

REPORT ON PERFORMANCE

This section reviews how Customs performed during the year in relation to its outputs and contribution to its outcome.

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CUSTOMS OUTCOME – EFFECTIVE BORDER MANAGEMENT

Effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics

Customs outcome is comprised of five outputs (illustrated on page 10). Performance for each of the outputs commences on page 31.

Customs priorities for 1999-2000 included:

- implementing Tax Reform
- meeting the challenges of the Sydney 2000 Olympic and Paralympic Games
- more effective border management
- implementing the decisions arising from the Prime Minister's Task Force on Coastal Surveillance
- re-engineering our cargo management processes
- providing Customs assistance to East Timor
- managing our resources better
- planning our future workforce
- Year 2000 (Y2K) preparedness.

Performance Assessment:

Output Pricing Review

The first phase of accrual budgeting implementation required agencies to determine a price for outputs for 1999-2000 and forward years. The Department of Finance and Administration (DOFA) and Customs jointly conducted an Output Pricing Review in August 1999-February 2000. The Review examined Customs output prices in terms of their contribution to overall funding for Customs.

The Output Pricing Review concluded that Customs provides 'good value for money, and that its output prices are reasonable. Services are typically of high quality, but are increasingly stretched by workload growth'. It found that Customs delivers 'wide-ranging and effective border control, consistent with current Government requirements'.

The Review recognised that Customs is implementing initiatives such as CMR, Advance Passenger Processing, upgraded intelligence systems, new marine vessels, modern drug detection technology, improved communication systems and strategic alliances with other law enforcement agencies to further improve the effectiveness and efficiency of services provided.

Customs has made good progress with workplace reforms. The Review reported that Customs has improved the allocation of resources between staffing and technology and has lifted productivity through revised working patterns and arrangements that better meet business outcomes.

Figure 7: Outcome Performance Against Targets set in the 1999-2000 Portfolio Budget Statements (PBS)

| Quantity/Quality Performance Measures | | Target* | Actual |
|---------------------------------------|--|-----------|----------------------|
| Cargo Facilitation | Proportion of electronically lodged entries where advice that the entry is ready to pay is transmitted within 15 minutes of receipt of a complete and accurate entry | 97% | 98.30% |
| 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% | 96.90% |
| Illicit Drugs | Trends in the number and weight of drug seizures | ** | See Figures 11,12&13 |
| Other Prohibited Goods | Trends in number of detections and/or seizures of other prohibited imports and exports from international air passengers | ** | See Figure 15 |
| Coastal and Offshore Surveillance | Undetected vessels subsequently found to have breached the Australian border | ** | See Figure 21 |
| Revenue Collection | Total Duty and Sales Tax, and other significant revenues collected in total | \$4 924 m | \$5 048.5m |
| Revenue Compliance | Revenue adjustments as a result of compliance audit activity | | |
| | <i>Recoveries</i> | \$20 m | \$12.7 m |
| | <i>Refunds</i> | \$2 m | \$0.4 m |
| Industry Schemes | Total Duty forgone in respect of: [^] | | |
| | <i>Tariff Concessions</i> | \$467 m | \$365.5 m |
| | <i>Cheese and Curd Quota</i> | \$10 m | \$9.4 m |
| | <i>Drawbacks</i> | \$80 m | \$86.5 m |
| Customs Decisions | Rates of appeal against decisions where the original decision by Customs is upheld | ** | See Appendix D |

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

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

[^] Customs duty forgone as a result of concessional arrangements available under a range of industry schemes is listed on page 58.

Resources for Customs Outcome

Figure 8: Resources for Customs Outcome – Effective Border Management

| | (1) Budget* 1999-2000 \$'000 | (2) Actual Expenses 1999-2000 \$'000 | Variation (column 2 minus column 1) \$'000 | Budget** 2000-2001 \$'000 |
|--|---------------------------------------|---|--|---------------------------------|
| Administered Expenses (including third party outputs) | 260 | 252 | -8 | 260 |
| Total Administered Expenses | 260 | 252 | -8 | 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 | 188 604 | 203 778 | 15 174 | 203 163 |
| Output 2 – Facilitation of the legitimate movement of people across the border, while identifying illegal movements | 64 830 | 65 205 | 375 | 69 598 |
| Output 3 – Coastal and offshore surveillance and response # | 186 030 | 179 307 | -6 723 | 216 558 |
| Output 4 – Administration of Customs duty and sales tax, other border-related revenue collections, and import/export statistics | 128 447 | 116 661 | -11 786 | 150 385 |
| Output 5 – Anti-dumping and countervailing administration | 5 653 | 4 965 | -688 | 5 998 |
| Total Price of Outputs*** | 573 564 | 569 916 | -3 648 | 645 702 |
| Revenue from Government (Appropriation) for Agency Outputs | 423 960 | 424 101 | 141 | 424 887 |
| Revenue from other sources | 149 604 | 156 648 | 7 044 | 220 815 |
| Total Price of Outputs | 573 564 | 580 749 | 7 185 | 645 702 |
| TOTAL FOR OUTCOME 1 (Total Price of Outputs and Administered Expenses) | 573 824 | 570 168 | -3 656 | 645 962 |
| | | | 1999-2000 | 2000-2001 |
| Average Staffing Level (Number) | | | 3921 | 4 354 |

* Full-year budget, including additional estimates. The total outcome price and the output prices vary from the published Portfolio Additional Estimates Statements. The total outcome price has been adjusted to reflect the increased resources received free of charge evident in the 1998-1999 financial statements. This information was not available when the Accrual Information Management System adjustments were made during additional estimates. The changed output prices reflect this additional resourcing and also take account of revisions made during the Output Pricing Review when activity costs and attribution to outputs were re-examined.

** Budget prior to additional estimates. Prices shown do not reflect the remapping of marine activity. Output 1 will increase and Output 3 will decrease by approximately \$10m when output prices are adjusted at additional estimates.

*** 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 Customs operating surplus for the year.

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

Overall the price of delivering Customs Outputs was within one per cent of the budget estimate. Customs generated a small operating surplus because of a number of factors including increased revenue, a lower than expected depreciation expense due to the non completion of capital projects and a delay in expending funding provided for The New Tax System set-up.

Output prices varied from budget by between 8 per cent and -12.2 per cent. The variation for Output 2 was insignificant (0.6 per cent). For the other outputs the variance was mainly due to changes in the specific activities undertaken and a remapping of specific activities to outputs.

The cost of Output 1 was higher than estimated mainly due to a remapping of 59 per cent of the marine activity from Output 3 to Output 1 following a reassessment of activity attribution to outputs. Increased activity in contraband targeting and examination as well as increased investigation of prohibited import offences such as performance enhancing drugs also added to the price.

The remapping of the marine activity from Output 3 to Output 1 reduced the price of Output 3.

The cost of Output 4 was lower than budgeted for a number of reasons. There were delays in some of the set-up costs for the introduction of The New Tax System with expenditure being carried forward to 2000-2001, reduced expenses for goods classification activities, and a reduction in the cost of collecting revenue from air passengers.

The decrease in the estimated price for Output 5 was due to reduced expenses incurred in implementing new procedures for anti-dumping and countervailing activity following amended legislation, and a lower cost of investigation than anticipated.

CAMEO - CUSTOMS OFFICERS FACE CHALLENGE IN EAST TIMOR

Australian Customs Service officers overcame many logistical and physical challenges in East Timor this year in assisting in the rebuilding of border controls.

Under very difficult professional and personal circumstances that included an element of personal danger, the six officers of Customs first contingent were confronted with an absence of any physical and administrative infrastructure to support the re-establishment of border controls.

'When we arrived in East Timor it was apparent that this was not going to be a simple matter of doing the usual tasks' said Team Leader Neil Sugget. 'We had to be prepared to find ways to get things done despite numerous obstacles inherent in the re-building process.'

The deployment resulted from a request by the United Nations Transitional Administration in East Timor (UNTAET) for assistance in re-establishing customs and immigration controls. Before leaving, all Customs officers went through intensive and rigorous training to prepare them for living in some of the most inhospitable and remote areas of East Timor. The first group left in March 2000.

The group's task included training East Timorese recruits and establishing controls along the land border with West Timor. As well, the group had to establish physical infrastructure at each land border crossing, including finding suitable accommodation for East Timorese staff. Baggage searches conducted in extreme humidity on the wharf served as a reminder of the region's recent troubles with items like grenades, rifles and machetes being confiscated.

In the absence of a legal and administrative framework, officers worked closely with the United Nations legal branch to develop procedures for the East Timor Border Control Service. With the assistance of the Peacekeeping Forces, a framework to control the movement of people and goods across the border was implemented.

Training East Timorese staff was a high priority. A basic training course was provided to approximately 180 recruits for the Border Control Service. An officer seconded to a senior training position was responsible for establishing a Human Resource Management Branch, including the design and implementation of training courses.

The redevelopment work continued at the end of the first contingent's three month assignment with a second contingent of Customs officers sent to East Timor in June 2000.

The taxes imposed at the borders were the only form of income being raised by the interim government, making collection especially important. The difficulties faced in developing the border controls with West Timor could easily have overwhelmed the officers. It is a testament to the resourcefulness and determination of the group that they achieved so much.

OUTPUT 1

The 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 marine surveillance and response for specific operations;

in order to prevent the import or export of prohibited items and to control the movement of restricted items. Prohibited and restricted items include illicit drugs, weapons, pornography, unsafe products, therapeutic goods, wildlife, quarantine items and products that breach intellectual property rights.

This output also covers the investigation and prosecutions of non-narcotic prohibited import and export offences.

Performance Assessment:

Output Pricing Review

The Output Pricing Review noted that Customs managed strong growth in air and sea cargo over the past five years (48 per cent for sea containers and 58 per cent for air cargo) through additional resources received under the *National Illicit Drug Strategy* and the re-allocation of resources following process improvement.

The Review found Customs has low intervention rates as well as high success rates and concluded that Customs intelligence-driven approach to targeting and examinations is delivering a high standard of border control services.

Figure 9: Performance Against Targets set in the 1999-2000 PBS – Output 1 #

| Quality/Quantity Performance Measure | Target* | Actual |
|--|----------------------------------|------------------------------------|
| Quality | | |
| Proportion of electronically lodged import entries processed within certain time intervals~ | within 15 minutes >15 minutes | 97.40% 2.60% |
| Proportion of manually lodged import entries where advice of ready to pay is given within 4 hours of receipt in Customs of a complete and accurate entry | | 97% 100% |
| Percentage of electronically lodged export entries that are processed within 10 minutes of receipt of a complete and accurate export entry ^ | | >90% 96.94% |
| Electronic cargo systems – availability to Customs clients (availability against typical work day) | Air Cargo Automation | 99.70% 99.82% |
| | Sea Cargo Automation | 99.70% 99.76% |
| Percentage of electronically reported consignments subject to electronic risk assessment for community protection purposes | | 100% 100% |
| Weight and number of drug seizures by significance of offence | | ** See Figure 12 |
| Weight of drug seizures by mode of importation | | ** See Figure 11 |
| Number of detections and/or seizures of other prohibited imports | | ** See Figure 15 |
| Quantity | | |
| Number of air waybills reported ⊕ | | 4 910 000 4 053 697 |
| Number of sea cargo manifest lines reported | | 1 350 000 1 370 967 |
| Number of international flights (inbound plus outbound) | | 117 600 119 077 |
| Number of vessel arrivals | | |
| First Ports | | 11 400 10 811 |
| All Ports | | 19 700 18 545 |
| Number of Customs import entries lodged | | |
| Electronic | | 2 711 000 2 718 245 |
| Manual | | 16 000 20 416 |
| Number of export entries lodged | | 1 330 000 1 339 207 |
| Price | | \$188.6m \$203.8m |

Targets were set in the PBS for the number of overseas postal articles arriving in Australia. However following a review of methods of counting postal articles, Customs is re-basing its postal volume statistics. This work is being done in conjunction with Australia Post, and will result in revised, more accurate figures. In the interim, figures for postal volume are not available

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

~ Target differs from that set in PBS.

** Performance targets cannot be estimated.

^ Estimate based on the average of the 'heartbeats' measured by Telstra during January-June 2000. The heartbeat is the turnaround time measured from when Telstra transmits a special message via the service provider to Customs for processing, until Telstra receives a response from Customs. Any delays associated with the network, either before Customs receives the message or after Customs transmits the response are included in the heartbeat. Telstra measures the heartbeat approximately 120 times/day.

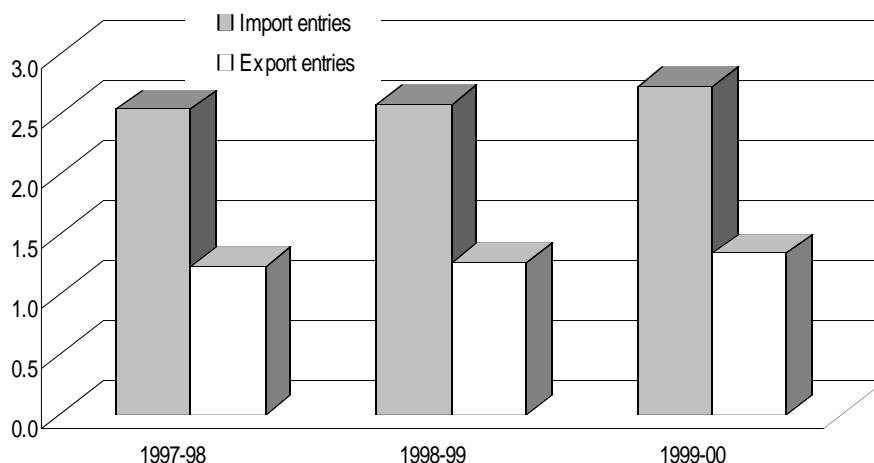
⊕ The actual number of air waybills reported is less than the target because of the introduction of amended procedures to reduce unnecessary reporting.

Import and Export Entries Workload

2 738 661 import entries were lodged, an increase of 6.1 per cent compared to 1998-1999. Approximately 99 per cent of these entries were lodged electronically. Of these, almost 98 per cent were cleared within seconds of being lodged. Figure 10 shows the trend in the number of import and export entries finalised by Customs over the last three years.

Export entries also increased by 6.1 per cent compared to 1998-1999 with 1 339 207 entries lodged.

Figure 10: Import*/Export # Entries (million)



* Excludes Customs entries for Post Warrant Adjustments and for Refunds.

Refers to Export Clearance Numbers.

Seizures of Illicit Drugs

The number of drug seizures increased by 38 per cent, the majority of this increase occurring in the 'other drug' category. The number of heroin, cocaine and ecstasy seizures all increased, while there was a slight decrease in the number of cannabis seizures. The weight of cocaine seized increased by 146 per cent, while the weight of ecstasy increased by 41 per cent. In contrast, the weight of heroin and cannabis seized declined by 47 per cent and 61 per cent respectively.

While Customs endeavours to target higher end trafficking activities, investigations at this level are necessarily prolonged with a few large seizures making a substantial difference to seizure weights. In this context, it is worth noting that Customs made its largest ever seizures of cocaine and ecstasy and its second largest seizure of heroin. Close collaboration with partner agencies also contributed to several significant post-border seizures, including 88.9 kg of heroin in Sydney in February 2000.

Customs also targets low and middle level trafficking activity, which accounts for the majority of seizures. Notable successes against middle level traffickers during 1999-2000 included 14.8 kg of heroin in an air cargo consignment and 14 kg of heroin concealed in the baggage of two air passengers.

Figure 11: Summary of Drug Seizures *

| | Seizures | | | Weight (kg) | | |
|--|-----------|-----------|-----------|-------------|-----------|-----------|
| | 1997-1998 | 1998-1999 | 1999-2000 | 1997-1998 | 1998-1999 | 1999-2000 |
| Air passengers & crew | | | | | | |
| Cannabis | 138 | 228 | 270 | 1.9 | 9.2 | 5.7 |
| Cocaine | 26 | 24 | 28 | 55.4 | 55 | 38.5 |
| Heroin | 8 | 15 | 15 | 10.3 | 23.6 | 28.9 |
| Ecstasy | 18 | 40 | 49 | 19.3 | 53.1 | 36.2 |
| Other | 102 | 181 | 228 | .. | .. | .. |
| Cargo & postal[^] | | | | | | |
| Cannabis | 659 | 644 | 586 | 36.4 | 45.7 | 16.1 |
| Cocaine | 25 | 20 | 24 | 22.5 | 12.5 | 176.9 |
| Heroin | 21 | 8 | 24 | 127.8 | 94.7 | 240.1 |
| Ecstasy | 79 | 62 | 55 | 13.2 | 49 | 92.1 |
| Other | 828 | 1 567 | 2 585 | .. | .. | .. |
| Shipping & aircraft[#] | | | | | | |
| Cannabis | 11 | 21 | 6 | 0.4 | 0.6 | 0.0 |
| Cocaine | 1 | 1 | 1 | 0.3 | 224.6 | 502 |
| Heroin | - | 2 | - | - | 390.2 | - |
| Ecstasy | - | - | 1 | - | - | 15.8 |
| Other | 5 | 3 | 3 | .. | .. | .. |
| Total | | | | | | |
| Cannabis | 808 | 893 | 862 | 38.7 | 55.5 | 21.9 |
| Cocaine | 52 | 45 | 53 | 78.2 | 292.1 | 717.4 |
| Heroin | 29 | 25 | 39 | 138.1 | 508.5 | 269 |
| Ecstasy | 97 | 102 | 105 | 32.5 | 102.1 | 144.1 |
| Other | 935 | 1 751 | 2 816 | .. | .. | .. |

* Seizures subject to ongoing investigation may not appear. Where a weight of tablets for ecstasy was not available, an estimate of 0.29gm 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 ecstasy 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 12: Drug Seizures and Significance of Offence*

| Significance [^] | Seizures | | | | Weight (kg) | | | |
|---------------------------|------------|-----------|-----------|------------|-------------|----------------|--------------|--------------|
| | Cannabis | Cocaine | Heroin | Ecstasy | Cannabis | Cocaine | Heroin | Ecstasy |
| 1999-2000 | | | | | | | | |
| Commercial | - | 10 | 9 | 26 | - | 701.1 | 262.2 | 141.3 |
| Trafficable | 41 | 29 | 27 | 68 | 16.8 | 16.4 | 6.8 | 2.8 |
| Minor | 821 | 14 | 3 | 11 | 5 | 0 | 0 | 0 |
| Total | 862 | 53 | 39 | 105 | 21.9 | # 717.5 | 269 | 144.1 |
| 1998-1999 | | | | | | | | |
| Commercial | - | 17 | 6 | 35 | - | 280.2 | 502.8 | 96.8 |
| Trafficable | 53 | 26 | 17 | 65 | 51.4 | 11.8 | 5.7 | 5.3 |
| Minor | 840 | 2 | 2 | 2 | 4.1 | 0 | 0 | 0 |
| Total | 893 | 45 | 25 | 102 | 55.5 | 292.1 | 508.5 | 102.1 |
| 1997-1998 | | | | | | | | |
| Commercial | - | 13 | 12 | 15 | - | 55 | 133.6 | 23.4 |
| Trafficable | 40 | 35 | 14 | 70 | 35.5 | 23.2 | 4.5 | 9.1 |
| Minor | 768 | 4 | 3 | 12 | 3.2 | 0 | 0 | 0 |
| Total | 808 | 52 | 29 | 97 | 38.7 | 78.2 | 138.1 | 32.5 |

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

| | Heroin | Cocaine | Cannabis | Ecstasy |
|-------------|------------------------|----------------------|--------------------------|--------------------------|
| Commercial | Over 1.5 kg | Over 2 kg | Over 100 kg | Over 0.5 kg |
| Trafficable | Between 2 g and 1500 g | 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 |

* 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 ecstasy was not available, an estimate of 0.29 g per tablet was used.

Rounding error accounts for discrepancy between data for total cocaine weight presented in Figures 11 and 12.

Details of seizures of Performance Enhancing Drugs are at Figure 13.

Major Drug Seizures

On 1 February, Australia's largest seizure of cocaine was intercepted on a yacht which had arrived from New Zealand. Acting on intelligence received, Customs and Australian Federal Police maintained surveillance on the *Ngairé Wha* prior to its arrival at Broken Bay on the New South Wales central coast. Fifteen bales containing a total of 502 kg of cocaine were located in the cabin of the yacht. The AFP subsequently arrested six people associated with the importation.

That seizure followed closely on the first detection in Australia of 115.5 kg of black cocaine on 20 January 2000. An air cargo consignment shipped from Brazil to Sydney containing four wooden boxes was found to contain garbage bags of a black substance that resembled lumps of dirt with a pungent odour. Ionscan swabs of the substance pointed to cocaine that had been camouflaged with chemicals to avoid detection by narcotic test kits and drug detector dogs. This was subsequently confirmed as the world’s second largest seizure of black cocaine.

On 21 October 1999, a shipping container of timber arriving in Sydney from Indonesia was selected for examination. Further inspection revealed a false bottom to the container, concealing a number of packages of heroin. The total weight of the shipment was 219 kg. The consignment was targeted for examination after significant analytical work prompted Customs and AFP to focus on the transaction.

Early in January 2000, a container from The Netherlands arrived in Brisbane via Singapore. On advice from the AFP, Customs officers examined the container during which a large wooden crate was located – it contained 38 large metal hydraulic ram cylinders. Deconstruction of one of the cylinders revealed 2.5 kg of off-white tablets which proved to be ecstasy. A search of the remaining 37 cylinders revealed 9.1 kg of cocaine, 9.0 kg of ecstasy powder and 67.4 kg of ecstasy tablets. This was the largest single ecstasy tablet and powder detection – more than twice the amount of the previous largest detection.

Interceptions of Performance Enhancing Drugs (PEDs)

Figure 13: Interceptions of PEDs*

| | Steroids | DHEA | Hormone | Total |
|-------------------------|-----------------|-------------|----------------|--------------|
| 1999-2000 | | | | |
| Air Passengers and Crew | 48 | 45 | 8 | 101 |
| Cargo and Postal⊕ | 489 | 471 | 58 | 1 018 |
| Other # | 5 | - | 1 | 6 |
| Total | 542 | 516 | 67 | 1 125 |
| 1998-1999 | | | | |
| Air Passengers and Crew | 26 | 29 | 4 | 59 |
| Cargo and Postal⊕ | 329 | 535 | 43 | 907 |
| Shipping and Aircraft | 1 | 1 | - | 2 |
| Total | 356 | 565 | 47 | 968 |

* This is the a subset of 'other' drug seizures reported in Figure 11.

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

Includes seizures arising from post-border operations.

Customs made a record number (1 125) of seizures of performance enhancing drugs (PEDs). While seizures continued to trend upwards, the approximate doubling of seizures each year since 1994-1995 did not continue.

Anabolic and androgenic substances available legally in other countries (eg. DHEA and androstenedione) continue to represent a significant (approximately 80 per cent) proportion of detections. These substances may be illegally imported (intentionally or otherwise) as orders placed through Internet sites based in these countries.

Continuing the trend from 1998-1999, DHEA represented a decreased proportion of total PEDs seizures in 1999-2000, accounting for 46 per cent of the year's seizures. Steroids represented an increased proportion of seizures (48 per cent in 1999-2000 compared to 37 per cent in 1998-1999). Similarly, hormones represented six per cent of seizures in 1999-2000, up from five per cent in 1998-1999. This is a continuing trend since 1996-1997.

Customs intercepted 18 large importations of greater than 1000 tablets. However, the majority of Customs seizures were minor amounts, often one to two bottles of 60 to 120 tablets. These imports were predominantly of DHEA and other products, which are widely advertised for their anti-ageing or general well being rather than performance enhancing effects and are legally available in some other countries.

Technology such as the back-scatter x-rays, that are deployed at all international postal centres and airports, are contributing significantly to the detection of illegally imported PEDs.

Investigation of Community Protection Cases

Since the inception of the Government's *Tough on Drugs in Sport Strategy*, the number of cases of prohibited imports being investigated increased substantially. The number of community protection referrals increased from 280 in 1998-1999 to 593 in 1999-2000. In 1999-2000, 350 of these referrals were for importation of PEDs.

Figure 14: Summary of Investigations of Community Protection Activities

| | 1997-1998 | 1998-1999 | 1999-2000 |
|---|-----------|-----------|-----------|
| Referrals received | 265 | 280 | 593 |
| Cases adopted | | | |
| number | 196 | 192 | 272 |
| proportion (per cent) | 74 | 75.3 | 45.8 |
| Cases completed* | | | |
| with a prosecution (through court system) | 49 | 39 | 61 |
| without prosecution | 170 | 130 | 166 |
| Cases where prosecution briefs completed* | 52 | 48 | 66 |

* Includes cases adopted in previous years.

The number of community protection referrals adopted for investigation increased from 192 in 1998-1999 to 272 in 1999-2000, predominantly due to the increased PED referrals. Referrals and cases relating to illegal importation of weapons, fauna and

offensive literature (included in the 272) have remained much the same as in 1998-1999. There were 22 successful prosecutions for importation of non-narcotic drugs in 1999-2000.

A number of people were also successfully prosecuted for importing PEDs. It is anticipated that the number of referrals and subsequent cases will increase even further in 2000-2001.

Significant Prosecution Outcome

In December 1999, an individual was convicted on 12 counts of importing a prohibited import and nine counts of false statement for importing 12 packages containing various parts for firearms, including parts for automatic weapons. The parts were sent in small parcels and padded post bags to a number of addresses and post office boxes. The offender was fined \$65 100, which included a penalty of \$21 000 and costs of \$44 000.

Functions Performed on Behalf of Other Agencies at Ports and Airports

In addition to its core functions, Customs undertakes a number of functions on behalf of other government agencies. These include the Department of Health and Aged Care, AQIS, AFP, the NCA, Environment Australia and AUSTRAC. The following figure summarises results of finds on behalf of, and referrals to, other agencies arising from Customs processing of international air passengers.

Figure 15: Summary of Finds/Referrals for International Air Passengers*

| | 1997-1998 | 1998-1999 | 1999-2000 |
|---|---------------|---------------|---------------|
| Quarantine | 45 614 | 48 629 | 60 858 |
| QIN# | | | 7,405 |
| Major | 432 | 312 | 212 |
| Minor | 45 182 | 48 317 | 53 241 |
| Prohibited Goods[^] | 1 950 | 1 688 | 1 671 |
| Major | 104 | 81 | 91 |
| Minor | 1 846 | 1 607 | 1 580 |
| Wildlife | 2 763 | 2 689 | 2 193 |
| Major | | | 27 |
| Minor | | | 2 166 |
| Undeclared excess Currency (referred to AFP) | 127 | 216 | 233 |

*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 is not commenced.

QIN refers to a Quarantine Infringement Notice.

[^] Prohibited goods do not include seizures of illicit drugs.

Intellectual Property (IP)

Excellent results were achieved in non-Olympic IP seizures. In NSW alone the total number of individual items seized rose from 59 747 in 1998-1999 to 364 220 (in 1999-2000), an increase of more than 600 per cent. Goods related to children's entertainment and computer type games accounted for most of the increase.

By seizing counterfeit or pirated merchandise Customs is ensuring that the Australian community receives authentic goods and the Australian industry's financial interests are protected. Customs received many letters of appreciation from industry. Clayton Utz in a written letter of appreciation to Customs CEO said:

'... since the January 2000 inception of the Nintendo anti-piracy program in Australia, it is estimated that over \$2 000 000 worth of counterfeit Nintendo merchandise has been seized by the Australian Customs Service. This is an extraordinarily successful result that has no doubt been achieved as a result of the diligence and dedication of a large number of Customs personnel...'

Community Participation Programs

Frontline

Frontline is a cooperative program between Customs and industry groups involved in international trade and transport. It draws on the knowledge and expertise of industry to help identify illegal activity. The membership of Frontline continues to grow with 772 members on 30 June 2000. Members provided 671 referrals to Customs, resulting in the detection of 146 instances of illegal activity.

The program has a strike rate of one detection from every five referrals. Some of the more significant results include several shipments of PEDs totalling over 8 700 tablets, undeclared currency in excess of \$114 000, many smaller seizures of heroin, cocaine, cannabis and steroids, undeclared firearms and a number of attempted vessel desertions.

Customs Watch

Customs Watch encourages the public to *Watch Out for Australia* and report any unusual or suspicious activities to the 24-hour free phone number 1800 06 1800. There were in excess of 1 040 calls to this number and regional offices, and 61 detections of illegal activity resulted.

Phone calls to the Customs Watch number alerted Coastwatch to the arrival and approach of two suspect illegal entry vessels. Following an October 1999 call, Customs and other authorities quickly contained the unlawful arrival of 25 non-citizens and crew and removed them to an immigration detention centre.

In December 1999, Customs quick response to a call from a pearl farmer prevented another vessel and its 58 non-citizen passengers from making unlawful landfall.

Another report led to the closure of an illegal laboratory and the detection of \$50 000 of amphetamines, \$37 000 of cannabis, 2 000 steroid tablets, 340 steroid vials and \$34 000 cash. Other significant results include a consignment of 86 reptiles being exported, a number of attempted vessel desertions, many small seizures of cannabis and several reports on the sale of imitation collector cards.

Key Achievements:

Facilitation of Goods as a Result of the East Timor Conflict

Darwin was the staging point for United Nations international assistance to East Timor. During the period of turmoil in East Timor, Customs contributed a rotation of staff from various regional operational areas to support local personnel.

Customs also assisted all agencies in the smooth importation and exportation of both medical and humanitarian aid.

Customs worked closely with relevant organisations including the Department of Defence, the Department of Foreign Affairs and Trade and the Attorney General's Department to ensure that movements of personnel and goods complied with Customs and quarantine requirements. Regulatory changes were made to provide International Forces East Timor (INTERFET) and United Nations Transitional Administration East Timor (UNTAET) with the same permit exemptions available to other visiting defence forces.

Tough on Drugs - Centre of Expertise - Search

Customs received funding through the *Tough on Drugs* Strategy to establish a Centre of Expertise to train specialist ship and aircraft search teams. After skills-acquisition in best practice ship search techniques from the United Kingdom and Canada, a select group of Customs officers developed the Australian training package and conducted the inaugural training course in November 1999.

With 21 specialist graduates in place, the Centre took on a new direction with the introduction of basic ship search training. Trainers conducted:

- ten ship search courses for 106 officers
- a Maritime Awareness Course for 13 Targeting and Intelligence officers
- an Advanced Ship Search Course for 12 officers
- Breathing Apparatus training for 13 officers involved in cargo examinations.

Additional safety equipment was integrated into the new ship search practices and an external Occupational Health and Safety training provider endorsed both the Centre's equipment and practices.

Research also commenced on the development of an aircraft search program.

Tough on Drugs in Sport Strategy

Customs supply reduction measures continue to form an integral part of the Government's anti-doping strategy, *Tough on Drugs in Sport* (http://www.isr.gov.au/sport/tough_on_drugs_in_sport). The strategy's key legislative amendments were passed allowing Customs to provide information on illegal importations of PEDs to the Australian Sports Drug Agency (ASDA) and the Australian Sports Commission (ASC).

Customs developed protocols to govern this passage of information under section 16 of the *Customs Administration Act 1985*. These protocols, which include a regular review requirement, are designed to protect the privacy and operational security of this sensitive information. Customs also assisted ASDA and ASC in their development of procedures for handling the information. The protocols were implemented on 23 March 2000.

Customs also increased its delivery of education/awareness sessions in PEDs to officers under the *Tough on Drugs in Sport* Strategy through a variety of training and awareness tools including:

- visits by Olympic athletes;
- sessions on PED types, forms, uses, detection procedures and penalties;
- the distribution of a PED Identification Chart developed in conjunction with the Australian Bureau of Criminal Intelligence, New South Wales Police Service and the Olympic Intelligence Centre.

Performance Enhancing Drug Additions to the Customs (Prohibited Imports) Regulations

Customs works closely with the Therapeutic Goods Administration (TGA) and ASDA to ensure that wherever possible, substances that are banned in sport are also prohibited imports. On 9 September 1999, the hormone erythropoietin (EPO) was added to the Customs (Prohibited Imports) Regulations.

As EPO has legitimate medical uses, its importation is now subject to a new regulation that allows importation where the passenger has a TGA permit or can demonstrate that the EPO was prescribed for medical treatment. The medical exemption does not apply to competitors (as defined in the *Australian Sport Drug Agency Act 1990*) or their associates (coaches, trainers etc).

Customs Legislative Amendment (Criminal Sanctions and Other Measures) Act 2000

This Act and associated regulations took effect from 26 May 2000. The amendments contained in this Act:

- increase the monetary penalties for illegally importing or exporting any prohibited import or export (from \$50 000 to \$100 000);
- increase the monetary penalty for importing trafficable or commercial quantities of narcotics (as described in Figure 16);
- introduce a criminal sanctions regime for Tier One – performance enhancing drugs, narcotic precursors (maximum penalty \$100 000 and/or 5 years imprisonment) and Tier Two – goods such as weapons, child pornography (maximum penalty \$250 000 and/or 10 years imprisonment) prohibited imports/exports;
- introduce provisions for Customs officers to open international mail articles; and
- introduce provisions that allow Customs to deploy a wider range of technology in the detection of prohibited imports/exports including narcotics.

Figure 16: Penalties for Importing Trafficable or Commercial Quantities of Narcotics*

| Maximum Penalty | Import/Export a trafficable quantity of cannabis | Import/Export a trafficable quantity of other narcotics | Import/Export a commercial quantity of any narcotic |
|-----------------|--|---|---|
| Previous | \$4 000 and/or 10 years imprisonment | \$100 000 and/or 25 years imprisonment | \$220 000 and/or life imprisonment |
| Current | \$250 000 and/or 10 years imprisonment | \$500 000 and/or 25 years imprisonment | \$750 000 and/or life imprisonment |

* Classifications of trafficable and commercial quantities of narcotics are below Figure 12 on page 35.

Permit Issuing Agencies

Customs focussed on the development of liaison and education programs with export Permit Issuing Agencies (PIAs). PIAs in the export environment include the Australian Wine and Brandy Corporation, the Wheat Export Authority and the Department of Communication, Information Technology and the Arts. PIAs have gained a greater understanding of Customs role in the export environment. As a result of this enhanced understanding many of the 16 export PIAs are now seeking increased Customs activity.

International Trade Facilitation

Customs was involved in a number of initiatives aimed at facilitating international trade. The aim of this work is to put in place universally consistent, coherent and transparent customs procedures to enhance certainty for Australian exporters, minimise their transaction costs, speed up trade flows and potentially open up new markets.

Of particular importance was Australia's acceptance of the revised International Convention on the Simplification and Harmonisation of Customs Procedures (also known as the Kyoto Convention).

Customs was heavily involved with the WCO and its members in reviewing and drafting the revised Convention.

Customs conducted wide consultation on the revised Convention and completed the required national treaty arrangements during the year.

The Minister for Justice and Customs signed the Convention in Brussels on behalf of the Government on 18 April 2000. Australia was the fifth country to sign the revised treaty however an instrument of ratification must be lodged before Australia will be legally bound by the revised text. This is expected to occur in late September 2000.

The revised Convention will enter into force once 40 of the existing 61 contracting parties have accepted it. The WCO expects this to occur towards the end of 2001.

Importance of Australia's acceptance of the revised Kyoto Convention.

The revised Kyoto Convention includes all the principles for customs facilitation of international trade and effective customs control. This includes the principles applied by modern customs administrations such as use of automated systems, risk management and audit techniques, transparency of customs regulations, partnership between customs and trade and system of appeals in customs matters.

The revised Convention is more binding than the previous Convention and the provisions supporting the above principles are mandatory for contracting parties.

Wide 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.

Customs will continue to promote acceptance and wide implementation of the revised Convention during 2000-2001.

Improving Intelligence Capability

Customs employs an intelligence-driven, risk management approach to identify illegal movements of goods and people across the border. The trend towards increased detections can be attributed to better cooperation between Customs, the intelligence community and law enforcement agencies and improved intelligence capability and technology acquisition.

Customs introduced a new National Intelligence System. It is a central repository and analysis tool and provides secure access to internal and external information sources. Additionally, the Intelligence Branch began developing guidelines to standardise reporting and initiatives to disseminate information more effectively within Customs.

Customs further developed its capacity to generate and use intelligence under its Strategic Assessment Program and has experienced an increasing demand for strategic assessments.

Border Technology

Customs maintained its commitment to the ongoing identification of leading edge technology that can be applied to the detection and identification of drugs and other prohibited goods. A major exercise began to identify the most appropriate x-ray equipment to assist in the detection of narcotics in fully laden shipping containers.

The ionscan particle trace detector again proved itself to be one of the more successful technology driven initiatives. Ionscan played an integral role in the detection and identification of the first Australian seizure of black cocaine. The success of the technology has led to an increase in deployed units to 51 nationally, including a total upgrade to the latest model and the introduction of a highly successful training and certification program for Customs operators.

Covert cargo examination facilities have been built as part of the Government's *Tough on Drugs* Strategy. The facilities utilise detection technology including ionscan, x-ray, drug detector dogs, evidence examination areas and other sophisticated equipment.

Ongoing evaluations include portable x-ray units and technology that might be useful in the identification of PEDs.

Radio Communications in the Torres Strait

Customs secure radio communications network in the Torres Strait began operation in December 1999. It provides secure, reliable communications between law enforcement officers including ground staff, aircraft and vessels. Customs simultaneously upgraded the existing community radio network to provide enhanced safety features for the local residents and maximise the benefits of the new radio infrastructure.

Waterfront Closed Circuit Television Surveillance

A major project to provide closed circuit television (CCTV) surveillance to 24 major seaports around Australia (in addition to three ports already with CCTV surveillance) continued during the year. The first port, Brisbane, was commissioned in April 2000. Remaining ports are being commissioned and added to the network as installation work is completed.

A 24 hour monitoring centre is being established in Melbourne. The introduction of this system will enhance Customs capability to manage risks at seaports both during and after hours. Operational and Intelligence efforts will be improved and the introduction of the surveillance network will serve as a deterrent to those who would engage in illegal activity.

Detector Dog Program

Customs has 42 operational detector dogs nationally, with teams located in each capital city and Cairns. Dogs are one of a range of narcotic detection tools, including x-ray and ionscan technology, available to Customs for use in a variety of circumstances. They are particularly useful for mass screening of articles, people, and large areas, and to indicate whether further examination, such as unpack of containers, is required.

During the year, detector dogs provided operational support to a number of Customs activities and police agencies. Two seizures of note were:

- A passive alert dog responded to two female passengers who were headed for the 'nothing to declare' (green) channel at Sydney Airport. The passengers were subsequently found to possess a total of two kilograms of cocaine secreted in the shoes and around the waist.
- A passive alert dog operating at Perth Airport was responsible for the first seizure of crystalline methamphetamine 'ice' imported by an arriving passenger. The drug was located in the hand luggage of the arriving passenger and totalled almost 250 grams.

Detector Dog Breeding Program

The Detector Dog Breeding Program continues to attract national and international attention as a centre of excellence in its field. As well as supplying Customs with quality candidates for training, the program was able to donate dogs, including to New South Wales Police Service in connection with their Olympic security responsibilities. The centre has an international partner arrangement with United States (US) Customs, and is discussing methods of broadening the international gene pool with two other US establishments.

OUTPUT 2

The facilitation of the legitimate movement of people across the border, while identifying illegal movements (Output 2)

This output covers processing of passengers, crew and craft arriving and departing Australia by sea or air, including the identification of persons of interest, consistent with immigration, health, family law and other law enforcement and national security requirements. Also covered is aerial and marine surveillance/response for specific operations related to illegal movement of people across the border.

Details of interceptions of illicit drugs and other illegal goods from international passengers are in Output 1 on pages 34 and 38. Details of aerial and marine surveillance/response for specific operations related to illegal movement of people across the border are included in Output 3 on page 50.

Performance Assessment:

Figure 17: Performance Against Targets set in the 1999-2000 PBS – Output 2

| Quantity/Quality Performance Measures | | Target* | Actual |
|---|-------------|----------------|----------------------|
| Quality | | | |
| Proportion of arriving international air passengers processed through the Entry Control Point within 30 minutes | | 95% | 96.90% |
| Percentage of passengers processed via Advance Passenger Processing/ Advance Passenger Clearance | Arriving | 30% | 33.60% |
| | Departing | 7% | 6.50% |
| Average number of seconds per arriving passenger at the Entry Control Point | | 42 seconds | 42 seconds |
| Number of air passenger referrals to Immigration and Health | Immigration | ** | 203 959 [^] |
| Number of suspected unlawful non-citizens (SUNCs) intercepted | Non-crew | ** | Refer to |
| | Crew | ** | Output 3 |
| Quantity | | | |
| Number of international passengers | Arriving | 8 470 000 | 8 386 404 |
| | Departing | 8 330 000 | 8 278 215 |
| Number of international crew (arrivals plus departures) | | 1 028 000 | 1 057 191 |
| Price | | \$64.8m | \$65.2m |

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

** Performance targets cannot be estimated.

[^] Introduction of PACE occurred progressively during July-September 1999 resulting in an incomplete data set, an average monthly rate for October 1999-June 2000 was substituted for July 1999-September 1999 to estimate a national annual total.

Output Pricing Review

The Output Pricing Review showed that Customs delivers more complex and more effective border control for air passengers than other benchmarking partners. These controls are relatively expensive but are consistent with current Government requirements.

Two independent studies examined in the Review found that passengers consider Customs to be ‘world class’ in terms of passenger facilitation. In view of Customs demonstrated ability to detect illegal activity, the Review determined that Customs successfully balances its facilitation and enforcement roles.

Facilitation Rates

A total of 16.5m international air passengers (15.4m in 1998-1999) were processed during the year. This is an increase of 7.1 per cent in international passengers since 1998-1999. Of the 8.3m arriving international air passengers, 96.9 per cent were processed through the entry control point within 30 minutes.

Figure 18: Proportion of International Air Passengers Processed within 30 minutes of Arrival, Airport Distribution (per cent)

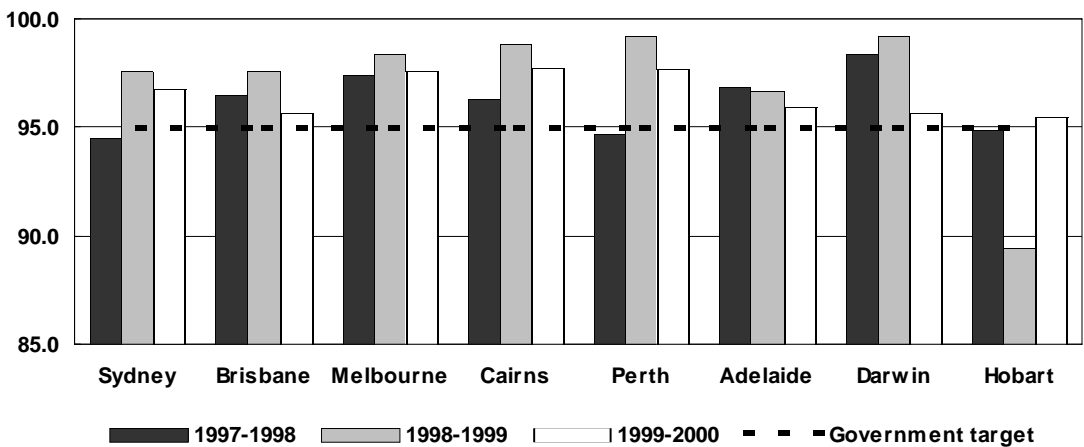


Figure 18 illustrates the percentage of incoming international arrivals cleared through the Entry Control Point (ECP) within 30 minutes. The formula used assumes a 10 minute delay between aircraft arrival and the time a passenger arrives at the ECP queue. The formula used was agreed with Government, together with a standard to clear 95 per cent of passengers within 30 minutes of arrival.

Customs ability to maintain the facilitation standard while passenger numbers increased can be attributed to increased use of Advance Passenger Processing (see below), the introduction of the new Customs passenger processing system (PACE) and associated technological and procedural improvements.

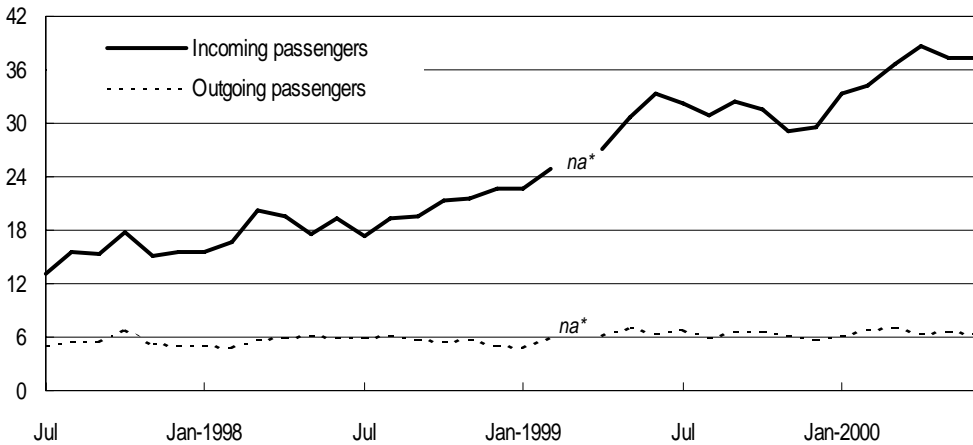
Advance Passenger Processing

Advance Passenger Processing (APP) is a system that integrates Advance Passenger Information (API) with the Electronic Travel Authority System (ETAS). APP allows airlines to verify the travel authority of passengers at check-in and send high integrity API to border agencies using the Electronic Travel Authority (ETA) communication network. With APP, Customs and Immigration are able to offer high quality service delivery to passengers, airlines and industry.

Implementation of APP is negotiated with airlines as part of a package of measures included in a Memorandum of Understanding (MOU). The MOU conveys a clear understanding of Government expectations and objective standards of performance. The MOU is designed to create an environment of certainty and improved service delivery through an integrated, coordinated approach.

In addition to API being provided via the APP platform there are two airlines which use a slightly different system - Advance Passenger Clearance (APC). This provides the same level of data integrity to the border agencies and is also complemented by a passenger card that can be 'swiped' to facilitate the arrival process.

Figure 19: Proportion of Air Passengers Utilising Advance Passenger Clearance and Advance Passenger Processing (per cent)



* March quarter 1998-1999 figures are incomplete due to technical problems with the Travel Immigration Processing System (TRIPS) database.

The overall number of APC/APP passengers increased slightly. During the June 2000 quarter APC/APP represented 38.3 per cent of all arriving international air passengers compared to 30.4 per cent in the June 1999 quarter.

Expansion of APP was vigorously pursued to assist the clearance of passengers for the Sydney 2000 Olympic Games. Qantas Airlines finalised their MOU in June 1999 to transfer from APC to APP. Other airlines expected to finalise their negotiations during 2000-2001 are Japan Airlines, Cathay Pacific Airways, Thai International Airways, and Singapore Airlines.

Key Achievements:

Exercise Crocodile 99

Between September and November 1999 a contingent of several thousand US Navy, Marines and Air Force personnel together with members of the Australian Defence Force participated in a training exercise, around Shoalwater Bay in Queensland.

Customs drew on its expertise, gained from involvement in previous similar military operations, and took an active part in advance planning. A video was produced in consultation with the AQIS to highlight areas specific to military exercises and provide awareness among the troops. The level of cooperation among all parties ensured that the processing of US Forces into and out of Australia was conducted in a professional and efficient manner.

Dynamic Signage

One of the many initiatives developed by Customs at Australia's international airports was the installation of dynamic signage at Melbourne, Cairns and Coolangatta Airports. Dynamic signage directs passenger flow and facilitates passenger queuing and streaming.

Tourism Awareness Video

The Department of Industry Science and Resources (DISR) and Customs jointly managed and funded the production of a tourism awareness training video for Customs officers working at Australia's international airports. The video's main objective is to remind Customs officers that, while their primary responsibility is to ensure the integrity of Australia's borders, they also have an important role to play in enhancing Australia's image to tourists. The video presented an ideal opportunity to enhance cross-cultural awareness and will be integrated into training programs being delivered during the lead up to the Olympics, and beyond.

Shift Reviews

During the year, working patterns were reviewed at Brisbane and Melbourne airports. New shift arrangements were introduced in Melbourne during March 1999 and Brisbane is expected to implement new roster patterns in August 2000. The arrangements aim to:

- better align resource allocations to operational demands;
- improve efficiency and flexibility to the benefit of Customs and employees;
- deliver a safe and healthy work environment; and
- maximise the relationship and communication between employees and management.

PACE

Phase One of the Passenger Analysis Clearance and Evaluation (PACE) system was successfully implemented in all major airports by the end of September 1999 which was approximately 12 months behind original schedule. The delay was due to requirements clarifications and resolution of technical issues. There was no significant impact on passenger processing, as the existing system, Passenger Automatic Selection System (PASS), remained available.

PACE extended system availability and reliability at airports and is enabling Customs to better measure performance. The system attracted high user acceptance from Customs officers and external users and no problems were experienced during the Y2K transition. Further development work is scheduled to be implemented by the end of 2000-2001.

OUTPUT 3

Coastal and Offshore Surveillance and Response

This output covers the provision of air and marine based civil surveillance and response services to a number of government agencies. The aim is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.

Performance Assessment:

Figure 20: Performance Against Targets set in the 1999-2000 PBS – Output 3

| Quantity/Quality Performance Measures | Target* | Actual |
|--|-----------------|---------------------|
| Quality | | |
| Number of aerial surveillance sightings of interest to Customs and client agencies | ** | 121 034 |
| Number of apprehensions | | |
| Suspect Illegal Entry Vessels (SIEVs) | ** | 76 |
| Foreign Fishing Vessels (FFVs) | ** | 72 |
| Quantity | | |
| Aerial surveillance coverage – square nautical miles patrolled | 90 000 000 | 90 141 206 |
| Aerial Surveillance Flying Hours | | |
| Coastwatch Aircraft | 16 400 | 16 125 [^] |
| RAAF P3 Orion | 250 | 250 |
| Number of marine taskings requested by external clients | 300 | 280 |
| Number of sea days for | | |
| Australian Customs Vessels# | 825 | 824 |
| Fremantle Class Patrol Boats | 1 805 | 1 796 |
| Price~ | \$186.0m | \$179.3m |

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

** Performance targets cannot be estimated.

[^] The slight shortfall in hours flown for the year 1999-2000 of 2.8 per cent was due to aircraft in the Coastwatch fleet spending extended periods of time being fitted with satellite communications equipment as part of an upgrade program stemming from the PMTF recommendations.

The target stated in the PBS was misstated as 1200 vessel sea days. This target is only applicable once all eight ACVs are commissioned and operating.

~ Includes the resources received free of charge from the Australian Defence Forces.

Illegal Entrant Activity

Suspect Illegal Entrant Vessel (SIEV) activity has steadily increased over the past three years. During 1998-1999, 923 Suspect Unlawful Non-Citizens (SUNCs) and 91 crew were detained. In 1999-2000, 4 188 SUNCs and 244 crew were detained.

While the number of illegal entrants arriving by sea and SIEV crew arrivals exceeded the total detained during 1998-1999, the effectiveness of Coastwatch, especially its SIEV detection rate, has improved. Further improvements are expected as the recommendations of the Prime Minister's Task Force on Coastal Surveillance are implemented.

Coastwatch Funding

The total price of the output (\$179.307 million) includes the resources received free of charge from the Australian Defence Forces - \$129.962 million.

The remaining expenditure (\$49.345 million) is made up of: the aerial surveillance contract costs; Coastwatch operating expenses; Coastwatch's share of distributed costs for strategic intelligence and technical support and Customs marine activity. The Customs marine activity dedicated to civil maritime surveillance and response for Coastwatch clients represents 33 per cent (\$5.580 million) of the National Marine Unit output pricing.

Figure 21: Summary of Suspect Illegal Entrant Vessels (SIEVs) and Suspect Unlawful Non-Citizens (SUNCs)*

| | 1997-1998 | 1998-1999 | 1999-2000 |
|---------------------|------------|------------|--------------|
| SIEV SUMMARY | | | |
| Undetected | 2 | 11 | 4 |
| Detected # | 16 | 31 | 72 |
| Total | 18 | 42 | 76 |
| Per cent Undetected | 11% | 26% | 5% |
| SUNC SUMMARY | | | |
| Undetected | 24 | 174 | 95 |
| Detected | 166 | 749 | 4 093 |
| Total | 190 | 923 | 4 188 |
| Per cent Undetected | 13% | 19% | 2% |
| Crew | 20 | 91 | 244 |

* Includes SUNCs arriving by sea only.

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

Key Achievements:

Prime Minister's Task Force (PMTF) on Coastal Surveillance

The PMTF on Coastal Surveillance was initiated in April 1999. The PMTF 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. Of the 18 recommendations, nine required action by Coastwatch. Customs has progressively implemented these recommendations since July 1999.

Customs implementation of the PMTF recommendation is reported under the *Customs Key Priorities for 1999-2000* section of this report on page 21.

Replacement of the Coastwatch Information Technology System

Coastwatch has realised significantly improved capability through the use of new information technologies made available through connections with Defence and the acquisition of new communications methods. Coastwatch is now linked to key client agency classified systems providing state-of-the-art access to information from a broad range of national and international sources.

With the aim of enhancing communication with clients, and providing a better planning and flight reporting system, Coastwatch is working to implement an integrated Command Support System. The system will be a comprehensive information management system that will integrate operational planning and logistical support aspects into a common 'restricted' level system.

Effectiveness will be improved through the better management of strategic and operational surveillance and response activities. The new system will provide better targeted and more timely reports to clients, and will enhance the existing administration of the contract payment and performance measurement system.

Implementation of the aviation aspects of the National Illicit Drug Strategy in the Torres Strait region

The new Bell 412 helicopter began operations in January 2000. It enabled Customs to conduct day/night surveillance and response operations in the Torres Strait, either by helicopter alone, or in conjunction with Coastwatch fixed wing aircraft and surface assets. New lit helipads were installed in strategic locations in order to increase the flexibility in responding to possible breaches of legislation.

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 the efficiency of Coastwatch. Fifteen recommendations were made; all of which were agreed to by Customs, three with qualification. Many of the recommendations made by the Auditor General were already in train as a result of the PMTF. It is expected that the remaining ANAO recommendations will be implemented in 2000–2001.

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

Following the release of the ANAO Audit Report into Coastwatch the JCPAA announced an intention to conduct a further review. The Terms of Reference for the JCPAA 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 Report. Submissions to the JCPAA were required by 9 June 2000. The Committee was briefed on 30 June 2000 by Customs and the first public hearings were scheduled for August 2000.

Bay Class Acquisition - Australian Customs Vessels

The National Marine Unit was in a transitional phase for a large proportion of the year as the six Minister Class vessels were disposed of and eight new Bay Class vessels acquired. The upgrade of Customs sea-going fleet and an increase in the number of vessels from six to eight was announced in the 1997-1998 Budget. This recognised the limitations of the then existing fleet and the increasing demand for operations beyond the 12 nautical mile jurisdiction. The first of the new Bay Class vessels, the Australian Customs Vessel (ACV) Roebuck Bay, was commissioned in March 1999 and a further four vessels were delivered in 1999-2000.

The fleet upgrade enhanced surveillance and response capabilities, enabling the current tasking levels from client agencies to be met more effectively and efficiently. The eight vessels will increase the fleet's potential sea-going days to around 1 200 days a year and enhance operational response times.

The capabilities of the new vessels were demonstrated when the ACV Holdfast Bay was required to patrol the waters off Sydney in extremely difficult weather conditions and for an extended period. This operation resulted in the detection and seizure of 502 kg of cocaine.

Border Protection Legislation Amendment Act 1999

As a result of the PMTF on Coastal Surveillance, the *Border Protection Legislation Amendment Act 1999* amended the *Customs Act 1901*, the *Migration Act 1958* and the

Fisheries Management Act 1991. The amendments resulted in the strengthening of Customs powers to deal with offshore offences in relation to the *Customs Act 1901* and other prescribed acts. The provisions contained in the Act took effect on 16 December 1999.

The amendments extended the powers that can be exercised by the commander of a Commonwealth ship in the various maritime zones. These powers include the powers to board and search a ship; examine goods found on a ship; ask persons on a ship questions and require the production of documents; copy documents and detain a ship and persons on board a ship. The provisions enable these powers to be exercised in relation to other prescribed Acts.

The amendments provided for the destruction of a ship in certain circumstances and the power for Customs officers to carry arms in certain circumstances. Parallel provisions were also included in relation to aircraft in accordance with international law.

OUTPUT 4

The administration of customs duty and sales tax, other border-related revenue collections, and import/export statistics

This output covers processing of all imported cargo and mail and items entering Australia with passengers and crew in order to assess and collect Customs duties and relevant taxes. Related activity covered under this output includes:

- tariff classification and valuation services related to Duty/Tax assessment; licensing;
- real time and post transaction compliance activity related to revenue protection and collection;
- investigations 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;
- Customs revenue collections associated with craft movements and collection of the Passenger Movement Charge; and
- processing and compliance activity related to imported and exported goods, in order to collect and validate import and export statistics.

From 1 July 2000 this output will include:

- assessment and collection of Goods and Services Tax, Luxury Car Tax, and Wine Equalisation Tax;
- compliance activity associated with these taxes; and
- administration of the Tourist Refund Scheme.

Output 4 will be amended to: *the administration of customs duty and indirect taxes, other border-related revenue collections, and import/export statistics.*

Performance Assessment:

Output Pricing Review

The Output Pricing Review examined only a small part of the activities undertaken within this output due to the majority of the activities undergoing major process change as a result of CMR.

Investigation activity is a significant component of this output and the Review found a number of indicators that demonstrated the efficient and effective service delivery of Customs Investigations.

The benchmarking study carried out during the Review found that Customs provision of valuation advice compared positively with participating administrations. However, comparisons regarding the provision of tariff advice suggested that the current service standard of 30 days could be reduced. The study also indicated that Customs spent more resources on the internal review of tariff advices than the benchmarking partners.

The Review also examined Customs Information Centres, which support the activity within Output Four, and found that the effectiveness and efficiency of these centres compare favourably with Commonwealth and private sector call centres.

Analysis of Performance

There was a general increase in the number of import entries processed during 1999-2000. During the first half of the year this increase could be attributed to the importation of Information Technology products for Y2K remediation activities and general imports for the new millennium celebrations. The increase in import entries lodged during the second half of the year could be associated with preparations for the implementation of the GST and associated tax reform initiatives including the abolition of wholesales sales tax and changes to the tariff rates. Imports and exports as a result of the East Timor crisis would have also contributed.

Customs service delivery targets for Output 4 generally exceeded 99 per cent. In almost every instance in 1999-2000, these service delivery targets, including targets for the availability of Customs commercial electronic systems to clients, were met or exceeded.

It is important to note that the figure for the proportion of total revenue subjected to audit activity relates only to audit activity and that other revenue risk treatments represent a significant proportion of the total resources utilised on revenue activities. Other approaches include education visits to clients and leverage exercises. In addition, the introduction of the GST has dramatically altered the revenue demographics of the client profile. For these reasons, the appropriateness of the target of 15 per cent will be reviewed in 2000-2001.

Figure 22: Performance Against Targets set in the 1999-2000 PBS – Output 4

| Quantity/Quality Performance Measures | Target* | Actual | |
|--|------------------------------------|-----------------|--------|
| Quality | | | |
| Electronic systems availability to Customs clients (availability as a proportion of prime time) | COMPILE | 99% | 99.98% |
| | EDIFICE | 99% | 99.66% |
| | EFT | 99% | 99.98% |
| | JEMS | 99% | 99.68% |
| | Reference | 99% | 99.98% |
| | Drawbacks | 99.70% | 99.97% |
| | EXIT | 99.70% | 99.70% |
| | TAPIN | 99.70% | 99.98% |
| Proportion of total cargo entries subjected to revenue protection processes | 100% | 100% | |
| Total revenue subjected to compliance audit activity as a proportion of total revenue responsibility | 15% | 15.40% | |
| Proportion of drawback, refunds and concessional arrangements for importers and exporters delivered in accordance with standards | Drawbacks | 100% | ^90% |
| | Refunds | 100% | 100% |
| | TCOs | 100% | 100% |
| Average number of unacquitted export clearance numbers at the end of each month | 3 500-4 500 | 4 877 | |
| Number of fraud/ev asion cases adopted for prosecution | 18-32 | 32 | |
| Quantity | | | |
| Number of Customs import entries lodged | 2 727 000 | 2 738 661 | |
| Number of export entries lodged | 1 330 000 | 1 339 207 | |
| Number of air cargo screened free consignments# | 2 270 000 | 1 621 124 | |
| Number of requests for licences | Warehouse | | |
| | New | 40-50 | 74 |
| | Renewals | 500-560 | 570 |
| | Brokers | | |
| | New | 50-100 | 71 |
| | Renewals | 2 000-2 500 | 2 187 |
| Number of external appeals against decisions | Granting of TCO | ** | 13 |
| | Eligibility of 4th schedule by-law | ** | 4 |
| | | | |
| Number of drawback applications | ** | 10 601 | |
| Number of refund applications | 23 900 | 22 109 | |
| Number of fraud/ev asion cases adopted for investigation | 85-110 | 111 | |
| Price | \$128.4m | \$116.7m | |

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

** Performance targets cannot be estimated.

^ 10 per cent of Drawbacks are selected for field verification and are not normally processed within 21 days.

The reduction in air waybills reported as a result of the introduction of amended procedures to reduce unnecessary reporting (refer to Output 1 on page 32), was also responsible for the reduction in the number of screened free air cargo consignments.

Figure 23: Revenue Collected on Behalf of Other Agencies (\$m)*

| | 1997-1998 | 1998-1999 | 1999-2000 |
|--|--------------|--------------|--------------|
| Passenger Movement Charge (PMC) | | | |
| Airports [^] | 187.7 | 198.6 | 224.1 |
| Seaports | 1.4 | 1.5 | 2 |
| Total | 189.1 | 200.1 | 226.1 |
| Marine Navigation Levy | 44.5 | 43.1 | 41.1 |
| Protection of the Sea Levy | 3.6 | 3.6 | 3.6 |
| Quarantine Entry Fee | 5.6 | 0 | 0 |
| Ballast Water Levy | .. | 1.1 | 0 |
| Wood Levy | 0.6 | 0.7 | 0.8 |
| Total | 243.3 | 254.5 | 280.7 |

* Accrual basis.

[^] PMC - Airports was misstated in 1998-1999 Annual Report as \$226.5m.

Key Achievements:

Data Integrity

Customs undertook a national program to increase the integrity of export data provided by industry. This data is used by the Australian Bureau of Statistics (ABS), numerous government agencies and industry for a range of purposes, including:

- calculation of Balance of Trade statistics
- implementation of government export controls.

In order for Customs to better utilise its resources, the organisation is taking a more active role in improving export data quality before it is lodged. Currently, when this information is found to be incorrect, it is corrected by Customs and the ABS.

Valuation Advice Service

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

Customs issued 182 valuation advices. The majority of these advices related to buying commissions (29 per cent) and price (23 per cent); both relevant to determining the customs value. Nine advices were the subject of requests for internal review by the policy area in Canberra with the initial decision being affirmed in each case.

The extent to which the service level standard of 30 days for finalising valuation advices was met indicated the range in complexity of the matters referred for advice. Around 80 per cent of requests were finalised within the standard, 68 per cent of

these within ten days. Eight per cent of requests took in excess of 60 days to finalise. This outcome has prompted a review of the service level standard.

The introduction of the GST will increase the importance of the correct valuation of imported goods. It is anticipated that this will result in an increased use of the valuation advice service.

Duty Forgone

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

Figure 24: Duty Forgone from Industry Schemes (\$m)

| Industry assistance measure | 1997-1998 | 1998-1999 | 1999-2000 |
|--------------------------------|--------------|--------------|--------------|
| Tariff Concession System | 390.6 | 373.6 | 365.5 |
| TCF Import Credit Scheme | 121.1 | 105.7 | 83.2 |
| Miscellaneous industry schemes | 86.9 | 78.4 | 76.9 |
| TCF policy by-law | 80.9 | 70.7 | 58.1 |
| TEXCO | 79.8 | 56.5 | 58.2 |
| Policy By-law Scheme | 34.1 | 22.5 | 14.9 |
| Cheese and Curd Quota Scheme | 9.9 | 8.8 | 9.4 |
| TCF Overseas Assembly | | | |
| Provisions | 10.3 | 7.2 | 6.7 |
| Total | 813.6 | 723.5 | 672.9 |

Tariff Concession System

A total of 16 internal reviews of Customs decisions on tariff concession applications and revocation requests were finalised, compared with 20 in 1998-1999. All reviews were completed within the legislated time limits, with an average review time of 33 days from receipt.

Figure 25: Tariff Concession System Summary Statistics

| | 1997-1998 | 1998-1999 | 1999-2000 |
|-----------------------------|--------------|--------------|--------------|
| Applications | | | |
| - received | 2 053 | 926 | 551 |
| - approved | 1 490 | 872 | 479 |
| - not approved | 520 | 215* | 146 |
| Revocations | | | |
| - Industry initiated | | | |
| - received | 79 | 41 | 46 |
| - approved | 86 | 33 | 35 |
| - not approved | 22 | 8 | 11 |
| - Customs initiated | 5 707 | 3 703 | 1 851 |

* Revised down from 218 reported in 1998-1999 Annual Report.

Review of Australia's General Tariff Arrangements

In October 1999, the Assistant Treasurer requested the Productivity Commission to undertake a review of Australia's general tariff arrangements. The review was to examine the scope for a post-2000 reduction in the general tariff, covering only those rates of customs duty of five per cent or less, and excluding the passenger motor vehicle and textiles, clothing and footwear sectors.

Customs provided considerable information to the Commission during the course of the review including details of the Tariff Concession System, a precis of industry policy concessions, responses to comments by other participants and a range of statistical data. The Commission issued its draft report in May 2000 and is due to refer its final report to Government towards the end of July 2000.

Compliance Activity

An audit program at the end of 1998-1999 revealed significant error levels in all key export entry data fields. A continuing audit program revealed that there was no discernible improvement in export data integrity during the latter part of 1999-2000. Customs undertook a national program to increase the integrity of export data to address this problem (refer to page 57) and there was an increasing awareness among exporters and their service providers of the importance of data accuracy.

Import data accuracy was maintained at a considerably higher level than export data throughout the year.

Considerable progress was made during the year on the development of draft legislation to enhance future compliance. The proposed changes to the legislation relate to record retention, audit powers, deterrent penalties and the extension of powers to examine export goods. The changes will be critical to improving the results of the self assessment regime, particularly in respect of current export requirements and *A New Tax System (Goods and Services Tax) Act 1999*.

Figure 26: Summary of Recoveries * and Refunds # (\$'000)

| | 1997-1998 | 1998-1999 [^] | 1999-2000 |
|------------------------|---------------|------------------------|---------------|
| Total | 60 405 | 34 511 | 13 075 |
| Recoveries | 52 046 | 31 040 | 12 650 |
| Refunds | 8 359 | 3 471 | 425 |
| Net adjustments | 43 687 | 27 569 | 12 225 |

* Recoveries relate to additional revenue identified as payable as a direct result of compliance activities in all commercial areas with the exception of major Excise payers, in 1998-1999 and 1999-2000.

Refunds are the amounts of money identified to be refunded to clients due to an overpayment, as a direct result of compliance activities in all commercial areas with the exception of major Excise payers in 1998-1999 and 1999-2000.

[^] Recoveries for 1998-1999 were inflated by five atypical large adjustments totalling approximately \$21m. Similarly the 1998-1999 refund total includes one adjustment of approximately \$1.4m.

Investigation of Fraudulent Activity

The appropriateness and quality of investigation actions are dependent upon the expertise and professionalism of investigation officers. The effectiveness of the investigation process was enhanced by a seamless training and professional development program, improved exhibit retention procedures and continual review of training relevant to the investigation function.

There was an increase in the number of detections involving evasion of import duty (mainly cigarettes). These cases are generally complex and time consuming to investigate to a successful outcome. Investigations Branch successfully completed a number of long term major fraud cases during the year, recording some significant outcomes.

1999-2000 saw a decrease in major fraud cases since the responsibility for both excise and fuel substitution was transferred to the ATO. The transfer occurred in July 1999 as a result of the October 1998 Administrative Arrangement Orders.

Figure 27: Summary of Investigation of Fraud Activities

| | 1997-1998 | 1998-1999 | 1999-2000 |
|---|-----------|-----------|-----------|
| Referrals received | 249 | 262 | 183 |
| Cases adopted | | | |
| number | 136 | 170 | 111 |
| proportion (per cent) | 54.6 | 64.9 | 60.7 |
| Cases completed* | | | |
| with a prosecution (through court system) | 21 | 34 | 32 |
| without prosecution | 105 | 122 | 141 |
| Cases where prosecution briefs completed* | 29 | 27 | 30 |

* Includes cases adopted in previous years.

Significant Prosecution Outcomes

In February 2000, a person was convicted on three counts under Section 20D of the *Commonwealth Crimes Act 1914* for importing 1 100 000 cigarettes from Singapore. The importations took place between December 1996-February 1998 and the cigarettes were hidden amongst foodstuffs in shipping containers. Prior to the full hearing the defendant made full reparations of outstanding customs duty of \$241 319. The court imposed a prison sentence of 12 months, with a non parole period of four months, and the remaining eight months conditional upon lodgement of \$5 000 surety and to be of good behaviour for five years.

Between April 1993-March 1997, an importer submitted false and forged invoices to evade customs duty on silk apparel from China. Warrant action was undertaken in August 1997 at which several thousand documents were seized, many requiring translation.

In February 2000, the importer was found guilty of defrauding the Commonwealth and sentenced to two years imprisonment with a minimum of four months to serve. The importer was also ordered to pay reparations of \$120 334, and required to lodge a three year good behaviour bond of \$3 000. The manager of the company was found guilty on a similar charge and required to lodge a good behaviour bond of \$5 000.

OUTPUT 5

Dumping and Countervailing Administration

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

Performance Assessment:

The past year has seen a continuous focus on improving processes and procedures. Customs has reviewed many of its practices in light of the practices of other major users of the WTO anti-dumping system. Customs also sought independent legal and accounting advice and encouraged and supported staff in maintaining their professional accreditation qualifications.

Figure 28: Performance Against Targets set in the 1999-2000 PBS – Output 5

| Quantity/Quality Performance Measures | | Target* | Actual |
|---|----------------|---------------|---------------|
| Quality | | | |
| Proportion of anti-dumping/countervailing cases & reviews completed within 155 days | Cases# reviews | 100% | 47% |
| | | 100% | 100% |
| Quantity | | | |
| Number of anti-dumping/countervailing: | | | |
| New cases | | ** | 14 |
| Reviews initiated | | ** ^ | 12 |
| Cases terminated | | ** | - |
| Cases withdrawn | | ** | 15 |
| Cases rejected | | ** | 5 |
| Appeals to the Federal court | | ** | 2 |
| Price | | \$5.7m | \$5.0m |

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

** Performance targets cannot be estimated.

^ Target in the PBS was misstated as 1 instead of 'Performance target cannot be estimated'.

Refers to cases finalised within 1999-2000 but not necessarily initiated within that same financial year. Explanation of actual performance is detailed at page 62.

PricewaterhouseCoopers (PWC) conducted a review of the dumping system under the new legislation. The audit focused on three cases: carpet backing from five countries, polyvinyl chloride from four countries and A4 copy paper from one country. PWC found no instances of deficiencies in the professionalism, standard and consistency of reporting and that overall case management was functioning adequately. However, PWC recommended improvements in risk management, documentation management and resource management. These issues have been built into the work plan for 2000-2001.

PWC was engaged independently to comment on the accounting and finance aspects of the important working papers, such as normal value reports and issues papers, relating to A4 copy paper. PWC endorsed Customs approach.

Blake Dawson Waldron was also engaged to comment on the approach taken by Customs on a range of technical legal issues in relation to establishing normal values in countries where the economy was said to be in crisis.

Advice to Government on the Application and Administration of Trade Measures

Figure 29: Dumping Workload Information, 30 June 2000

| | 1997-1998 | 1998-1999 | 1999-2000 |
|---------------------------------------|-----------|-----------|-----------|
| New cases initiated * | 36 | 18 | 14 |
| Reviews initiated # | 8 | 8 | 12 |
| Continuation inquiries initiated ^ | - | 8 | - |
| Assessments lodged + | 10 | 6 | 5 |
| Cases withdrawn/rejected/terminated @ | 30 | 23 | 20 |
| withdrawn prior to initiation | 25 | 13 | 15 |
| withdrawn after initiation | 1 | - | - |
| terminated after initiation | 4 | 2 | - |
| rejected prior to initiation | - | 8 | 5 |

* Where dumping and subsidisation are alleged for the same country and commodity, they are counted as separate cases.

Reviews of normal values and non-injurious prices for the same country and commodity are defined as two reviews.

^ This function formerly performed by the Anti Dumping Authority.

+ Means Interim Duty refund applications.

@ Cases withdrawn or rejected may have been initiated following re-lodgement.

In the cases where the Statement of Essential Facts (SEF) was not issued on day 110, an extension had been granted by the Minister (usually of one month, although in an exceptional case, a period of four months). An extension to the due date for SEF automatically extends, by the same period, the due date for reports to the Minister.

Extensions were sought for a variety of reasons including: implications of holiday periods in the country of export, the complexity of the case, the requirements of the Australian industry, verification problems as a result of incomplete cooperation from some exporters and the extension of a case to include an exporter who had previously been covered by a price undertaking.

However, Customs noted an improvement in case management in comparison with the 1998-1999. The improvement was attributed to the stabilisation of the new dumping system and increased administrative and technical support.

Review and Litigation

Two CEO decisions were appealed to the Trade Measures Review Officer (TMRO). The first decision not to initiate an investigation was confirmed by the TMRO. The second decision is still pending.

The Federal Court handed down two rulings in relation to anti-dumping matters. The Court upheld Customs treatment of due allowance adjustments in establishing normal value for a Saudi Arabian exporter of carpet backing.

In the other case, the Court ruled that a price undertaking given by an Indonesian exporter of A4 copy paper had expired and therefore Customs decision to review that undertaking was invalid.

Key Achievements:

Customs took positive steps to reduce the number of extensions sought. The exporter's questionnaire was considerably expanded and made more user-friendly, leading to a more efficient and effective use of the data supplied. During 2000-2001, the application form will be reviewed, which should improve the assessment of injury being suffered by Australian industry.

Economies in transition legislation came into effect on 1 July 1999. The new legislation provided additional options to determine normal value in economies that are considered to be in transition from centrally-planned to market. Two cases involving economies in transition were initiated during the year: cement from China (among other countries) and ammonium nitrate from Russia. Outcomes of these investigations will become apparent during 2000-2001.

During the year, discussions were held with the Australian industry task force on policy and procedural issues. The task force was consulted in the formulation of a proposed amendment to the regulations that will govern procedures to determine the production costs of related parties and vertically integrated producers. Additionally, Customs discussed a range of issues with a new group comprising the major importers and users of paper product.

CAMEO - NERVE CENTRE OF COASTAL SURVEILLANCE

The National Surveillance Centre (NSC) is the nerve centre for the civil maritime surveillance of Australia's 37,000km of coastline and 14 000 000 km² of ocean territory. It is the coordination point for information and intelligence used to marshal responses from the aircraft and ships continuously patrolling the coastline.

The NSC is located in Customs House and is linked electronically to relevant agencies across Australia. There are satellite communication links to Coastwatch aircraft and Customs Marine Unit vessels, as well as secure systems for the passage of intelligence and related information from a range of civilian and defence sources.

While opening the centre on 5 April 2000, the Prime Minister said the high level of cooperation between Customs, the AFP, Defence and state police forces was impressive and reassuring. He said that Coastwatch was dealing with an existing, but growing challenge – illegal drug importation – and also with the comparatively new phenomenon of illegal immigration as well as a diverse range of client requirements across the enforcement spectrum.

The upgraded, 24-hour-a-day, high-tech centre is instrumental in coordinating relevant surveillance operations and information dissemination necessary to detect and deter any attempts to illegally import drugs, or other prohibited goods, into Australia.

All responses to sightings of suspected illegal immigrants, foreign fishing vessels, quarantine breaches and environmental concerns are also coordinated through the NSC.