

AUSTRALIAN CUSTOMS SERVICE

Annual Report
1999 - 2000



Australian Customs Service
5 Constitution Avenue
Canberra ACT 2601
Telephone: 02 6275 6666
Facsimile: 02 6275 6999

Customs Information Centres
Telephone: 1 300 363 263
Internet: <http://www.customs.gov.au>
Email: information@customs.gov.au

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Chief Executive Officer

Customs House
Canberra City ACT 2601

Senator, the Hon. Amanda Vanstone
Minister for Justice and Customs
Parliament House
CANBERRA ACT 2600

Dear Minister

I present to you the Annual Report of the Australian Customs Service for the financial year ended 30 June 2000. This report has been prepared in accordance with sub-section 17(1) of the Customs Administration Act 1985, and the guidelines approved by the Joint Committee of Public Accounts and Audit referred to in sub-sections 63(2) and 70(2) of the Public Service Act 1999. These guidelines are applied as a matter of policy to prescribed agencies under section 5 of the Financial Management and Accountability Act 1997 including the Australian Customs Service.

Sub-section 17(2) of the Customs Administration Act 1985 requires you to present this Report to each House of Parliament within 15 sitting days of the day on which you receive this document. The guidelines referred to above require that this presentation occur on or before 31 October 2000.

This report details performance for the year in terms of Customs five outputs and their contribution to the achievement of Customs outcomes.

A handwritten signature in black ink, appearing to read 'L B Woodward'. The signature is written in a cursive, flowing style.

(L B WOODWARD)

21 September 2000

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Chief Executive Officer's Review

Change and the desire for better performance continued to feature in the Australian Customs Service (Customs) during the year.

Customs worked closely with other agencies and industry groups to prepare for the introduction of The New Tax System. From 1 July 2000, Customs will be responsible for determining the tax liability for imported goods and will operate a Tourist Refund Scheme for international travellers.

In advance of the Sydney 2000 Olympic and Paralympic Games, Customs introduced changes to systems and processes that will have lasting efficiency and effectiveness implications for travellers and traders.

Customs delivered 'business as usual' to its clients through the Year 2000 period and Customs business continuity/recovery plans developed for Year 2000 formed the basis of major contingency requirements (and have already been used for the Olympic and Paralympic Games).

A detailed business model for the Customs Cargo Management Re-engineering (CMR) project was finalised and detailed planning for the construction of the new system began after extensive consultation with the importing and exporting community. The project will modernise and integrate Customs cargo-management systems.

The Government's *Tough on Drugs* Strategy continued to pay dividends with record narcotic seizures again in 1999-2000. Increased cooperation with the Australian Federal Police and our other law-enforcement partners was highlighted during a record seizure (500 kg) of cocaine. Continued record seizures of performance enhancing drugs are further indicators of Customs drug-interdiction results. Inter-agency cooperation is crucial to Customs effectiveness and the organisation will continue to give this a very high priority.

As part of a broader international program, a senior officer was assigned to a new Customs post in Bangkok, with an emphasis on cooperation with relevant government agencies in relation to drugs and illegal entrants.

Criminal sanctions were introduced for import/export offences, including performance enhancing drugs, narcotic precursor chemicals, weapons and child pornography. Monetary penalties were also increased for narcotic offences.

Considerable assistance was provided to Auditor-General for his review of Coastwatch, completed in early 2000. Significant progress was made in implementing the recommendations of the Prime Minister's Task Force (PMTF) on Coastal Surveillance. The benefits of additional resources provided through the PMTF process are already evident.

While the number of suspect illegal entry vessels rose sharply between 1998-1999 and 1999-2000 (from 42 to 76), Coastwatch effectiveness as measured by its detection rate of these vessels improved from 76 to 95 per cent. Further improvements are expected as the recommendations of the PMTF continue to be implemented.

With closer intelligence links with the Defence organisations and rapidly developing detection technologies, coordinated through the National Surveillance Centre in Canberra, Customs provided more effective, value for money coastal surveillance.

New Bay Class marine vessels also enhanced Customs surveillance and response capabilities, enabling the current tasking levels from client agencies to be met more efficiently and effectively.

Customs played a major role, particularly in the Asia-Pacific Region, in the delivery of training and assistance to other customs administrations. The organisation undertook its first United Nations support role, in East Timor, reflecting the professionalism for which Customs is well known. Two teams of Customs officers assisted the establishment of East Timorese border controls despite risks to health and security. The officers trained approximately 180 East Timorese recruits and were instrumental in establishing the first revenue stream for the new nation.

Beyond the special tasks outlined above, Customs continued to deliver its core outputs. It processed more than 16.5 million international passengers and more than four million import and export entries, which produced \$5 048.5 million in government revenue, and provided effective coastal and offshore surveillance. The results of the Output Pricing Review conducted with the Department of Finance and Administration confirmed that Australia has a highly cost-effective and efficient Customs service against international standards.

It is individual Customs officers who ensure that the organisation achieves its goals. Their dedication and commitment were evident during the pressures of the past 12 months. A new performance assessment and feedback system was introduced to recognise performance in remuneration. Customs continued to build a new workforce planning capability to support and encourage the professional development of staff.

Financial Performance

Customs financial results show that it is a stable organisation operating within its fiscal means. Customs delivered its stated outcome within budget and with a better year-end position than 1998-1999. Customs generated a small surplus and an improvement in its net asset position.

There was a reduction in the net contribution to budget outcome, due to the transfer of excise revenue collection to the Australian Taxation Office. However, this contribution was better than expected as a result of increased Customs Duty collections (three per cent over budget).

The Year Ahead

Over the next 12 months, Customs will continue to demonstrate its professionalism and strive to maintain its standing as a world leader among customs administrations.

Customs will contribute significantly to the Australian community's smooth adjustment to The New Tax System. The effectiveness of Customs planning and preparation for Sydney 2000 Olympic and Paralympic Games will also be evident.

The detailed design of the information technology applications and legislative changes to support the introduction of our new cargo-management processes will be substantially completed. Consideration will be given to the implications for Customs organisational structure.

Coastal surveillance and drug interdiction capabilities will continue to be strengthened through new systems, examinations of emerging technology and process improvements. There will be a continuing emphasis on consolidating the close working relationships with border protection, law-enforcement agencies and industry.

Customs will also:

- improve the quality of the conduct of anti-dumping/countervailing investigations;
- work closely with service providers to ensure that it receives even better levels of service from outsourcing; and
- implement the outcomes of the examination of its future workforce requirements.

Customs has the capability to meet the challenges for 2000-2001 and will continue to deliver all of its services in a professional and effective manner.