizures. They are easily obtained over the Internet and are often advertised as having anti-ageing effects or increasing general health, rather than being performance-enhancing.

The rate of increase in steroid seizures over recent years levelled off, but hormone seizures increased from 6 per cent to 9 per cent of total PEDs seizures – a continuing trend since 1996-97.

There were 35 interceptions of importations with more than 1000 tablets of anabolic and androgenic substances, a substantial increase on the 18 interceptions in 1999-2000. Technology such as x-ray machines, combined with an intelligence-driven risk-management approach to screening and targeting, contributed significantly to this increase in seizures.

Figure 11: Interceptions of performance-enhancing drugs*

	1998-99	1999-2000	2000-01
Air passengers and crew			
Steroids	26	48	65
DHEA	29	45	72
Hormone	4	8	11
Cargo and postal[^]			
Steroids	329	489	542
DHEA	535	471	473
Hormone	43	58	101
Other⁺			
Steroids	1	5	2
DHEA	1	-	2
Hormone	-	1	-
Total			
Steroids	356	542	609
DHEA	565	516	547
Hormone	47	67	112

* This is a subset of 'other' drug seizures reported in Figure 9.

[^] Includes seizures made from searches in air and sea cargo, and the international postal environment.

⁺ Includes seizures arising from post-border operations and warrants.

National Illicit Drug Strategy involvement

The *National Illicit Drug Strategy (NIDS)* is a major element of the Commonwealth Government's *National Drug Strategy* and focuses on reducing the supply of and demand for illicit drugs. It includes initiatives such as diversion programs, treatment and prevention as well as measures to intercept more illicit drugs at the Australian border.

The main role of Customs in NIDS is to reduce the supply through intercepting illicit drugs at the border and through deterring people from importing or trafficking in illicit drugs. To support this role, Customs is represented on consultative committees associated with illicit drug policies.

Customs is represented on the Intergovernmental Committee on Drugs (IGCD), which provides policy advice on drug-related issues to Commonwealth, state and territory health and law-enforcement ministers. Customs is also involved in several advisory groups that report to or are administered by the IGCD:

- the National Expert Advisory Committee on Illicit Drugs, which provides technical advice on illicit drugs
- the Monitoring and Evaluation Coordination Committee, which assesses performance against the objectives of the National Drug Strategy
- the National Drug Law Enforcement Research Fund, which promotes quality, evidence-based practice in drug law enforcement
- the steering committee for the IGCD's National Prevention Agenda, which aims to consolidate and strengthen drug-prevention measures.

Customs is also involved in a standing interdepartmental committee on international narcotic issues, which coordinates Australian drug policy initiatives and issues at an international level. In particular, Customs contributed to the committee's development of Australia's *International Drug Strategy*.

Other prohibited imports

During 2000-01 there were 13 changes made to the *Customs (Prohibited Imports) Regulations 1956*. Specific issues covered in the changes included introducing import controls in response to United Nations Security Council resolutions, consumer safety issues and stronger controls over firearm importations.

Customs also performs a number of border functions on behalf of other government agencies. This includes enforcing import controls on:

- firearms and other dangerous items, such as certain knives and anti-personnel sprays, on behalf of police forces
- certain therapeutic substances, including drugs of abuse, on behalf of the Department of Health and Aged Care
- ozone-depleting substances and protected fauna on behalf of Environment Australia
- goods that pose a risk to consumer safety on behalf of the Consumer Affairs Division of the Department of the Treasury
- objectionable or obscene material on behalf of the Office of Film and Literature Classification.

Customs also works closely with the Australian Quarantine and Inspection Service, the AFP, the National Crime Authority and the Australian Transaction Reports and Analysis Centre.

This work contributes both to output one of Customs and to the outputs of these other agencies.

Figure 12: Detections of prohibited goods on international air passengers *

	1998-99	1999-2000	2000-01
Quarantine	48 629	60 858	68 746
Quarantine Infringement Notice		7 405	8 486
Major	312	212	304
Minor	48 317	53 241	59 956
Other prohibited goods**	1 688	1 671	2 281
Major	81	91	196
Minor	1 607	1 580	2 085
Wildlife	2 689	2 193	2 206
Major	..	27	9
Minor	..	2 166	2 197
Revenue	2 524	2 533	1 647
Major	53	54	52
Minor	2 471	2 479	1 595
Undeclared excess currency (referred to AFP)	216	233	275

* A major find usually refers to an incident where a record of interview is conducted or prosecution action commenced. A minor find usually refers to an incident where a record of interview is not conducted or prosecution action not commenced.

** Other prohibited goods/finds do not include seizures of illicit drugs.

Figure 12 summarises results of detections on behalf of, and referrals to, other agencies arising from the processing of international air passengers. The number of detections continued to increase during 2000-01, following a long-term trend. In particular, the number of quarantine, prohibited goods, wildlife and undeclared goods all increased when compared with the previous year.

This continuing increase was due to a continuing growth in the number of air passengers, improved targeting techniques and increased use of technology, such as x-ray equipment, to detect prohibited goods. During the past year, there may also have been an impact from increased examination rates as a

Regulation changes for the importation of handguns

On 18 August 2000 tighter regulations to control the importation of handguns into Australia came into effect. This change was aimed at reducing the diversion of handguns to the black market, without unfairly penalising legitimate firearms users. Imported handguns must be stored by Customs pending sale to an authorised user.

Because of concerns about the impact on dealers, amendments were introduced on 9 April 2001. Under the revised system, authorised handgun dealers can hold up to a 'certified stock limit' of imported handguns for sale. This limit is determined by Customs with advice from state and territory police services. Only those dealers or importers who satisfy stringent conditions are granted certified stock limits of more than ten. Dealers may only dispose of these handguns to an authorised user or to another certified firearms dealer. The amendments also treat handgun frames and receivers in the same fashion as complete handguns.

Customs received additional funding in the Portfolio Additional Estimates Statements to cover the staffing and other operating expenses necessary to administer these new arrangements.

result of measures to prevent foot and mouth and other quarantinable diseases from entering Australia.

Intellectual property

There is a growing domestic and international interest in protecting intellectual property such as trade marks. In Australia, use of the *Trade Marks Act 1995* and the *Copyright Act 1968* to protect intellectual property continued to increase. The number of companies lodging documents to protect trade marks increased nearly 50 per cent over the past three years.

Customs benefited from close working relationships with other agencies enforcing intellectual property. A NSW Police operation at Paddy’s Market in Sydney resulted in 11 608 items of clothing being seized and 28 summons for offences under the *Trade Marks Act 1995*. Valuable information from the operation was used by Customs to develop targeting profiles for high-risk cargo.

Community protection investigations

Customs investigates and, where appropriate, prosecutes suspected breaches of community protection laws relevant to output 1, such as illegal imports or exports of weapons, fauna, offensive material or performance-enhancing drugs.

Figure 13: Community protection investigations*

	1998-99	1999-2000	2000-01
Referrals received	280	593	1484
Cases adopted	192	272	618
Cases completed**			
with prosecution (through courts)	39	61	91
without prosecution	130	166	436
Cases where prosecution briefs completed*	48	66	98

* A referral is where information is passed to the Customs Investigations Branch for further investigation. A case is a referral that is found to warrant further examination. Where that examination finds sufficient evidence to satisfy a court that an offence has been committed, a brief of evidence, or prosecution brief, is prepared for the Commonwealth Director of Public Prosecutions (for criminal matters) or the Australian Government Solicitor (for civil matters). In some cases, prosecution does not take place. An example of this is where, rather than prosecuting, the goods in question are seized and a warning issued.

** Includes cases adopted in previous years.

The *Customs Legislation Amendment (Criminal Sanctions and Other Measures) Act 2000* came into effect in May 2000. This made importing or exporting certain community protection-related goods, including performance-enhancing drugs, child pornography and firearms, a serious criminal offence.

In the lead-up to and during the Sydney 2000 Olympic and Paralympic Games, every detection of performance-enhancing drugs was referred for further investigation. As a result of these measures, there was a large increase in the number of referrals, cases adopted and cases completed compared with previous years.

Significant convictions during the year included:

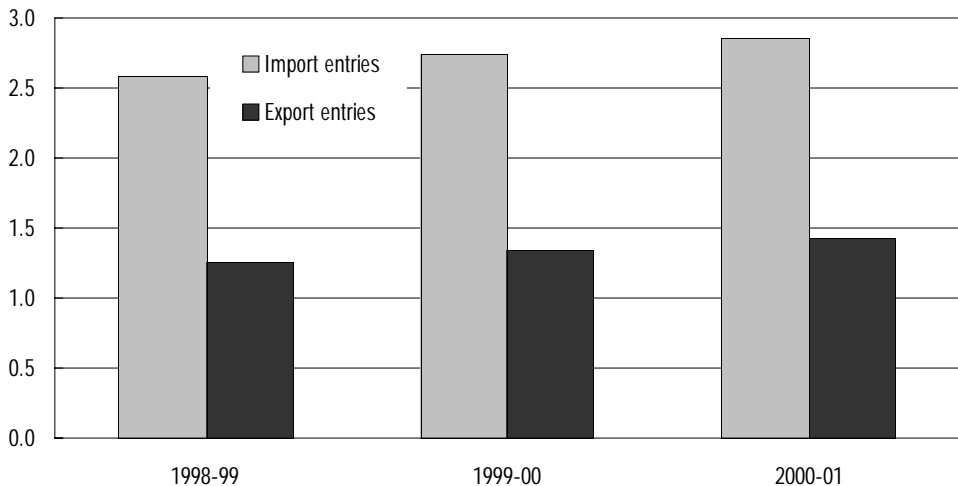
- \$15 064 fine for importing a commercial shipment of objectionable books
- \$10 000 fine for importing 29 vials of non-narcotic drugs
- \$5000 penalty plus costs for importing two bottles of anabolic steroids
- \$4883 fine for importing two tortoises in hand luggage
- \$3500 fine for importing 44 silencers as hand luggage.

Import and export entries workload

Import entries increased 4.1 per cent on 1999-2000, with 2.852 million entries lodged. Approximately 99 per cent of all import entries were lodged electronically, about 98 per cent of electronic entries receiving an authority to deal from Customs within 15 minutes of receipt of entry payment and finalisation of entry details.

Export entries also increased by 6.5 per cent on 1999-2000, with 1.426 million entries lodged. Export growth following the introduction of the GST and the decline in the value of the Australian dollar contributed to the increase in export entries.

Figure 14: Import^{*} /export entries (million)



^{*}Excludes Customs entries for Post Warrant Amendments and for Refunds.

Export requirements

Customs administers permit requirements on behalf of government agencies such as the Australian Quarantine and Inspection Service, the Department of Defence and the Australian Wine and Brandy Corporation.

Progress was made on the export-reporting requirements of the cargo management re-engineering model. This will result in a substantial restructure of export-reporting

procedures, increasing the ability of Customs to verify exports, address illegal activity and improve statistical accuracy.

Liaison arrangements with export-permit issuing agencies continued to improve, with an integrated export-targeting regime developed. One example of this was the cooperation between Customs and the Health Insurance Commission (HIC). Changes to the *National Health Act 1953* were introduced to control the export of Pharmaceutical Benefits Scheme goods. Both Customs and the HIC tabled guidelines in Parliament for dealing with drug-like substances relating to the scheme. Customs officers who deal with the detention of scheme goods received training from the HIC during 2001. Early results suggest the program is running well.

Container x-ray

In May 2001 an \$11 million contract was signed with a Chinese manufacturer to supply two container x-ray inspection systems, with funding provided under the Government's *National Illicit Drug Strategy*. The systems will be installed in purpose-built container inspection facilities in major Australian ports and will be integrated with existing activities by Customs. They will allow effective inspection of full shipping containers for community protection and revenue purposes.

Container x-ray machines will reduce the time taken to process goods through customs controls, as well as increasing the ability of Customs to detect illegal and prohibited goods.

Each x-ray machine will allow Customs to make approximately 100 physical inspections each day and will be used in conjunction with electronic profiling. A 40-foot (12-metre) container will be x-rayed in approximately 10 minutes, compared with manual inspection activities that can exceed 24 hours.

High volume low value cargo

High volume low value (HVLV) cargo refers to bulk document consignments and bulk mail order consignments. The *Customs Amendment Act (No. 1) 2000* and the *Import Processing Charges Amendment Act 2000* introduced new HVLV cargo reporting arrangements from 1 August 2000.

As part of the Government's *National Illicit Drug Strategy*, Customs determined that bulk document consignments represented a risk for importing illicit drugs and other prohibited goods into Australia. These consignments, which continue to grow in volume annually, were not reported in any detail. The HVLV scheme requires reporting, allowing Customs to individually risk assess items, enhancing the ability to target high-risk consignments.

Additionally, Customs assessed that certain pre-determined categories of bulk mail-order product might represent a relatively low risk if they were packaged and consigned in a particular manner. The new arrangements facilitate reporting and clearance of certain categories of goods and eligible bulk mail-order goods, reducing workload and minimising delays in delivering legitimate imports.

Risk assessment of vessels

Further information on strategies to risk assess small craft and commercial vessels is available under Output 2 on page 58.

Detector dogs

During the year, detector dogs provided operational support to a number of activities by Customs and police agencies. Seizures included:

- as part of a joint Customs-Queensland Police operation in the far north of Queensland, a detector dog uncovered a total of 148 kg of cannabis heads beneath the foundations of a house
- passive dogs were responsible for many seizures throughout the year, including 1.4 kg of MDMA concealed on the body of an arriving passenger in Adelaide; 2.7 kg of cocaine concealed on the body of a passenger in Brisbane; and 2.2 kg of cocaine in the false bottom of a golf bag being transported as hold baggage in Sydney
- since being trained in detecting MDMA (ecstasy) during 2000-01, detector dogs recorded 27 MDMA seizures.

Two officers from the Royal Thailand Police took part in a ten-week program at the Detector Dog Training Centre and graduated with two passive-response dogs. The dogs made their first operational detection, of methamphetamine, in Bangkok in January 2001. The officers who undertook the training commenced a training program for Royal Thailand Police handlers and dogs in passive drug detection techniques. An officer from Korean Customs also spent ten weeks at the Detector Dog Training Centre observing and learning instructional techniques.

The dog-breeding program continued to attract international attention. The Institute of Biological Detection Systems operating within Auburn University in Alabama bought eight Australian-bred dogs to establish a breeding base for research into improved detection of explosives. A joint US Federal Aviation Administration-US Department of Defense program bought eight dogs to develop a breeding base to produce canines for explosives detection.

Output 2

Facilitation of the legitimate movement of people across the border, while identifying illegal movements

This output covers processing of passengers, crew and craft arriving and departing Australia by sea or air, including identifying persons of interest consistent with immigration, health, family law and other law-enforcement, and national security requirements.

Also covered in this output is aerial and marine surveillance/response for specific operations related to illegal movement of people across the border.

Performance measures

Figure 15: Performance against targets set in the 2000-01 PBS – output 2

Quality/Quantity performance measures		Target*	Actual
Quality			
Proportion of arriving international air passengers processed through the Entry Control Point within 30 minutes		95%	97%
Percentage of arriving passengers processed via Advance Passenger Clearance processes		45.00%	42.05%
Average number of seconds per arriving passenger at the Entry Control Point		Maximum of 40 seconds	43 seconds
Number of air passenger referrals		Immigration	** 176 597
		Health	** 3 699
Number of suspected unlawful non-citizens (SUNCs) intercepted by sea (including ships crew)		Non-crew	** 4 118
		Crew	** 176
Quantity			
Number of international passengers		Arrivals	9 183 532
		Departures	9 012 820
Number of international crew (arrivals plus departures) ^		1 547 000	1 712 536
Price		\$69.935 m	\$87.111 m

* Targets may be performance targets, service level targets or workload estimates.

** Performance targets cannot be estimated.

^ Measures and/or targets were changed in the PAES.

Performance assessment

Facilitation rates

A total of 17.8 million international air passengers (16.5 million in 1999-2000) were processed during 2000-01. Customs has a standard of processing 95 per cent of arriving international air passengers through the Entry Control Point within 30 minutes of their arrival. The Entry Control Point is the point where the passengers are subject to Customs and immigration formalities before legal entry to Australia. Of the 9.0 million arriving air passengers, 97 per cent were processed within this 30-minute standard. The results for major Australian international airports are shown in figure 16 below.

While the facilitation rate for some airports decreased, all major airports (see figure 16) met the 95 per cent target. The overall average facilitation rate for arriving passengers was 97 per cent (96.9 per cent in 1999-2000).

Figure 16: Proportion of international air passengers processed within 30 minutes of arrival, airport distribution (%)

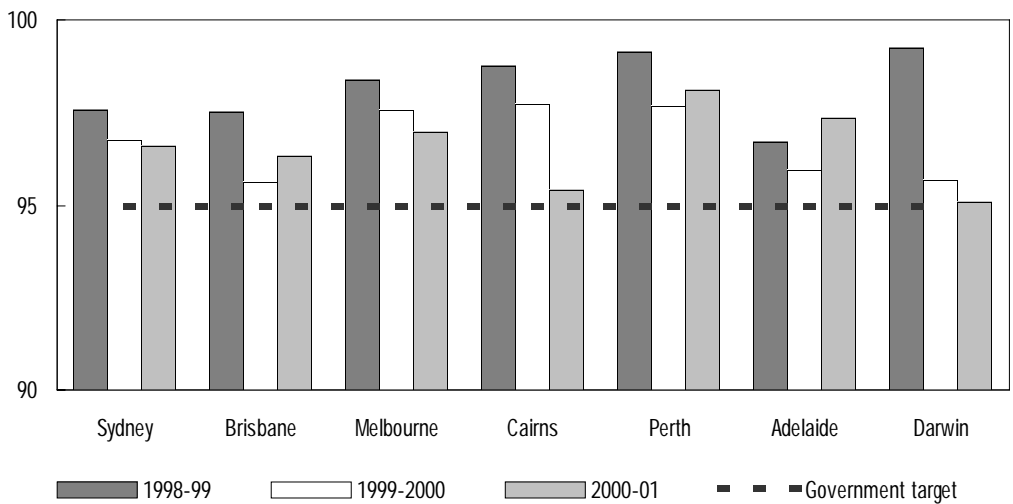


Figure 16 illustrates the percentage of incoming international arrivals cleared through the Entry Control Point (ECP) within 30 minutes. The formula used assumes a 10-minute delay between arrival and the time a passenger arrives at the ECP queue. The formula used was agreed with Government, together with a standard to clear 95 per cent of passengers within 30 minutes of arrival.

Figures for Hobart airport, which have been included in previous annual reports, are not included, as it did not have any regular, scheduled, international commercial passenger flights during 2000-01.

Passenger processing before arrival

One initiative Customs uses to facilitate the clearance of passengers is processing before the arrival of the passenger, using Advance Passenger Processing (APP). This system is integrated with the Electronic Travel Authority system of the Department of Immigration and Multicultural Affairs. It allows airlines to verify the travel authority of passengers at

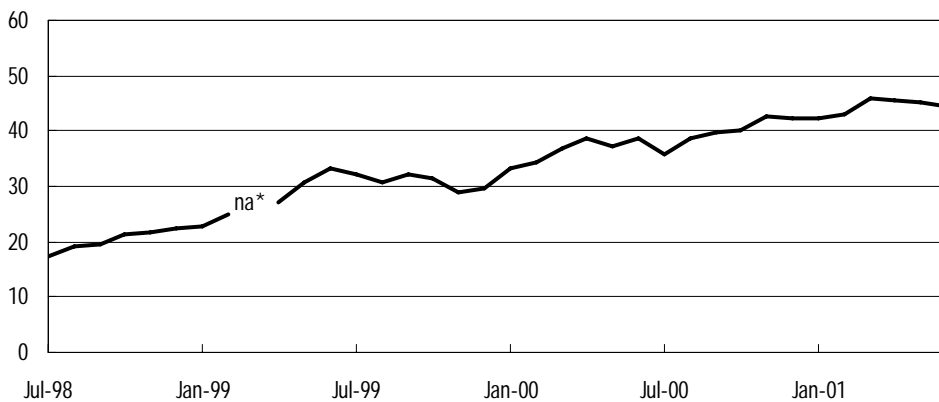
check-in and send high-integrity information to Customs and other border agencies using the ETA communication network. With APP, Customs is able to offer a more effective service delivery to passengers, airlines and industry.

A memorandum of understanding formalises the agreement between the Government and airlines taking part in the APP system. This memorandum is designed to create an environment of certainty and improved service delivery through an integrated, coordinated approach. The package of measures negotiated in the memorandum includes offering 'express lane' clearance to passengers using the APP integrated system.

Cathay Pacific Airways and Japan Airlines implemented APP in 2000-01, joining Qantas and Air New Zealand. Ansett continued to use Advance Passenger Clearance (APC), an earlier version of APP.

The number of APP and APC arriving international air passengers represented 42 per cent of total international air passenger arrivals during 2000-01 (compared with 33.6 per cent for 1999-2000).

Figure 17: Proportion of incoming international air passengers using the Advance Passenger Processing program (%)



* March quarter 1998-99 data is incomplete due to technical problems with the Travel Immigration Processing System (TRIPS) database.

Note: The Advance Passenger Clearance program commenced in September 1995. The Advance Passenger Processing program was implemented in April 1999 and is now the principal advance passenger information system.

PACE

The Passenger Analysis Clearance and Evaluation (PACE) computer system is used to process incoming and outgoing travellers at airports and seaports. The system performed well during 2000-01. In particular, there were no PACE outages during the 2000 Olympic and Paralympic Games. System response times were maintained during peak Olympic passenger loadings.

A subsequent release of the PACE system during the year provided extended functionality and improved efficiency in processing travellers at seaports for both round trip and

international cruise vessels. PACE removes the need for double handling and manual checks. This will improve border integrity and provide considerable resource savings, particularly during the height of the cruise ship season.

Illegal entrant activity

Further information on illegal entrant activity is provided under Output 3 on page 62.

Prohibited goods found on people

Further information on drugs and other prohibited goods found on passengers and crew arriving and departing Australia is provided under Output 1 on pages 45 and 49.

Passenger Movement Charge

Further information on the Passenger Movement Charge is provided under Output 4 on page 77.

MV Samson Explorer

The 2000-01 Budget contained funding relating to unauthorised arrivals in Australia.

This funding was to assist Customs to achieve output 2 through providing a dedicated vessel for transporting suspect unlawful non-citizens (SUNCs). This allowed Customs National Marine Unit and Royal Australian Navy vessels to undertake more appropriate surveillance and response taskings for output 3.

The *MV Samson Explorer* was contracted to perform this transport task. Between 8 September 2000 and 30 June 2001, the ferry made 25 trips, transporting 1898 suspect unlawful non-citizens and 45 crew members of suspect illegal entrant vessels from Ashmore Islands to the Australian mainland. SUNCs are usually taken to Darwin. This return trip usually took the *Samson Explorer* around five days. Customs staff supervised the transport of the SUNCs.

Staff also examined baggage and assisted DIMA staff with the documentation required for detention and further immigration processing. Customs also assisted the AFP through collecting evidence for possible prosecution of crew and organisers under anti-people smuggling legislation.

Vessel reporting

Customs began a small-craft targeting and reporting strategy (STARS) project in March 2000. The project aimed to identify high-risk non-commercial vessels by:

- improving the reporting regime
- implementing a national targeting strategy

- increasing resources of information on small craft
- improving the liaison between Customs and other agencies, including international agencies, to obtain information and intelligence on small-craft movements.

The project built on existing good relations with Customs administrations in New Zealand, New Caledonia, Vanuatu and New Guinea through improving exchanges of information on the small-craft movements in the Pacific.

An advance email reporting facility (yachtreport@customs.gov.au) was also developed, which is now used by many ships masters to report the arrival of their yachts. Receiving this information before the arrival of the vessel allows Customs and other border agencies to make appropriate arrangements for processing on arrival.

Customs has also initiated a commercial vessels reporting and targeting (COVERT) project. This is similar to STARS, but focuses on commercial vessels.

Shift reviews

The Sydney airport redevelopment project provided increased terminal capacity at the airport to meet forecast Sydney 2000 Olympic and Paralympic Games traffic demand. After the Games, the extra capacity required revised scheduling for the northern summer season from 25 March 2001, shifting workload to the morning, with further concentration in the peak period up to 9am.

Shift rosters for airport staff were adjusted to improve the delivery of services to meet the new workload demand. Additionally, these rosters were aligned with AQIS rosters. The roster changes, which began on 10 May 2001, were agreed after extensive staff and union consultation. A comprehensive review of roster arrangements is planned during the next schedule season commencing in late October 2001.

Shift arrangements were also reviewed at Adelaide airport. A rotating seven-day shift roster began with the northern winter schedule in October 2000. The new arrangements allowed better resource allocation to operational demand, a healthier and safer work environment and greater flexibility, which has benefited both employees and management.

Visitor information campaign

Customs, in conjunction with other border agencies, conducted a visitor information campaign to advise visitors to the Sydney 2000 Olympic and Paralympic Games of Australia's entry and exit requirements. While targeted at visitors to Australia for the Games, the information was also of benefit to other overseas travellers visiting Australia.

The campaign included a booklet, Internet site and video. These materials were translated into 22 languages, based on consultation with relevant Commonwealth agencies and advice from the Sydney Organising Committee for the Olympic Games regarding its language requirements.

Output 3

Civil maritime surveillance and response

This output covers the provision of air and marine-based civil maritime surveillance and response services to a number of Government agencies. The aim of the output is to detect, report and respond to potential or actual non-compliance with relevant laws within the 200 nautical mile Australian Exclusive Economic Zone (AEEZ), including Australia's offshore regions.

Specific surveillance and response operations related to prohibited imports or illegal people movements are covered under outputs 1 and 2.

In March 2001 output 3 was amended from 'Coastal and offshore surveillance and response' to 'Civil maritime surveillance and response' to better reflect the services delivered by Customs and to distinguish these from similar services provided by the Australian Defence Force.

The activities undertaken within output 3 are determined by the surveillance and response needs of various government agencies. The Coastwatch National Surveillance Centre coordinates planning for surveillance and response operations. In most cases, Customs Coastwatch regional bases in Cairns, Thursday Island, Darwin and Broome implement the nationally developed plan. The National Surveillance Centre controls operations that cross regional boundaries or, due to their complexity, require national supervision. A combination of contracted aircraft, Australian Defence Force patrol boats and aircraft and the sea-going vessels of Customs are used.

Performance measures

Figure 18: Performance against targets set in the 2000-01 PBS – output 3

Quality/Quantity performance measures		Target*	Actual
Quality			
Number of aerial surveillance sightings of interest to Customs and client agencies		**	151 253
Number of apprehensions	Suspect illegal entry vessels	**	53
	Foreign fishing vessels (FFVs)		
	Apprehended ⁺⁺	**	60
	Catch and equipment seized ⁺⁺	**	29
	Total	**	89
Quantity			
Aerial surveillance coverage [^]	Square nautical miles patrolled	124 000 000	120 592 726
	Coastwatch sorties flown	**	3 928
Aerial surveillance flying hours [^]	Coastwatch fixed-wing aircraft ⁺⁺	18 400	[#] 16 805
	Coastwatch rotary-wing aircraft ⁺⁺	1 250	1 250
	Total Coastwatch flying hours	19 650	18 055
	RAAF P3 Orion hours	250	250
	Sorties flown	**	3 928
Number of marine taskings requested by external clients		300	⁺ 837
Marine surveillance coverage [^]	Number of sea days		
	Bay-class vessels ⁺⁺	1 125	1 038
	<i>ACV Wauri</i>	175	293
	ACVs including the <i>Wauri</i>	1 300	1 331
	Freemantle-class patrol boats	1 800	1 688
Price[~]		\$202.228 m	\$174.291 m

* Targets may be performance targets, service level targets or workload estimates.

** Performance targets cannot be estimated.

The shortfall in hours flown for the year 2000-01 of 9 per cent was due to a combination of increased maintenance down-time and a shortage of aircrew.

+ The target of 300 stated in the PBS represented strategic and tactical tasks. However, the method of recording client requests was changed during 2000-01 to include all tactical, strategic and supplementary generic federal client taskings detailed in the Coastwatch Manual for Surveillance Units.

++ These measures were not included in the PBS or the PAES. They have been included here to provide a more detailed analysis of performance.

^ Measures and/or targets were changed in the PAES.

~ Price includes resources received free of charge from the Australian Defence Force.

Performance assessment

Funding

The total price of the output (\$174.291 million) includes resources received free of charge from the Australian Defence Force - \$131.775 million for Fremantle-class patrol boats and P3C Orion flights.

The remaining expenditure (\$42.516 million) is made up of:

- aerial surveillance contract costs
- Customs Coastwatch operating expenses
- Customs Coastwatch share of distributed costs for strategic intelligence and technical support
- Customs marine activity (the Customs marine activity dedicated to civil maritime surveillance and response for Customs Coastwatch clients represents 33 per cent of the National Marine Unit output pricing).

Illegal entrants

Customs Coastwatch provides high-level support to the Department of Immigration and Multicultural Affairs (DIMA) in monitoring suspect illegal entrant vessel (SIEV) activity. During 2000-01 there were 4118 suspect unlawful non-citizens (SUNCs) and 176 crew from 53 SIEVs detained. This was slightly smaller than the number of boats and people attempting illegal entry into Australia in 1999-2000.

Figure 19: Summary of suspect illegal entrant vessels (SIEVs) and suspect unlawful non-citizens (SUNCs) arriving by sea

	1998-99	1999-2000	2000-01*
SIEV summary			
Undetected	11	4	2
Detected #	31	72	51
Total	42	76	53
% Undetected	26.2%	5.3%	3.8%
SUNC summary			
Undetected	174	95	56
Detected	749	^ 4 094	4 062
Total	923	^ 4 189	4 118
% Undetected	18.9%	2.3%	1.4%
Crew	91	^ 245	176

* Does not include *Wing Sang 108* (see below).

A successful detection is one that occurs before the SIEV reaches the Australian mainland.

^ Revised from 1999-2000 Annual Report where 4093 Detected SUNCs, 4188 total SUNCs and 244 crew were reported.

The overall detection rate for SIEVs increased in 2000-01; only two boats reached mainland Australia before detection. One undetected vessel landed 32 SUNCs in Admiralty Gulf in

the Kimberley region of Western Australia on 21 December 2000. A second vessel landed 24 SUNCs on the Western Australian coast near Exmouth on 18 April 2001. Although the vessel initially evaded detection, it was located on its outward journey and subsequently apprehended at Cocos Island. Of 4118 SUNCs attempting illegal entry, all but 56 were apprehended before reaching mainland Australia – a 98.6 per cent detection rate.

In July 2000 a licensed foreign fishing vessel – the *Wing Sang 108* – after initial detection by Customs Coastwatch, arrived in Cairns. The vessel was later found to be engaged in illegal people smuggling. It carried 23 SUNCs to Australia, who left the vessel following completion of falsified Customs clearance procedures. Customs and Australian Federal Police officers subsequently detained the SUNCs and the vessel.

Capability enhancements

The acquisition of eight Bay-class Australian Customs vessels (ACVs) was completed in August 2000 with the delivery of the final three vessels – *ACV Dame Roma Mitchell*, *ACV Storm Bay* and *ACV Arnhem Bay*. The vessels were completed on schedule and within budget.

To improve early detection and processing of SUNCs, *ACV Wauri* was stationed at Ashmore Islands virtually full-time since May 2000. This improved both early warning and on-scene control of SIEV arrivals. However, because of its age and increasing unreliability, plans are under way to replace *ACV Wauri* at Ashmore Islands with one of the newer Bay-class vessels. The replacement vessel would continue to undertake the environmental work currently conducted by *ACV Wauri* on behalf of Environment Australia.

The commercially operated *MV Samson Explorer* was chartered by Customs, its staff operating the vessel as agents of DIMA. The vessel transports SUNCs from their point of interception to the Australian mainland. Since its introduction in September 2000 the *Samson Explorer* significantly eased pressure on Bay-class ACVs and Royal Australian Navy Fremantle-class patrol boats, allowing these vessels to undertake more appropriate surveillance and response taskings. Further information on the *Samson Explorer* is available under output 2.

In early 2001 the Customs National Marine Unit assumed responsibility for providing the majority of staff on the *MV Samson Explorer*. These escort duties, when combined with supplying crew for *ACV Wauri* at Ashmore Islands and undertaking routine operations, placed considerable crewing pressures on the Customs National Marine Unit. As a result, 1038 of the targeted 1125 Bay-class sea days were achieved.

The availability of seagoing crew was also influenced by an increased training commitment by Customs. Customs recruited a large number of new marine crew members during 2000-01, with training needed on both core maritime and Customs-specific skills. In particular, all seagoing staff were trained and accredited to carry arms and other personal protective equipment. Such accreditation requires annual re-certification.

Crew flexibility and risk-management measures, including absolute minimum crewing levels on the majority of patrols, enabled a substantial number of patrols to be completed. However, Customs was unable to complete all requested strategic taskings.

Illegal fishing

In consultation with the Australian Fisheries Management Authority (AFMA), the Australian Defence Force and other interested agencies, Customs Coastwatch continued efforts to reduce illegal fishing throughout Australian waters, including the Southern Oceans. Despite an increased and high-profile focus on illegal entrant activity and intensive support for a number of major narcotics operations, significant support was provided to AFMA in managing Australia's fish stocks. Customs Coastwatch coordinated the interception of 89 foreign fishing vessels, resulting in the apprehension of 60 vessels and 436 crew members. Equipment and catch were seized from the remaining 29 vessels.

Helicopters in the Torres Strait

Customs Coastwatch has two helicopters – a single-engine Bell 206 and a twin-engine Bell 412 EP – in the Torres Strait. The helicopters provide valuable response capability, especially when used in integrated operations with radar-equipped fixed-wing aircraft. Helicopter operations in the Torres Strait increased during 2000-01, with an extra 250 flying hours for the Bell 206. The target tracking and in-flight imagery of the Bell 412 EP was improved by installing an autotracker system to the helicopter's forward looking infrared system.

Prime Minister's Task Force on Coastal Surveillance

Implementation of the 1999 *Prime Minister's Task Force on Coastal Surveillance* recommendations was completed in 2000-01. The Task Force made 18 recommendations and the Government agreed to a \$124 million, four-year program to strengthen Australia's capacity to detect and deter illegal arrivals. Two new Dash 8 aircraft were commissioned on 19 December 2000. This brought the number of Dash 8s in the fleet to five. This increased capacity significantly improved surveillance coverage along the eastern, northern and western approaches to mainland Australia. The detection rate of boats attempting to illegally enter Australia has steadily increased.

Efforts to increase surveillance coverage to the new levels directed by the Task Force were adversely impacted by a number of factors. In particular, there was a worldwide surge in airline demand for Dash 8 sized aircraft. This surge contributed to a shortage of pilots and caused a delay in the recruitment program of Surveillance Australia, the fixed-wing aerial surveillance contractor. This delay caused an under-fly by 9 per cent, or 1595 hours, for the planned aerial surveillance program.

Australian National Audit Office (ANAO) inquiry into Coastwatch

On 6 April 2000 the ANAO tabled Audit Report No. 38 into Coastwatch. The report made suggestions for further improving efficiency. Fifteen recommendations were made, all of

which were agreed to by Customs, three with qualification. These recommendations have largely been implemented. In 2000-01 Customs continued work to implement the recommendations, with progress summarised below.

- In conjunction with the Australian Defence Force Headquarters Northern Command, agreed standard operating procedures were established to deal with unidentified aircraft movements into Australia.
- New service level agreements were established with DIMA and the Australian Federal Police. New or updated memorandums of understanding and service level agreements were in the process of being negotiated with the following departments and agencies:
 - Department of Foreign Affairs and Trade
 - Australian Quarantine and Inspection Service
 - Australian Fisheries Management Authority
 - Environment Australia
 - Great Barrier Reef Marine Park Authority
 - Queensland Department of Transport
 - Australian Maritime Safety Authority.
- The Coastwatch risk-management process continued to be consolidated and refined.
- The transmission of imagery to clients was improved.
- Access to advanced intelligence analysis systems and sources was obtained.
- Competency-based training packages for operations staff were developed (due for delivery in August 2001).

Joint Committee of Public Accounts and Audit (JCPAA) inquiry into Coastwatch

In April 2000 the JCPAA announced its intention to conduct a review of Coastwatch. The terms of reference for the inquiry addressed a wide range of issues, including the role and functions of Coastwatch, resource allocation, technology, legislation and any other issue raised in the ANAO inquiry into Coastwatch.

Customs provided a submission to the JCPAA on 9 June 2000. It also provided the Committee with an overview briefing on 30 June 2000 and a full technical briefing on future concepts on 17 August 2000. In September 2000 the Committee toured three of the four regional Coastwatch bases and experienced surveillance operations first hand, including the detection and monitoring of a SIEV off the northwest coast.

The Committee toured the National Surveillance Centre twice and Customs staff attended all five public hearings held by the Committee in Canberra (three hearings), Brisbane and Melbourne. The Committee's final hearing was held in Canberra on 30 January 2001. The final report was expected in August 2001.

Replacement of the Coastwatch information technology system

The Coastwatch Command Support System (CWCSS), due for completion in June 2002, will be a comprehensive information management system. It will integrate operational planning and logistical support aspects into a common secure system.

In March 2001 Customs contracted an Australian IT company to deliver CWCSS. The contractor is using existing off-the-shelf flight and surveillance management products, developed in Australia and Canada, to minimise the delays often associated with new software solutions. Some additional software development will be undertaken in order to integrate existing products and provide Customs Coastwatch and its clients with web-based access to surveillance data and reporting.

When the CWCSS is commissioned, Customs Coastwatch will deliver an enhanced product to its client agencies, increasing the level and ease of communication with surveillance contractors, and providing a high level of automation for business functions.

Regional activity

The exchange of operational information and associated liaison continued to improve between Customs and its counterparts in New Caledonia, Papua New Guinea, the United States and New Zealand. Significant deployments of Customs Coastwatch aircraft to Papua New Guinea, Noumea and New Zealand were undertaken. New Caledonia conducted a reciprocal aircraft visit to Cairns in November 2000, while New Zealand sent a number of high-level delegations to Canberra to examine the structure and procedures of Customs Coastwatch. In particular, New Zealand noted that the Customs Coastwatch model might be a useful one on which to further develop its own maritime surveillance and response program.

In 2000-01 *ACV Storm Bay* was deployed to New Zealand to operate in close cooperation with New Zealand Customs and various government agencies. The two-month deployment was a valuable learning exercise for both services and provided opportunities to strengthen operational relationships.

Looking forward

The aerial surveillance contracts, which expire in 2004-05, are based on a service being provided using piloted aircraft fitted with a mix of visual, radar and electro-optical sensor systems. Customs is investigating emerging technologies and their usefulness to the civil surveillance program.

Customs Coastwatch was closely involved in the planning of the Defence-sponsored trials of the United States Global Hawk unmanned aerial vehicle conducted in Australia during April-June 2001, providing the trial authority with specific civil maritime surveillance tasks. Customs is examining the usefulness of Global Hawk and other new and emerging technologies to civil maritime surveillance, ranging from small unmanned aerial vehicles to

Global Hawk visit

The Global Hawk flew non-stop from the United States to Australia arriving at Adelaide on 23 April 2001 and departed on 7 June 2001. The aircraft, valued at US\$28 million (AUD\$54.4 million), is a high-altitude, long-endurance unmanned aerial reconnaissance system designed to provide military field commanders with high-resolution, near real-time imagery of large geographic areas. Global Hawk performed trials for the Commonwealth Government for six weeks and was given temporary import approval by Customs for testing and evaluation.

space-based systems. The results of this examination will inform the future concept of operations beyond 2004-05.

Alternative technologies also being investigated include:

- airships and aerostats
- high frequency surface wave radar
- acoustic sensors.

Output 4

Administration of Customs duty and indirect taxes, other border-related revenue collections, and import/export statistics

This output covers processing of:

- all imported cargo and mail
- items entering Australia with passengers and crew.

Related activity includes:

- tariff classification and valuation services related to duty/indirect tax assessment
- licensing
- real time and post-transaction compliance activity related to revenue protection and collection
- investigation of industry referrals
- administration of drawback, refund and concessional arrangements for importers and exporters
- investigations and prosecutions related to import fraud and Customs duty evasion.

This output also includes:

- Customs revenue collections associated with craft movements, and collection of the Passenger Movement Charge
- processing and compliance activity related to imported and exported goods, in order to collect and validate import and export statistics
- development and implementation of the Customs aspects of the Government's taxation reforms, including the Goods and Services Tax (GST), Luxury Car Tax (LCT), Wine Equalisation Tax (WET) and the Tourist Refund Scheme (TRS)
- the assessment and collection of GST, LCT and WET
- compliance activity associated with these taxes
- administration of the TRS.

Performance measures

Figure 20: Performance against targets set in the 2000-01 PBS – output 4[#]

Quality/Quantity performance measures		Target*	Actual
Quality			
Electronic systems availability to Customs clients (availability as a proportion of prime time)	COMPILE	99.00%	99.88%
	EDIFICE	99.00%	99.74%
	EFT	99.00%	99.99%
	JEMS	99.00%	99.99%
	Reference	99.00%	99.99%
	EXIT	99.70%	99.68%
	TAPIN	99.70%	99.99%
Total revenue subjected to compliance audit and KPI monitoring activity as a proportion of total revenue responsibility ^		10% **	23.5%
Proportion of drawback, refunds and concessional arrangements for importers and exporters delivered in accordance with standards ^	Drawbacks	90%	94.93%
	Refunds	100%	+ 96.96%
	Concessional arrangements	100%	100.00%
Average number of unacquitted export clearance numbers at the end of the month ~		3 500-4 500	3 634
Number of fraud/evasion cases adopted for prosecution		18-32	19
Quantity			
Number of customs import entries lodged ^	Electronic	2 821 228	2 833 250
	Manual	20 000	18 411
Number of export entries lodged ^		1 382 730	1 425 885
Number of air cargo screened free consignments ^		1 700 000	1 638 571
Number of requests for licences	Warehouse		
	- new	40-50	72
	- renewals	500-560	500
	Brokers		
	- new	50-100	66
	- renewals	2 000-2 500	2 186
Number of external appeals against decisions	Granting of TCO	10-20	11
	Eligibility for 4th schedule by-law	2-6	2
Number of drawback applications		10 000	10 356
Number of refund applications		20 000	21 568
Number of fraud/evasion cases adopted for investigation		85-110	102
Tourist refund scheme	Refund claims processed within 15 minutes	95%	100%
	Mail back claims processed within 30 days	99%	92%
Price		\$151.698 m	\$116.361 m

Targets set in the PBS for 'Drawbacks availability' and 'Proportion of cargo entries subject to revenue protection measures' were removed in the PAES.

* Targets may be performance targets, service level agreements or workload estimates

** Figure is tentative and subject to revision in light of experience in the GST environment.

^ Measures and/or targets were changed in the PAES.

~ The value for automatic acquittal of export clearance numbers (ECNs) was increased from \$2000 to \$10 000 in February 2001. This has resulted in a permanent reduction in unacquitted ECNs.

+ This figure is lower than the performance target due to a higher than reasonably expected workload in one regional office during one month.

Performance assessment

Customs participated in a number of international trade initiatives related to duty collections and import/export statistics, particularly negotiations for a free-trade agreement with Singapore. The proposed agreement will include free trade in goods, rules of origin, customs facilitation and cooperation, intellectual property and electronic commerce.

A joint Australia-New Zealand study on the rules of origin for the Australia and New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) was undertaken. The results of the study were expected in August 2001.

Customs continued to contribute to the development of the harmonised non-preferential rules of origin for the World Trade Organization (WTO) agreement on rules of origin. The harmonisation work program was due for completion by November 2001, to coincide with the fourth WTO Ministerial Conference.

Figure 21: Revenue collected on behalf of other agencies (\$million)*

	1998-99	1999-2000	2000-01
Passenger Movement Charge (PMC)			
Airport	198.6	224.1	241.3
Seaports	1.5	2.0	1.5
Total	200.0	226.1	242.8
Marine Navigation Levy	43.1	41.1	39.4
Protection of the Sea Levy	3.6	3.6	3.8
Quarantine Entry Fee	6.0	8.0	9.7
Ballast Water Levy [^]	1.1	1.0	0.0
Wood Levy	0.7	0.8	0.6
Total	254.5	280.7	296.4

* Accrual basis.

[^] AQIS Ballast Water Levy is no longer collected. The levy was cancelled by Proclamation on 30 June 2000 as per provisions under the *Ballast Water Research and Development Funding Levy Act 1998*. Figures in 2000-01 reflect the liability for some transactions in the last months of 1999-2000.

Import and export entries

Further information on import and export entry workloads during 2000-01 is available under Output 1 on page 52.

Duty-free shopping

Customs administers the duty-free shopping system in accordance with the provisions of the *Customs Act 1901* and the *Customs Regulations 1926*. To enable the duty-free industry to maximise the benefits and efficiencies offered through electronic commerce, the *Customs Regulations 1926* were amended to enable duty-free sales through the Internet and other electronic communication modes.

Tariff activity

A number of Customs tariff proposals and tariff amendment Bills was introduced into Parliament in 2000-01 to give effect to Government decisions on tariffs.

- Amending an item in the concessional schedule of the tariff to clarify the eligibility criteria for reimported goods.
- Reinstating a 5 per cent duty on certain woven fibreglass fabric.
- Reducing duty rates for 30 tariff subheadings from 5 per cent to free as a result of the Howe Leather trade dispute.
- Listing Angola and Madagascar as least-developed countries.
- Ending the Passenger Motor Vehicle Manufacturing Plan on 31 December 2000 and introducing the Automotive Competitiveness and Investment Scheme on 1 January 2001.
- Implementing decisions on beer, wine and other alcoholic beverages, arising from the GST, and increasing the rate of customs duty on aviation kerosene.
- Creating a new item in the concessional schedule of the tariff for the SPARTECA Textiles Clothing and Footwear Provisions Scheme (see further information on page 76).
- Reducing the rate of duty on certain petroleum products.
- Reducing the rate of duty on draft beer in containers over 48 litres.
- Creating a new item in the concessional schedule of the tariff for space-related goods.
- Establishing a new project by-law scheme, and consolidating the provisions relating to goods consigned to Australia in one or more shipments.
- Implementing the Government's decision to cease the automatic indexation of import duty on petroleum fuels.

Customs Tariff Amendment (Product Stewardship for Waste Oil) Act 2000 received the Royal Assent on 6 July 2000 and came into effect on 1 January 2001. This Act gave effect to a Government decision to introduce a levy on imported petroleum-based oils and greases and their synthetic equivalents.

Tariff classification

Customs provides a tariff advice service to assist importers to determine the tariff classification of goods imported into Australia. The tariff classification is used to determine the rate of customs duty applicable to the goods.

Customs provides binding tariff classification advice on specific products in the form of tariff advices. There were 3563 of these tariff advices issued during 2000-01. Information on external reviews of these decisions is available in Appendix C on page 176.

Customs also provides general advice on tariff classification matters to assist both importers and exporters. Only formal advices are recorded on the electronic systems used by Customs. Options for recording general advice are being explored.

Tariff and Precedents Information Network (TAPIN)

The redeveloped electronic tariff system TAPIN was introduced on 6 August 2000. Work on this system began in January 1999. The original implementation date of December 1999 was delayed because of technical difficulties with the retrieval and display of data. A further implementation date, scheduled for May 2000 was postponed because of unforeseen user access limitations.

Since its implementation, TAPIN functioned well and was used by Customs officers for a variety of research purposes. A subsequent series of GST-related screen amendments was made on 9 June 2001.

Productivity Commission review of general tariffs

The Productivity Commission issued its final report on a Review of Australia's General Tariff Arrangements on 22 July 2000. The review investigated a possible reduction in the general tariff. This covers rates of duty of 5 per cent or less, and excludes the passenger motor vehicle and textile, clothing and footwear sectors.

In response, the Government announced a number of changes to the policy and project by-laws scheme to increase the competitiveness of Australian industry. The changes increase the number of industry sectors eligible for the scheme, and included the manufacturing and gas supply sectors. These changes came into effect in June 2001.

Valuation

Customs provides a valuation advice service to assist importers to determine the correct customs value of goods imported into Australia. The customs value is used to determine the duty payable and other revenue liabilities and to compile import trade statistics.

Customs issued 176 valuation advices, 35 per cent of which related to the price of the imported goods. Three advices were the subject of requests for internal review by Customs, the initial decision being affirmed in each case. Information on external reviews conducted by the Administrative Appeals Tribunal is available in Appendix C on page 176.

Broker licensing

To act on behalf of importers, people must obtain a brokers licence by demonstrating that they possess the necessary skills and experience. Of the 66 new applications for brokers licences received, 63 applications resulted in licences being issued.

Over 2100 existing brokers licences were renewed during December 2000. Following discussion with the Customs Brokers and Forwarders Council of Australia, regulations were introduced to increase the length of licence validity. Initially, licences were extended until 30 June 2003. After this date, the licence period will be three years. The increased licence length eases administrative work for both Customs and brokers.

Licence renewal fees were also increased for the first time since the mid-1980s, to cover the additional work involved in granting three-year licences.

Compliance activity

Compliance activity was undertaken to ensure the integrity of information supplied to Customs. Rather than examining every transaction, a range of companies were sampled in each industry sector. Compliance activity can include audits examining commercial documents, systems and processes, education programs, transaction monitoring and, in severe cases, prosecution.

Figure 22 outlines major compliance activities undertaken during 2000-01. Compliance activity during this time concentrated on companies with large revenue responsibility. This significantly increased the percentage of total revenue that was compliance audited (23.5 per cent compared with 15.4 per cent in 1999-2000).

Transaction errors for imports declined. The increased focus on export data integrity (see below) is expected to also lead to a reduction in export errors. However levels of compliance were still extremely low in some key areas.

Figure 22: Compliance activity undertaken 2000-01

Industry sector	Total industry revenue value (\$'000)	Revenue subject to compliance activity (\$'000)	Compliance activity (%)
Textiles, clothing and footwear*	831 000	221 000	26.6
Automotive and transport	4 331 939	1 007 886	23.3
Tobacco, alcohol, petroleum and duty free	6 236 354	2 670 289	42.8
General business	5 859 039	161 652	2.8
Total	17 258 332	4 060 826	23.5

* Includes NSW, Victoria and Queensland figures only, which represent about 93% of the textiles, clothing and footwear sector.

Highlights during 2000-01 are outlined below.

- Over 1000 clothing and footwear importers were advised about the correct method of including the cost of production assists (inputs provided to the manufacturer by the purchaser) in the customs value, resulting in many inquiries and voluntary declarations of errors.
- The failure of a firm to enter eight major imports for home consumption (use in Australia) was detected, involving \$28.3 million in unpaid GST.
- Changes to various automotive and transport schemes by the Department of Transport and Regional Services resulted in increased scrutiny of the sector by Customs to ensure compliance.
- Air couriers, freight forwarders and brokers were audited and areas of compliance risk identified. Customs is working closely with industry to improve internal industry systems and processes to address these concerns.
- New controls over exporting tobacco products were introduced, to minimise the risk of diversion into the Australian market. These controls were developed in consultation

with the Australian Taxation Office and major tobacco companies. They proved effective, one major result being the interception of a diverted tobacco shipment with a revenue liability of \$800 000.

- A shipment of counterfeit cigarettes with a revenue liability of \$1.8 million was seized and destroyed.

A compliance and education program was introduced with an emphasis on small to medium enterprises and GST issues. This included compliance action on:

- GST exemptions used by the medical/pharmaceutical industry, resulting in a decline in the number of errors detected
- the food industry, where issues associated with the application of GST require further analysis.

Figure 23: Summary of recoveries* and refunds# (\$'000)

	1998-99	1999-2000	2000-01
Recoveries ^	32 955	11 625	14 680
Refunds +	3 574	425	4 349
Total	36 529	12 049	19 029
Net adjustments	29 380	11 200	10 332

* Recoveries relate to additional revenue identified as a direct result of compliance activities in all commercial areas with the exception of major Excise payers.

Refunds are amounts of money identified to be returned to clients due to an overpayment, as a direct result of compliance activities in all commercial areas with the exception of major excise payers.

^ Recoveries for 1998-99 includes five large adjustments totalling approximately \$21 million.

+ Refunds for 2000-01 includes three large adjustments totalling approximately \$3.7 million. Similarly the 1998-99 refund includes one adjustment of approximately \$1.4 million.

Export data integrity

Customs worked actively with industry to improve the reporting of export data. A national export strategy team was established, which worked actively with industry to improve export data integrity and export cargo compliance.

One key objective of Customs was to improve exporter compliance with requirements by 30 per cent by June 2002. Several national programs were introduced including a national export compliance strategy and a national export targeting methodology.

Significant results achieved include:

- identifying a large number of incorrectly reported export values
- increasing reporting of Australian Business Numbers on export entries from 49 per cent to 90 per cent
- improving compliance with export permits required by permit-issuing authorities.

Customs also introduced a marketing and information campaign targeted at industry, to improve awareness of export requirements.

Refunds

Customs introduced an Electronic Lodgement of Refunds system in October 2000. The importing industry reacted positively as the system allows faster processing of refunds. A review of the system's effectiveness was planned for late 2001.

Three per cent of refund applications were completed outside the 30-day requirement. This was the result of a higher than expected workload in one regional office during one month.

Concessional arrangements

Figure 24 shows the customs duty forgone as a result of concessional arrangements available under a range of industry schemes.

Figure 24: Duty forgone through concessional arrangements (\$m)

Industry assistance measure	1998-99	1999-2000	2000-01
Tariff concession system	374.5	369.3	374.5
TCF import credit scheme	105.7	83.2	49.2
Miscellaneous industry schemes	78.4	76.9	73.7
TCF policy by-law	70.7	58.1	43.2
TEXCO*	56.5	58.2	3.9
Policy by-law scheme	22.5	15.6	14.4
Cheese and curd quote scheme	8.8	9.4	8.9
TCF overseas assembly provisions	7.2	6.2	5.4
Total	724.4	676.9	^ 573.2

* Concessions under the Tariff Export Concession Scheme (TEXCO) ceased in June 2000. The figures for 2000-01 represent goods entered in 1999-2000 and paid in 2000-01. The TEXCO scheme was replaced by the TRADEX scheme when the Department of Industry, Science and Resources assumed responsibility under the *TRADEX Scheme Act 1999*. Under item 21A of the 4th schedule to the *Customs Tariff Act 1995*, Customs facilitates the entry of goods imported under the scheme.

^ Excludes \$102.3 m concession for the TRADEX scheme.

Figure 25: Tariff concession system statistics

	1998-99	1999-2000	2000-01
Applications			
Received	926	551	494
Approved	872	479	384
Not approved	215	146	112
Revocations			
Received	41	46	16
Approved	33	35	21
Not approved	8	11	1
Customs initiated	3 703	1 851	1 050

A total of 12 internal reviews of Customs decisions on tariff concession applications and revocation requests were finalised, compared with 16 in 1999-2000. All reviews were completed within the legislated time limits, with an average review time of 22 days from receipt. There were also 11 external reviews of tariff concession applications.

SPARTECA (Textile, Clothing and Footwear Provisions) Scheme

Customs was involved in developing and implementing the SPARTECA (Textile, Clothing and Footwear Provisions) Scheme. This scheme allows certain textiles, clothing and footwear manufactured in the islands of the Pacific Forum to enter Australia duty free where they do not meet the requirements of the South Pacific Regional Trade and Economic Cooperation (SPARTECA) Scheme. The new scheme is intended to assist Fiji's textiles, clothing and footwear industry to adjust to the end of the Import Credit Scheme (ICS), which finished in September 2000. The end of the ICS without a replacement scheme would have caused severe structural adjustment problems in Fiji. The scheme is administered by the Department of Industry, Science and Resources and is planned to operate until 31 December 2004.

Fraud investigation

Customs investigates suspected cases of fraud relating to output 4, such as the evasion of customs duty.

Detections of duty evasion, particularly for cigarettes, continued to increase. Cigarette fraud cases are complex and time-consuming to investigate and achieve successful outcomes. During 2000-01 there were 14 successful prosecutions for cigarette smuggling.

Figure 26: Fraud investigations*

	1998-99	1999-2000	2000-01
Referrals received	262	183	192
Cases adopted	170	111	102
Cases completed**			
with prosecution (through courts)	34	32	19
without prosecution	122	141	55
Cases where prosecution briefs completed ^	27	30	20

* A referral is where information is passed to the Customs Investigations Branch for further investigation. A case is a referral that is found to warrant further examination. Where that examination finds sufficient evidence to satisfy a court that an offence has been committed, a brief of evidence, or prosecution brief, is prepared for the Commonwealth Director of Public Prosecutions (for criminal matters) or the Australian Government Solicitor (for civil matters). In some civil cases, a satisfactory result is achieved through mediation and settlement. Such cases are recorded as completed without prosecution, although the settlement terms are confirmed by means of an order of the court. Other outcomes where cases are completed without prosecution include imposing an administrative penalty, referring to another agency or terminating because of lack of evidence.

** Includes cases adopted in previous years.

^ Prosecution briefs are only completed for cases being pursued through the courts.

There was a drop in the number of fraud cases completed compared with previous years. This was because of a greater emphasis on community protection cases, particularly in the lead-up to and during the Sydney 2000 Olympic and Paralympic Games. It was also because of investigations of more complex and time-consuming cases such as tobacco fraud.

Significant results during the year included:

- a sports clothing importer was found guilty on 23 charges of evasion, smuggling and false statements and received fines and penalties of nearly \$600 000

- an earth-moving machinery importer was ordered to pay penalties of \$280 000 for undervaluing imports over a number of years
- two people were each sentenced to two and a half years jail on one count and one and a half years jail on another for evasion of duty on two million cigarettes. They were also ordered to pay reparations for the duty evaded.

Passenger Movement Charge (PMC)

The Australian National Audit Office (ANAO) released its report *Passenger Movement Charge – Follow-up Audit 2000-01* on 3 October 2000. The report covered action taken by Customs to address the recommendations of the ANAO's 1996-97 audit of the PMC. The ANAO found that Customs had taken action to implement all recommendations in the initial audit.

The ANAO also made four follow-up recommendations. Three of these dealt with formal arrangements between Customs and regular public transport airlines. New arrangements were being negotiated with airlines in accordance with these recommendations. The fourth recommendation called for enhanced revenue control for cruise ship operations and has been fully addressed.

Implementing tax reform

Further information on the implementation of tax reform is available under Key priorities for 2000-01 on page 24.

Tourist Refund Scheme

As part of the Government's tax-reform measures, the Tourist Refund Scheme (TRS) began on 1 July 2000. The TRS is administered by Customs and allows tourists and Australian residents travelling overseas to recover the GST and WET they pay on goods purchased in Australia.

TRS facilities are available at Australia's eight major international airports and at seaports with cruise liner terminals. In addition, Customs provides TRS processing for travellers departing Australia on small craft and private aircraft. There are several options for refunds:

- cash in Australian dollars
- direct credit to a credit card
- cheque in one of ten foreign currencies or
- direct deposit to an Australian bank account.

In the first 12 months of the TRS:

- 246 904 claims were made
- 97 per cent of claims were approved for payment
- \$29.7 million in GST was refunded – meaning retail under the TRS of over \$300 million
- 100 per cent of refund claims at international airports were processed within 15 minutes

- 92 per cent of claims posted to Customs for processing were finalised within 30 days
- Over 7000 Australian retailers participated in the TRS.

During 2000-01 about 3 per cent of departing travellers used the scheme. Customs is pursuing strategies to promote the scheme and increase the passenger take-up rate. This includes:

- revising existing information to include recent changes to the administration of the TRS
- surveying passengers, retailers and travel agents
- undertaking a comprehensive mail-out campaign to retailers highlighting the advantages of the scheme.

A number of complaints was received from travellers about the requirement for Customs to physically verify export of the goods. To address these concerns, export verification procedures based on risk assessment are being introduced.

Tax Team wins CEO's award

The 2000 CEO award went to 82 staff members involved in implementing tax reform – an exercise that was critical to the assessment of Customs in the eyes of the Government and the community.

Two members of the Tax Reform Team received silver pins in recognition of their outstanding contributions – the then National Manager Commercial Compliance and director of the tax reform project, Mark Harrison, and the General Manager Tax Reform Team, Tom Marshall.

Other Customs staff involved in specific tax-reform functions during implementation were awarded certificates. This included staff involved in managing the implementation of tax reform and the Tourist Refund Scheme; designing and testing tax reform system changes; developing policy; designing and delivering training; developing the costing model; writing manuals; providing technical advice; coordinating contracts and publicity; and regional coordinators.

Output 5

Anti-dumping and countervailing administration

This output covers the investigation of dumping and countervailing complaints and the determination, implementation and review of appropriate measures. It also covers providing advice to industry and foreign governments and maintaining Australia's policy and legislative framework for anti-dumping and countervailing.

Performance measures

Figure 27: Performance against targets set in the 2000-01 PBS – output 5

Quality/Quantity performance measures		Target*	Actual
Quality			
Proportion of anti-dumping/countervailing cases and reviews completed within 155 days	Cases ⁺	100%	^ 22.2%
	Reviews	100%	100.0%
Quantity			
Number of anti-dumping/countervailing	New cases	**	19
	Reviews initiated	**	3
	Cases terminated	**	1
	Cases withdrawn	**	21
	Cases rejected	**	11
	Appeals to the Federal Court	**	3
Price		\$6.335 m	\$4.363 m

* Targets may be performance targets, service level targets or workload estimates.

** Performance targets cannot be estimated.

+ Refers to cases finalised within 2000-01 but not necessarily initiated within that same financial year.

^ The Minister may approve an extension to the time in which an investigation must be completed (further information is available under Extensions to investigations below). Taking into account approved extensions of time, all investigations were completed within the statutory timeframes.

Performance assessment

New investigations

During 2000-01 Customs forwarded 12 reports to the Minister for Justice and Customs for a decision on new applications for dumping and countervailing duties to be imposed. These reports covered 12 different goods from 17 countries.

Three reports (A4 copy paper, continuous paper and clear float glass exported from Indonesia) which were originally submitted to the former Minister, Senator the Hon Amanda Vanstone, were resubmitted to Senator the Hon Chris Ellison after his appointment as Minister for Justice and Customs in January 2001. The previous Minister

also directed Customs to re-evaluate certain aspects of another case (ordinary portland cement from four countries) in light of guidelines issued on economies in transition.

During the year the focus of dumping and countervailing duty applications moved from industries such as paper and chemicals to manufactured goods such as steel shelving, copper tubing, ring binders, road sweeper components and gas water heaters.

An accelerated review was conducted in relation to steel pipe from Thailand. One exporter, given a residual rate of anti-dumping measures in the original investigation, applied for an individual rate. The Minister fixed a higher rate of dumping duty on 9 March 2001.

Extensions to investigations

Customs has up to 155 days to complete an investigation and report to the Minister. On or before 110 days, Customs must issue a statement of essential facts on which it proposes to base its report to the Minister. There are certain circumstances in which the Minister can approve extensions to the due date for a statement of essential facts. An extension to the statement of essential facts automatically extends the due date for the final report to the Minister.

Reasons for extensions vary and included implications of holiday periods in the country of export, the complexity of cases, and information verification problems.

Extensions were granted for the following investigations:

- pineapple pieces from Thailand and Indonesia and pineapple juice from Thailand (90 days)
- ring binders from Malaysia (25 days)
- gas water heaters from Japan (25 days)
- steel shelving from China (25 days)
- ammonium nitrate from Russia (140 days)
- tinplate from Taiwan and United Kingdom (31 days).

Taking into account the approved extensions of time, all investigations were completed within the statutory timeframes.

Review and litigation

Interested parties can request a review of specific dumping decisions reached. A specialised independent body, the Trade Measures Review Officer, is responsible for undertaking these reviews.

The Trade Measures Review Officer reviewed four decisions by the Minister. In three cases, it recommended that the Minister's original decision about imposing measures be affirmed. These investigations were:

- tinplate exported from Taiwan

- linear low density polyethylene exported from the Republic of Korea, Malaysia and Saudi Arabia
- polyvinyl chloride exported from Hungary and the Republic of Korea.

In one case, the Trade Measures Review Officer recommended a re-investigation of certain decisions (hot dip galvanised steel pipe). As a result of the re-investigation, the Minister affirmed her original decision to impose measures on 21 December 2000.

The following matters were appealed to the Federal Court and were pending as at 30 June 2001:

- the reinvestigation of galvanised steel pipe
- the Minister's decision to impose anti-dumping duty on imports of certain carpet backing from Belgium
- the Minister's decision about non-injurious prices for clear float glass imported from Indonesia.

New guidelines

The former Minister for Justice and Customs, Senator Vanstone, wrote to the CEO on 14 December 2000, setting out guidance on the determination of material injury. This letter clarified and reinforced the interpretation of guidelines already applied by Customs in this area. The Minister may give formal guidance to the CEO in relation to material injury, but this guidance cannot be case-specific and must be tabled in Parliament within 15 sitting days.

On 7 December 2000 the former Minister provided Customs with guidelines on price control in economies in transition. The Minister issued revised guidelines on 28 June 2001. Both sets of guidelines were publicised in Australian Customs Dumping Notices. The Minister can issue informal guidelines to the CEO on any dumping matter, in order to address the CEO's attention to matters that the Minister considers relevant to the determination of dumping cases. These guidelines do not have formal legal status.

Both the current and former Minister stressed that WTO rules on anti-dumping (as embodied in the General Agreement on Tariff and Trade) are Australia's guide for dumping issues and that Australia's anti-dumping system will be WTO-compliant at all times.

Revised application form

During the year, Customs consulted with industry groups with the aim of clarifying the dumping and countervailing application form. The revised form should assist the applicant to supply all relevant information and enable a clearer understanding of the issues raised by the application.

Customs and industry groups have reached an agreed position and the revised application form should be tabled early in 2001-02. It was expected that the new form will result in fewer applications being rejected on technical grounds.