

*100 years of service 1901-2001*

# Overview of Customs

## Overview

Customs is responsible for managing the integrity of Australia's borders. It works closely with other government and international agencies, in particular the Australian Federal Police, the Australian Quarantine and Inspection Service, the Department of Immigration and Multicultural Affairs and the Department of Defence, to detect and deter unlawful movement of goods and people across the Australian border.

The agency is a national organisation employing about 4300 people in Australia and overseas, with its Central Office in Canberra. It has a fleet of ocean-going patrol vessels and contracts two aerial surveillance providers for civil maritime surveillance and response. Interception of illegal drugs is a high priority and sophisticated techniques are used to target high-risk aircraft, vessels, cargo, postal items and travellers. This includes intelligence analysis, computer-based analysis, detector dogs and various other technologies.

During 2000-01 Customs:

- cleared 4.2 million air cargo consignments and over 1.3 million sea cargo consignments
- facilitated in excess of 17.9 million people through international airports and seaports
- conducted nearly 4000 surveillance flights over coastal and offshore areas covering an area of about 121 million square nautical miles.

Through specific assistance schemes, Customs administered more than \$500 million in financial assistance to industry and the community.

Customs is the largest collector of Commonwealth revenue after the Australian Taxation Office. Customs duties, indirect taxes and other revenue for which it is responsible amounted to over \$6 billion in 2000-01.

## Role and functions

The vision of Customs is to be a world leader in customs administration, delivering high-quality service to the community, industry and commerce.

Customs has three principal roles:

- to facilitate trade and the movement of people across the Australian border while protecting the community and maintaining appropriate compliance with Australian law
- to efficiently collect customs revenue
- to administer specific industry schemes and trade measures.

## Authority and power

Customs derives its authority principally from the Australian Constitution, which provides for the levying of customs duties and for laws with respect to trade and commerce. Customs was established in its present form on 10 June 1985 by subsection 4(1) of the *Customs Administration Act 1985*.

The constitutional authority of Customs is given legislative expression through the *Customs Act 1901*, the *Customs Tariff Act 1995* and related legislation. Customs also administers legislation on behalf of other government agencies, in relation to the movement of goods and people across the Australian border.

## Minister and Portfolio

Customs has been responsible to the Minister for Justice and Customs since 21 October 1998 and is an agency under the Attorney-General's portfolio. Senator the Hon Chris Ellison was appointed Minister for Justice and Customs on 30 January 2001. He took over responsibility from the previous Minister, Senator the Hon Amanda Vanstone.

Subject to the Chief Executive Officer's (CEO's) statutory powers with regard to Customs, the Attorney-General has overall responsibility for the portfolio and its departments and agencies, including issues affecting the Portfolio Budget. In the Attorney-General's Portfolio Budget Statements, Customs is included in the *maintenance of law, order and safety* group of agencies, being responsible for effective border management.

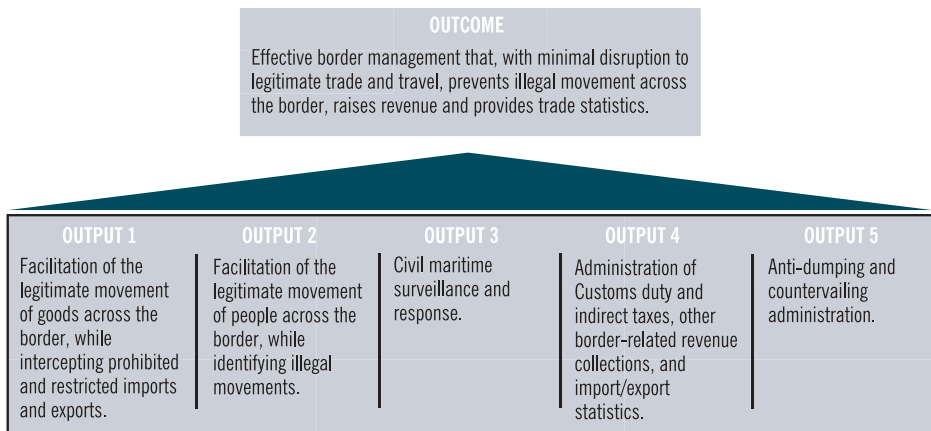
## Outcome and output structure

### Outcome and outputs

Customs is funded and reports on one outcome and five outputs. The framework includes quantity and quality performance measures (for the outputs) and effectiveness measures (for the outcome).

The Customs outcome is the social and economic result that the Government seeks from the five outputs. Outputs are the services Customs delivers to Government and the community.

Figure 1: 2000-01 outcome/output framework\*



\*Output prices are included on page 42.

## Changes to outputs

The Customs outcome and output structure has not changed from 1999-2000.

However, the wording of output 4 was changed, to replace reference to 'sales tax' with 'indirect taxes'. This was to take account of the additional responsibilities associated with the introduction of the Goods and Services Tax, Luxury Car Tax and Wine Equalisation Tax on imported goods and the role of Customs in administering the Tourist Refund Scheme.

In March 2001 the wording for output 3 was amended from 'Coastal and offshore surveillance and response' to 'Civil maritime surveillance and response', to better reflect the services delivered. The use of the word 'civil' distinguishes the surveillance and response activities of Customs from those provided by the Australian Defence Force. The change in wording does not affect the performance measures or activities undertaken under this output.

## Output coordinators

Customs is a diverse organisation where core business activities often span multiple functions. To ensure a cohesive approach to service delivery, a senior manager is accountable for each of the five outputs, based on the area that is primarily responsible for the output.

Figure 2: Output coordinators

Output No.	Coordinator
1	National Director Border
2	National Director Passengers and Information Technology
3	Director-General Coastwatch
4	National Director Commercial
5	National Manager Trade Measures

# Organisational arrangements

There are six divisions of Customs – Border, Coastwatch, Commercial, Financial Management, Office of Business Systems and Passengers and Information Technology – with several non-aligned branches.

The agency has made use of competitive tendering and contracting. Major outsourced functions include Coastwatch aerial surveillance, information technology support, legal services and internal audit. More detail on competitive tendering and contracting is provided in the Management and accountability section of this report.

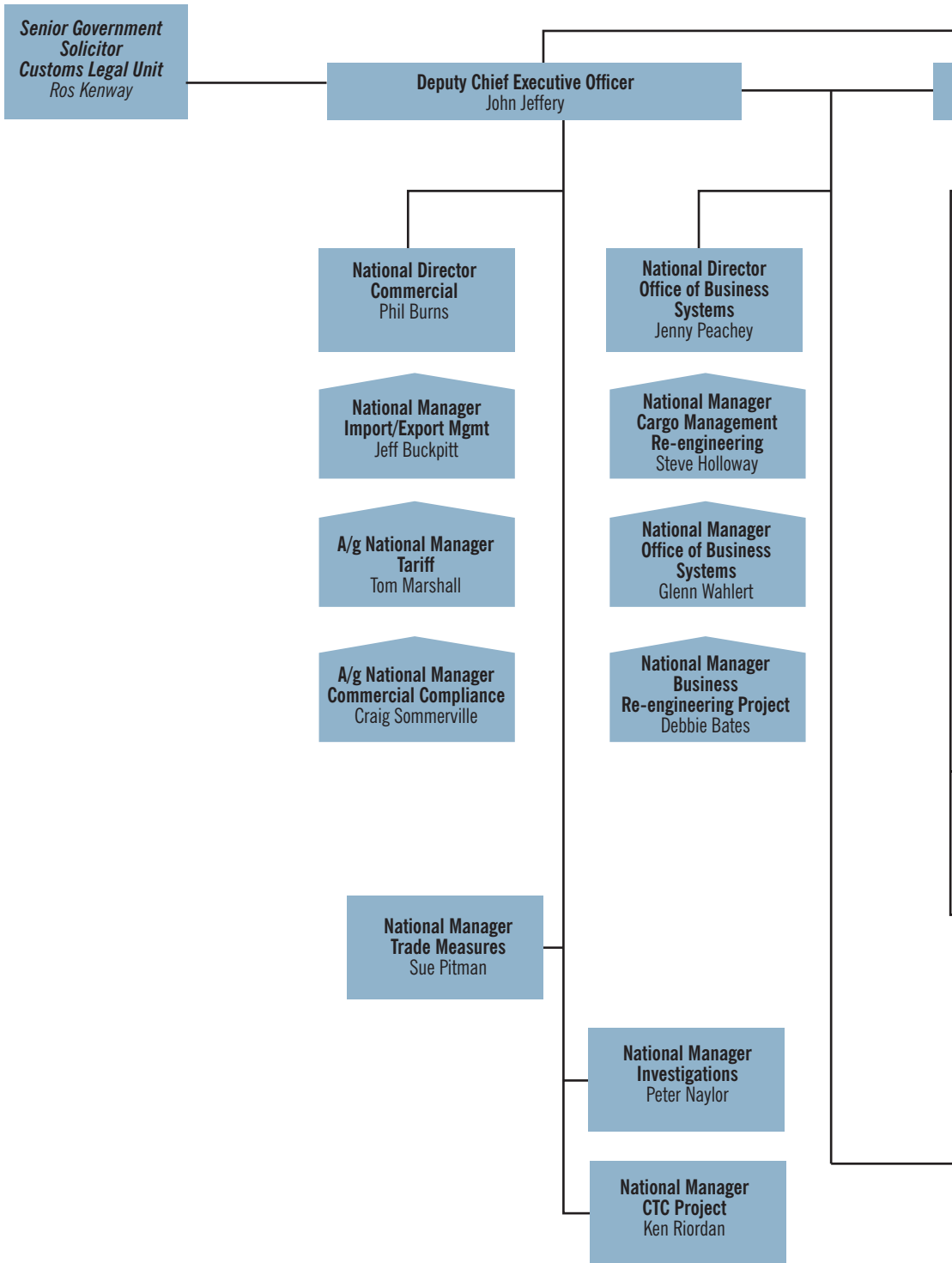
The divisions and branches are supported through permanent representation at overseas posts in Bangkok, Brussels, Tokyo and Washington. The location of offices in Australia is illustrated in figure 3.

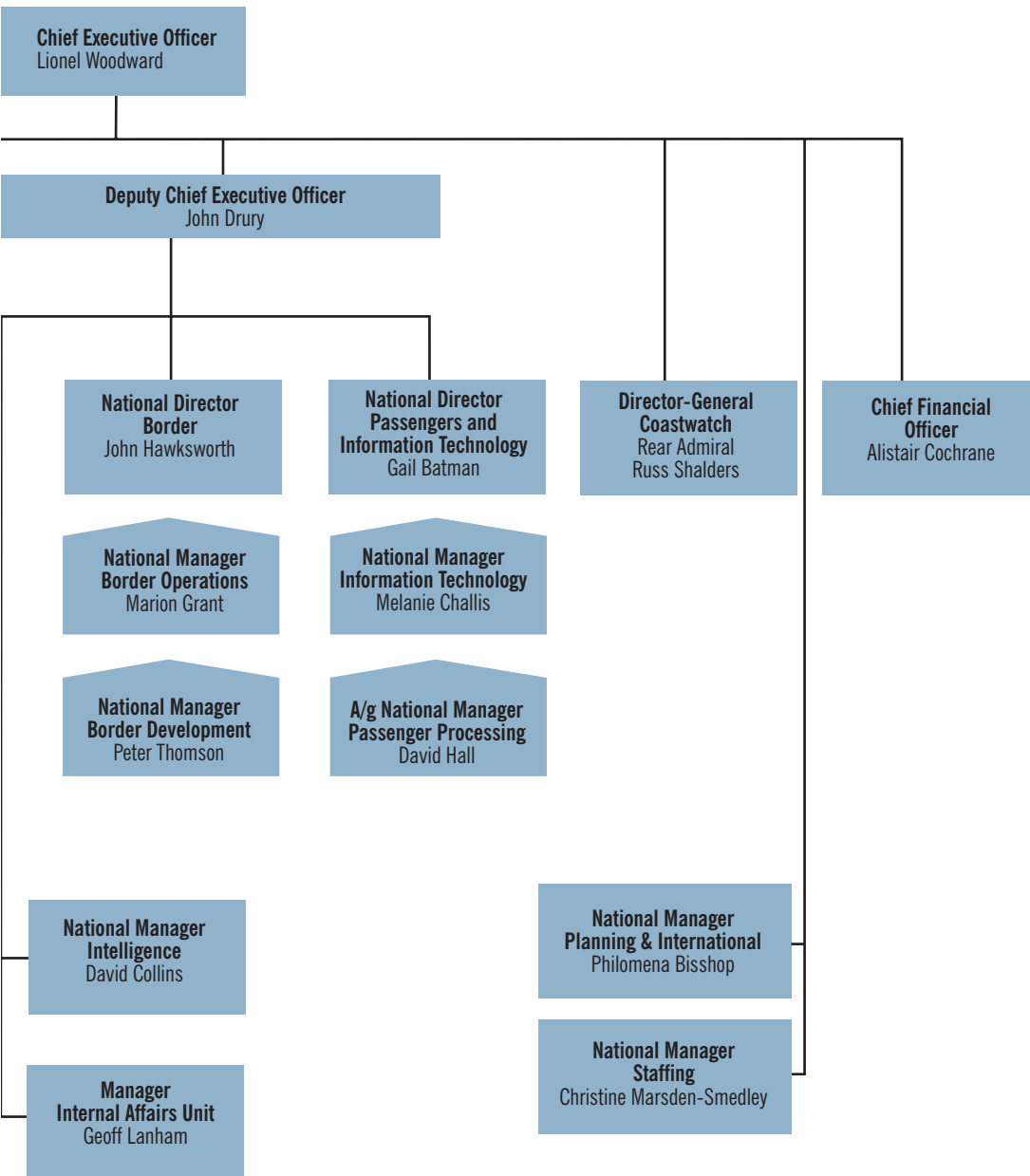
Figure 3: Locations of offices



\* Responsibility for the Broome District Office transferred from the Northern Territory Region to the Western Australian Region on 5 February 2001.  
 ^ Coolangatta District Office commenced operation on 5 August 2000.  
 # Lord Howe Island District Office is staffed by acting Customs officers.

Figure 4: Customs - Organisational Structure - 30 June 2001





**Regions**

**Regional Director  
New South Wales**  
Trevor Van Dam

*Regional Manager Border*  
Brian Gallagher

*Regional Manager Commercial*  
Jan Dorrington

**Regional Director Victoria**  
Brian Hurrell

*Regional Manager Victoria*  
Jaci Fisher

**Regional Director Queensland**  
Virginia Stretton

**Regional Director South Australia**  
Richard Janeczko

**Regional Director Western Australia**  
Paul O'Connor

**Regional Director Tasmania**  
Nic Arthur

**Regional Director Northern Territory**  
Jim Smith

## Organisational structure

The organisational structure at 30 June 2001 is shown in figure 4 on pages 18-19.

A significant organisational change occurred in February 2001 with the creation of the Passengers and Information Technology Division, headed by a National Director. This shifted the Passenger Processing function from the Border Division and combined it with Information Technology. This change better aligned the structure of Customs to its outputs, with Border Division primarily responsible for output 1 and Passengers and Information Technology Division primarily responsible for output 2.

## Consultative mechanisms

### Internal management committees

The Executive Group is the peak internal decision-making body of Customs. Its primary purpose is providing executive leadership and guidance, and considering and deciding on a range of strategic and operational issues.

Membership of the Executive Group includes the CEO, Deputy CEOs, National Directors, Director-General Coastwatch, the Chief Financial Officer, National Manager Planning and International and Regional Directors from NSW, Victoria and Queensland. The group meets weekly in Canberra, with video-conference links to regional offices. Every fourth week, a larger meeting of all SES staff is held, with video-conference links again used for regional offices.

Before Executive Group meetings, briefing notes on significant issues in the day-to-day management and operation of Customs are distributed to SES staff. All areas are able to contribute material to these notes.

Customs has a number of other high-level internal management committees:

- Audit and Evaluation Committee
- Cargo Management Re-engineering Board
- Exports Steering Committee
- Flexible Learning Committee
- Intelligence Policy Committee
- IT Policy Committee
- National Quality Council
- Security Policy Committee
- Tax Reform Steering Committee.

There are also a number of project-specific steering committees.

Key methods of internal communication to staff include the Customs Intranet, all staff messages, a weekly bulletin and a staff newspaper – *Customs News*.

Customs is also involved in a variety of external management and consultative committees. Key committees are outlined below.

#### Customs National Consultative Committee (CNCC)

The CEO chairs the CNCC, which provides a national forum for communicating policies, practices and procedures of Customs that are relevant to the trading community. The CNCC works in partnership with the trading community to resolve perceived difficulties. It is the major forum for regular consultation on a wide range of matters.

During 2000-01 the committee considered issues including the implementation of tax reform, preparations for the Sydney 2000 Olympic and Paralympic Games, cost-recovery, cargo management re-engineering and the impact of foot and mouth disease measures.

#### Heads of Commonwealth Operational Law Enforcement Agencies (HOCOLEA)

HOCOLEA is the Commonwealth Government's primary consultative mechanism for law-enforcement policy issues extending beyond the responsibilities of the Commonwealth Attorney-General's portfolio. The Committee includes the heads of the 11 Commonwealth law-enforcement, taxation and regulatory agencies and departments.

The CEO and Deputy CEO participated in HOCOLEA meetings and Customs provided secretariat support to the committee. HOCOLEA deliberations focussed on law-enforcement, management and regulatory challenges facing HOCOLEA agencies. Customs participated in initiatives, such as joint-agency task forces (on issues including electronic commerce, investigations standards and training and identity fraud), established to explore these challenges.

#### National Passenger Processing Committee (NPPC)

Customs chairs the NPPC, which provides advice on policy issues relating to the processing of passengers. It also coordinates the activities of the various government agencies involved. There are nine Commonwealth departments and agencies represented on the NPPC. A subcommittee of the NPPC was established in 1997, with representatives of the airline industry and several of Australia's international airports.

Major issues addressed by the committee during 2000-01 included the Sydney 2000 Olympic and Paralympic Games and measures being taken to prevent the introduction of foot and mouth disease and other exotic pests and diseases into Australia.

## External scrutiny

There was a substantial increase in parliamentary and other external scrutiny of Customs. This included:

- the Senate Legal and Constitutional Committee and the Senate Scrutiny of Bills Committee, which considered legislation relating to cargo management re-engineering

- the Senate Finance and Public Administration Committee and the Senate Legal and Constitutional Committee, which considered the outsourcing of IT services by Customs
- the Joint Committee of Public Accounts and Audit, which conducted an inquiry into Coastwatch.

Further information on external scrutiny is available on page 87.

## International activity

Customs contributes to the implementation of the Government's foreign policy and trade objectives by simplifying and improving international customs procedures to enhance global trading. It works actively through various forums including committees and commissions of the United Nations (UN), the World Trade Organization (WTO), the World Customs Organization (WCO), the Oceania Customs Organisation (OCO) and the Asia Pacific Economic Cooperation (APEC) Sub-Committee on Customs Procedures (SCCP).

During 2000-01, Australian Customs was involved in an initiative to improve the strategic capacity and performance of the WCO. It was also the coordinator of activity under the APEC SCCP Collective Action Plan (CAP) programs in integrity, paperless trading and risk management. In addition to these CAP items, the expertise of Customs was sought to assist the modernisation efforts of other APEC administrations in implementing:

- provisions for temporary imports
- international standards for customs clearance of express consignments
- customs-related WTO agreements.

Customs also hosted a number of visits to Australia by other Customs administrations seeking to exchange ideas on technical customs issues.

## Implementing the Kyoto convention

Customs administrations throughout the world aim to promote the facilitation of trade while maintaining the traditional, legislated, role of community protection and revenue collection. To achieve this on an international basis requires harmonised information requirements and common, simplified procedures. With this in mind, the WCO has revised the international convention on the simplification and harmonisation of customs procedures (the Kyoto Convention). The revised convention encourages using automated systems, risk management, a shift from transaction-based control procedures to audit-based controls, transparency of customs regulations and developing partnerships between customs organisations and traders.

Australia was the sixth country to lodge an instrument of ratification for the revised treaty. On 10 October 2000 Australia's Ambassador to Belgium ratified the convention in Brussels on behalf of the Government.

Acceptance and implementation of the revised convention will provide Australian industry, particularly exporters, with uniform and predictable customs procedures. This should cut trade costs and reduce non-tariff barriers to trade.

Australian Customs is promoting acceptance and implementation of the revised convention through various forums including the OCO and the APEC SCCP, and by increasing the business sector's awareness of the convention. At a practical level, Australian Customs provides experts to help other Customs administrations to adopt the revised Kyoto Convention.

# Significant changes in functions or services of Customs

There were no significant changes to the services or functions of Customs during 2000-01. Significant issues that may impact on the operations of Customs are reported under Key Priorities for 2000-01.

# Key priorities for 2000-01

The key priorities for 2000-01 outlines key factors, event or trends that have influenced the performance of the agency during 2000-01, or are likely to influence its performance in the future.

## Implementing tax reform

Customs was involved in implementing the Government's tax-reform measures and continues to have responsibilities in this area.

Customs and the Australian Taxation Office (ATO) are determining roles and responsibilities for administering the Goods and Services Tax (GST), Wine Equalisation Tax (WET) and Luxury Car Tax (LCT). A memorandum of understanding between the two agencies on these issues was nearing completion at the end of June 2001.

Customs is responsible for:

- import processing
- entry clearance
- postal and cargo activities connected with collecting GST, LCT and WET
- establishing deferred GST liability for imported goods
- ensuring the integrity of export data.

Before 1 July 2000 changes were made to relevant business systems and Customs assisted clients to integrate GST processes into their business procedures. Customs made further changes to some electronic systems in January 2001. This included being able to electronically defer GST on post warrant amendments (PWAs). A PWA is where changes are made to an import entry after the entry has been submitted to Customs and paid. Various minor changes to electronic systems continued to be made until the end of June 2001.

A further change in January 2001 was the availability of a new report, providing GST information on imports. Importers are able to use this report to assist with completing Business Activity Statements, while it also provides information on PWA transactions to the ATO.

Further information on the implementation of tax reform, including the Tourist Refund Scheme, is available under Output 4 on page 77.

## Sydney 2000 Olympic and Paralympic Games

The Sydney 2000 Olympic and Paralympic Games (Games) during September-October 2000 was the largest series of events held in Australia.

For Customs, the Games represented the successful culmination of five years of planning and preparation. Its primary responsibility was to ensure the increased volume of people and goods entering and departing Australia for the Games was efficiently facilitated, while maintaining appropriate border controls and not impeding the normal flow of cargo and passengers. Most Games-related work contributed to outputs 1 and 2. Additional work such as aerial and marine surveillance patrols and the clearance of temporary imports contributed to outputs 3 and 4.

## Inter-agency cooperation

Customs worked closely with many of the Commonwealth and State agencies involved in the Games including the Department of Immigration and Multicultural Affairs, the Australian Quarantine and Inspection Service, Sydney Airports Corporation Limited and the NSW Police. This sometimes meant consolidating resources with other agencies to better manage responsibilities. Customs staff were also seconded to other agencies, including the Sydney Organising Committee for the Olympic Games (SOCOG), the Department of the Prime Minister and Cabinet and law-enforcement agencies.

## Clearance of Olympic and Paralympic Family Members

Olympic and Paralympic Family Members (OPFMs) were subject to the same border regulations and checks as other passengers. However, some Games-specific initiatives were used to speed up clearance, such as off-airport processing and OPFM accreditation. Customs provided a number of other services targeted at OPFMs, such as dedicated primary processing facilities and ensuring that medical kit and firearms permits were obtained within an hour of arrival.

One outcome of the Games was improvements to standard processes for non-Games travellers. Some initiatives developed for the Games were applied to all travellers and continued beyond the Games, including:

- the former Travellers' Statement and Incoming Passenger Card were combined into a single card
- passenger streaming was introduced, featuring dynamic signage
- the requirement to stamp Australian passports was removed.

There were 62 262 OPFM movements into and out of Australia between 9 August 2000 and 28 November 2000 of which more than 92 per cent travelled through Sydney. This included only OPFMs travelling on an Olympic or Paralympic Travel Authority – those using another type of visa, such as a tourist visa, were not included.

There was one seizure of performance-enhancing drugs from a team official during the Games that led to a court action, but generally compliance levels were very high.

## Cargo clearance including intellectual property

Games officials and athletes awaiting cargo clearance of their goods and equipment experienced no major delays. This was a significant achievement as 7953 lines (or consignments) of cargo worth \$633.7 million were imported temporarily for the Games. An additional 779 lines of consumable and other goods worth approximately \$16.5 million were imported under the Olympic By-Law Item 64. There was excellent compliance for Games temporary imports, with 99.9 per cent of temporary imports re-exported or having duty paid.

A total of 119 seizures of 149 819 items were made since the introduction of the *Sydney 2000 Games (Indicia and Images) Protection Act 1996*. Individual shipments ranged in value from \$50 to \$51 000 and from single items to shipments of more than 30 000 items. The International Olympic Committee declared SOCOG's brand protection program the 'best ever'.

## Security

While there were very few incidents involving a breach of security, Customs was prepared for major incidents that could have arisen. In the lead-up to and during the Games, Customs analysts were working in Olympic security structures such as the Olympic Intelligence Centre and intelligence agencies such as the Australian Bureau of Criminal Intelligence. Throughout the Games, Customs staff also worked at the Olympic Village Arrival Gateway, assisting NSW police with OPFM screening activities.

## Passenger volumes

During the Games period, Customs processed more than 2.3 million international passenger movements at Sydney airport, averaging approximately 24 000 a day. Processing times surpassed the Government standard (95 per cent of arriving passengers processed within 30 minutes).

Eight passenger cruise ships were in Sydney during the Games and were used as floating hotels. The large number of smallcraft expected for the Games did not eventuate, and Customs was easily able to clear visiting smallcraft and large yachts. The Customs Bay-class vessels patrolled the eastern seaboard during the Games.

## 'Business as usual' for other clients

While performing additional work associated with the Games, Customs continued its usual high level of service to regular clients. The staffing strategy used by Customs ensured that areas heavily affected by Games-related activity had additional staff. Positive feedback was received from brokers, industry representatives, freight forwarders and other clients about service during this time.

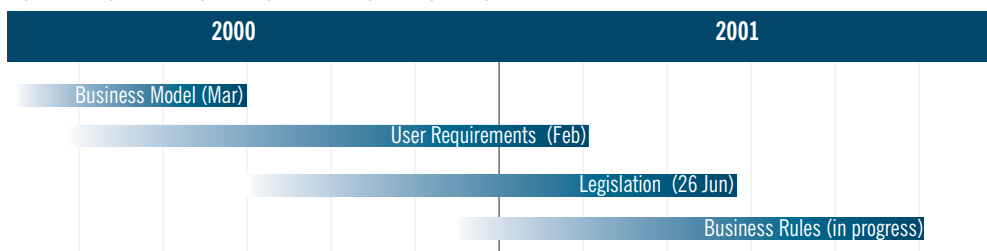
There were no major Games-related operational incidents in any area of Customs responsibility. This, together with good planning, allowed Customs to manage Games loads adequately without resorting to contingency measures.

## Cargo management re-engineering

Customs is re-engineering its cargo management systems to deliver new import and export processes, increase cargo management efficiency for industry and deliver improved targeting of high-risk cargo. Cargo management re-engineering (CMR) contributes mainly to outputs 1 and 4.

Significant progress was made on the systems redevelopment phase of the re-engineering. As shown in figure 5, IT system user requirements for a new Integrated Cargo System were developed. This was done in consultation with internal and external stakeholders and outlines what the new system must do to meet the needs of users. The business rules that form the basis for the design of the new system are now being defined. Work processes and structures are also being reviewed to make the best use of the new system.

Figure 5: Progress of cargo management re-engineering during 2000 and 2001



The major benefits to the trading community of this new system will be more open and easy access to the functions of the system and streamlined business processes associated with the reporting and movement of cargo. This includes an enhancement that promotes a single window to government agencies involved in the movement of goods into and out of Australia.

Government and industry will benefit through:

- early identification of high-risk cargo and, as a consequence, facilitated flow of low-risk cargo
- tailored arrangements for low-risk importers and exporters under the Accredited Client Program.

The Integrated Cargo System will be introduced through a series of releases to manage the many changes involved. This phased approach allows Customs and industry time to work together to ensure a smooth introduction.

Customs expects to trial Release 1 of the Integrated Cargo System with industry in April 2002. Release 1 primarily relates to air cargo reporting by express carriers. It also

affects a range of Customs activities including compliance assurance and targeting and analysis of document consignments. Release 1 will provide most of the IT infrastructure required for subsequent releases.

An overview of the Release 1 project plan is available on the Customs Internet site at [www.customs.gov.au](http://www.customs.gov.au)

## Trade modernisation legislation

In December 2000 the Government introduced into Parliament legislation associated with the CMR project. The legislation modernises the way Customs manages the movement of cargo into and out of Australia by:

- creating the legal foundation for an electronic business environment for cargo management
- establishing a new approach to managing compliance that recognises that 'one size doesn't fit all'
- improving controls over cargo and its movement where there has been a failure to comply with regulatory requirements.

The legislation also revises cost-recovery arrangements to reflect the changes introduced through CMR.

The legislation comprised three Bills:

- Customs Legislation Amendment and Repeal (International Trade Modernisation) Bill 2001
- Import Processing Charges Bill 2000
- Customs Depot Licensing Charges Amendment Bill 2000.

These Bills were passed by Parliament on 26 June 2001 and are key milestones in the development and implementation of CMR.

## Business re-engineering project

During the first half of 2000-01 a review of business processes in Customs was undertaken, looking at the impact of cargo management re-engineering and other initiatives on the way Customs does its work. The review identified agency-wide opportunities to better arrange core functions to support the implementation of cargo management re-engineering and enhance effectiveness.

This led to the establishment of the business re-engineering project in January 2001. The project aims to develop an organisation structure to take advantage of the opportunities presented by CMR, as well as recognise changes in the business environment of Customs over recent years.

A 'whole of business' approach has been taken to the organisation design, with a focus on functions rather than the current distinction between divisional activities.

It is expected that the new structure will be announced during the latter part of 2001. Implementation will be phased, and timed to take account of CMR business migration plans, the commencement of legislation, training requirements and related issues.

### Customs regulatory philosophy

One of the products of the business re-engineering project is the Customs regulatory philosophy. This philosophy recognises that the relationship between Customs and its clients is a continuum that balances service, facilitation and enforcement activities. It serves as the framework within which all regulatory activities are undertaken.

The philosophy is available on the Customs Internet site at [www.customs.gov.au](http://www.customs.gov.au)

## Connecting with Customs

New arrangements are being made to allow industry to electronically connect to Customs. The Customs Connect Facility will replace the existing internal electronic data interchange gateway and COMPILE data control point with an enhanced process to allow industry to connect over the Internet. This connectivity will be available as part of Release 1 of the Integrated Cargo System.

The gateway will allow Internet users to connect to Customs provided:

- the sender has a digital signature and certificate issued by authorities compliant with the Australian Government Gatekeeper framework
- the sender is an authorised client – the CMR Client Register will link clients with their digital certificates and existing Customs client identification/roles
- connection criteria are met.

Connections in future will be from:

- Internet service providers
- communication service providers
- larger clients with their 'own' direct connections.

The possibility of voice and mobile connections will be evaluated in the future and direct electronic links between Customs and other departments will continue.

## Accredited Client Program

The Accredited Client Program is designed to provide major benefits for Australian importers and exporters as well as Customs. Industry will benefit through simplified reporting requirements for importers and exporters with an established record of high

compliance and reduced compliance auditing. Customs will benefit through improved industry compliance and a greater focus of compliance resources on high-risk areas.

The legislation underpinning the program was passed by Parliament as part of the *Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001*. This will allow Customs to manage compliance through entering into legally binding contracts with clients. The contract will allow clients to provide an alternative import and/or export reporting system for specified goods. Clients will agree to meet specified performance standards.

Customs is working with industry and relevant agencies to ensure that the program meets the requirements of both industry and government.

## Electronic Commerce

Customs continued to focus on identifying technologies and processes to improve electronic commerce, increase confidence in Internet transactions and streamline business. During 2000-01 priority was given to:

- developing business processes to administer systems for digital signatures
- analysis of the potential for XML (extensible mark-up language) to provide a far more dynamic and flexible process for exchanging data over the Internet.

Customs promoted paperless trading initiatives in a number of international forums, including the World Customs Organization (WCO) and APEC. At the WCO, Australia encouraged e-commerce processes and the take-up of online Customs processing. Customs also promoted the work of the Group of Seven countries to harmonise procedures and standardise data requirements. Australia heads the WCO data model project team tasked with producing the first draft of a WCO model derived from the Group of Seven work.

Several bilateral discussions were also held, discussing the potential for pilot projects between strategic business partners and other administrations, to achieve greater harmonisation of Customs processes and data requirements.

## Data management

During 2000-01 Customs began work on a data research environment to support enhanced targeting and profiling under CMR. Initially, business objectives for the research environment were defined. Details are being determined, including the extent, shape and benefits of the data research environment. Following this, the research environment will be developed into a system that includes transaction data over a large enough time period to allow analysis of patterns, trends and profiles.

A data quality strategy for CMR was developed, allowing the creation and maintenance of metadata for Release 1 of the Integrated Cargo Strategy. The accurate definition of those data elements through metadata will ensure that the data transmitted, stored and reported through the integrated cargo system will fulfil business functions effectively.

# Protecting Australia – foot and mouth and other quarantinable diseases

The implementation of measures to prevent the spread of foot and mouth and other quarantinable diseases to Australia emerged as a key priority during the year.

Foot and mouth disease is regarded as one of the most serious livestock diseases as it is highly contagious and causes major production losses. Its introduction to Australia would have severe consequences for livestock industries, livestock and meat exports and employment in related industries.

When foot and mouth disease broke out in Britain in February 2001, Customs and AQIS took immediate action to ensure that the disease would not be introduced to Australia. The importation of live animals, semen, uncooked meat and unprocessed dairy products from foot and mouth affected countries was banned. Customs, in consultation with AQIS, implemented strategies to ensure that the disease would not be introduced through passenger baggage, personal effects, postal articles or cargo consignments.

Air passengers who spent time in countries affected by foot and mouth disease were referred to AQIS so baggage, clothes and shoes could be examined for any risks, such as soil or food products. At international mail centres, Customs referred all mail from affected countries to AQIS, which seized any items posing a risk for foot and mouth disease.

It is usual practice for Customs to provide AQIS with information about cargo consignments. This cooperative arrangement allows AQIS to examine any cargo that presents a quarantine risk for foot and mouth disease. Customs assists AQIS to physically examine air cargo

## NSW response to foot and mouth disease

NSW established a team to coordinate the region's response to foot and mouth disease related matters. Initially, this team focussed on recruitment, training and redeployment of staff to ensure operational areas could meet increased work demands.

A major entry-level recruitment campaign was launched, with three Customs Trainee courses scheduled between July and September 2001. Suitably qualified former staff were contacted to undertake short-term engagements while the new recruits were trained.

Current staff were also invited to express interest in short-term reassignments. An integrated training strategy is being developed to provide additional x-ray training to staff at Sydney airport, the mail-handling units and in the x-ray screening of HVLV consignments.

Customs worked closely with AQIS at Sydney airport. Arriving passengers were questioned at the primary line, with those deemed to be high-risk referred to AQIS after baggage collection. Customs also provided assistance with x-ray equipment and training.

Customs assisted AQIS staff with postal clearance by increasing the volume of mail screened and providing extra resources and x-ray equipment. Similar increases were made in air cargo.

While the increased examination rates for passengers and cargo inevitably led to some delays, passengers and industry were generally supportive. There were no complaints received from passengers and industry groups, in particular HVLV operators, were very cooperative.

document shipments. In addition, Customs provides information to AQIS to identify vessels that have recently travelled to high-risk countries.

In the May 2001 Budget, the Government recognised the nature of the threat posed to Australia by foot and mouth disease and other quarantine risks. Customs and AQIS received additional funding – \$238.8 million for Customs over four years and \$281.4 million for AQIS over five years – to increase examination rates to 100 per cent of all international mail, 100 per cent of high volume low value (HVLV) cargo (bulk document consignments and bulk mail order consignments), 100 per cent of sea passenger baggage, 100 per cent of shipping and 81 per cent of air passenger baggage nationally. Customs received funding for approximately 500 additional staff to process air passengers, post and HVLV cargo. Additional staffing was allocated for processing sea passengers. In line with long-standing cooperative arrangements between the agencies, screening of HVLV will be an integrated Customs-AQIS effort.

The Government instructed Customs to recover the costs relating to increased quarantine inspections. From 1 July 2001 the passenger movement charge will increase by \$8.00, charges on air cargo not requiring an import entry will increase by \$1.20, air/post entry charges will increase by \$4.30 and the HVLV cargo reporting charge will increase by \$22.50.

In order to achieve the desired examination rates, infrastructure changes are required at airports and international mail centres to accommodate new x-ray equipment, examination benches and additional staff, particularly in Victoria and NSW. At airports and mail centres, regional project teams with representatives from Customs, AQIS, other relevant agencies and airport authorities or Australia Post were established to oversee these changes. In the meantime, Customs and AQIS are working together to avoid duplication of effort and to ensure maximum coverage of quarantine risks within available resources.

## Risk identification – better use of intelligence and technology

### Intelligence

Strong relationships were maintained with domestic law-enforcement agencies, the national intelligence community and other Customs administrations through the exchange of information and intelligence and direct liaison on common interest issues.

A *National Illicit Drug Strategy* (NIDS) IT initiative commenced to establish cross-agency access between the intelligence holdings of Customs, the Australian Federal Police (AFP) and the National Crime Authority (NCA). This shared access will provide timely multi-agency intelligence from staff desktops and will give users a more comprehensive view of law-enforcement threats and risks.

During 2000-01 agreement was reached on the requirements and conceptual design for a shared communication facility, rated to highly protected. This shared, secure

communications link will further enhance the exchange of intelligence between the agencies and improve operational effectiveness.

Similarly, a project on shared access to call charge request information will lead to more timely information and the identification of common targets, creating opportunities for coordinated law-enforcement activities. The deployment of both capabilities, expected during 2002, recognises legislative restrictions, including those of the *Customs Administration Act 1985*.

## Technology

A major project during the year identified the most appropriate x-ray equipment for use in different work environments. Working with AQIS, the project identified preferred suppliers of equipment that could be used to detect narcotics and other prohibited imports/exports in four categories – personal baggage and small cargo; palletised cargo; full shipping containers; and concealed on the body. A program of upgrading all x-ray equipment began and an x-ray education program is being developed to increase the skills of x-ray operators. Further information on container x-ray is available under Output 1 on page 53.

The professional use of ionscan trace detectors was highlighted again during the year. As a result of its success in using ionscan technology, Customs responded to a number of requests from other agencies, both in Australia and overseas, to assist in the development of their own ionscan programs. Customs was also invited to make a presentation on ionscan use to an international scientific forum in Canada.

### Upgrade of UHF communications network

Customs decided to upgrade its UHF radio network from analogue to digital/APCO 25 standard, allowing greater flexibility of operation and enhanced security. The procurement process began with a request for tender in May 2001. The upgrade will maintain secure communications between Customs, including the National Marine Unit, Coastwatch aircraft, and law-enforcement agencies and will be completed in 2001-02. This will contribute to the Customs outcome and to outputs 1, 2 and 3.

### National Intelligence System

During the first year of the National Intelligence System's operation, response times improved and the number of users increased. A NIDS project is under way that will allow officers from the AFP and the NCA to access the system. The system also underwent major software upgrades, in preparation for enhanced functionality to be added in late 2001.

# Improved inter-agency cooperation

## Cooperation with border agencies

Customs, AQIS and DIMA continued to improve cooperation in border-related activities such as the clearance of international cargo and passengers.

Initiatives implemented include sharing infrastructure such as shopfronts at international airports and for air cargo clearances, x-ray equipment, office accommodation and dog kennels, and cross training of officers. During 2000-01 Customs and AQIS completed an initiative to open combined shopfronts at all major international airport terminals. Combined shopfronts such as this allow clients to streamline clearance processes, allow staff to gain a greater appreciation of each other's roles and encourage joint cargo examinations.

Arriving and departing international passengers present themselves to one official – a Customs officer – who carries out passenger clearance functions, including primary immigration processing. During 2000-01 work continued on integrating PACE, the primary Customs border computer system, with DIMA's offshore movement alert IT system to further enhance facilitation of passengers through electronic processing.

A memorandum of understanding and associated guidelines were established to provide a framework for responses by Commonwealth agencies and police forces to illegal landings of suspect illegal entrant vessels on Australian territory. Signatories included Customs, AQIS and DIMA as well as other agencies such as the AFP, the Australian Defence Force, the Commonwealth Director of Public Prosecutions and state and territory police forces.

With the outbreak of foot and mouth disease in Britain in February 2001, Customs provided immediate support to AQIS to prevent the disease being introduced to Australia. A Customs-AQIS memorandum of understanding was agreed setting out the joint working arrangements between the agencies.

During 2000-01 Customs Coastwatch entered into a service level agreement with DIMA to cover extra services provided as a result of the Prime Minister's Task Force on Coastal Surveillance (see further information on page 64).

Further information on cooperation between Customs and permit-issuing agencies is available in Output 1 on page 52.

## Cooperation with law-enforcement agencies

As Customs, the AFP, the NCA and the Australian Transaction Reports and Analysis Centre (AUSTRAC) all form part of the Attorney-General's portfolio, the agencies have sought opportunities for increased cooperation and resource sharing. Some of the initiatives implemented during 2000-01 include:

- collocating Customs and the AFP in Launceston, Townsville and Coolangatta
- moving towards secure inter-agency radio communications with the proposed upgrade of the Customs UHF radio network (further information is available on page 33)
- undertaking a number of joint intelligence projects as a result of funding received through NIDS (further information is available on page 32).

The Joint Strategic Intelligence Group was established in 1999-2000 to provide strategic intelligence advice to Justice and Customs portfolio agencies on issues relating to drug trafficking and the criminal enterprises involved from a joint-agency perspective. During 2000-01 the group:

- assessed the use of intelligence in intercepting illicit drugs at the border
- compared Australian and US law-enforcement intelligence practices
- commenced a series of assessments on the drug trafficking and associated financial activities of various criminal groups.

Further information on intelligence cooperation is available under risk identification on page 32.

An agreement was developed with the AFP where Customs provides it with information on all detections of apparent criminal offences relating to importations of goods specified in the criminal sanctions amendments to the *Customs Act 1901*.

## Cooperation with the Australian Taxation Office – transfer of excise

The transfer of the excise function from Customs to the Australian Taxation Office (ATO) progressed with the passage of amendments to the excise legislation. Customs continued to provide some transitional services to the ATO and to have a role in assuring compliance with aspects of excise legislation.

The ATO and Customs discussed excise matters, with agreement reached on implementing a joint compliance model. This model recognises that each agency can operate with autonomy in clearly distinguishable areas while in other areas a joint approach is essential. A memorandum of understanding covering this and other issues is planned.

## Sydney 2000 Olympic and Paralympic Games

As well as continued secondment and involvement in joint operational groups, further opportunities to enhance working relationships were generated by the Sydney 2000 Olympic and Paralympic Games. Further information on this is available from page 24.

## International cooperation

### Customs Asia Pacific Enforcement Reporting System (CAPERS)

CAPERS is an Internet-based secure communication platform capable of use by any Customs administration. It aims to encourage cooperation, communication and liaison between administrations by providing drug-concealment alerts, a library, training material and a forum where users can request and exchange information on topics of interest. A secure email system is now operational, with the capability for further expansion as necessary.

Australian, US and New Zealand Customs are overseeing a two-year pilot program from October 2000 to September 2002. During this period, each administration will mentor selected regional countries (14 in total). After the pilot, the system's performance and future use will be evaluated. A decision to continue would see the inclusion of further Customs agencies and consideration of requests for access by other law-enforcement agencies.

### Cooperation - East Timor Public Service Medal to Neil Sugget

Customs officer Neil Sugget was awarded the Public Service Medal in the 2001 Australia Day honours list, acknowledging the role of Customs in rebuilding East Timor's border controls.

Neil received the award for outstanding leadership in setting up and leading the first Australian Customs contingent to assist the United Nations Transitional Administration in East Timor (UNTAET) in the development of East Timor Border Services.

'Neil displayed outstanding leadership, professionalism and initiative under difficult circumstances, managing the selection, preparation and training of a group of 20 volunteers,' said the CEO of Customs, Mr Lionel Woodward.

Neil said he accepted the award on behalf of himself and the 13 other Customs staff involved in re-establishing a customs service in East Timor.

The contingent established a system to collect customs and excise duties. They also made a significant contribution to the training, development and conditions of service for East Timorese recruited to the Border Service, resulting in the first group of local staff employed by the East Timorese civil service.

Neil is the fourth Customs officer to receive the Public Service Medal. Previous recipients are:

- Paul Murphy (1990) for significant contributions to the public service and Customs
- John Vandeloo (1998) for initiating and implementing Australia's breeding and rearing program for detector dogs
- Jenny Peachey (2000) for outstanding performance in the research and delivery of the across-public service report *Beyond Bean Counting*.

In addition to Neil's award, the Minister for Justice and Customs presented all members of the contingents in East Timor with the *Customs East Timor 2000* medallion. Certificates of recognition were also presented at the Australian Volunteers in East Timor ceremonies held throughout Australia and hosted by the Minister for Foreign Affairs and Trade.

Each participating country signed a common memorandum of understanding. When using CAPERS, Customs operates under the requirements of section 16 of the *Customs Administration Act 1985* and the *Privacy Act 1988*.

### Joint border patrols

As part of the *National Illicit Drug Strategy*, Customs participated in joint border patrols of coastal villages in the Western Province area of Papua New Guinea with the PNG Inland Revenue Commission.

During 2000-01 three patrols were undertaken. Australian Customs vessels were used for transport and accommodation by Customs, PNG and other Commonwealth and state officials. The patrols aimed to:

- assist PNG to manage its law-enforcement activities
- allow Australian Customs staff based in the Torres Strait to gather intelligence
- allow officials from both countries to familiarise themselves with the villages, people and environment along the Western Province coast
- show a united and visible presence by the two countries.