

*100 years of service 1901-2001*

Australian Customs Service ANNUAL REPORT

2000-01

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# AUSTRALIAN CUSTOMS SERVICE

Chief Executive Officer

Customs House  
Canberra City ACT 2601

Senator the Hon Chris Ellison  
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 2001. 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, including the Australian Customs Service, under section 5 of the *Financial Management and Accountability Act 1997*.

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 in sub-section 70(2) of the *Public Service Act 1999* require that this presentation occur on or before 31 October 2001.

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

(L B WOODWARD)

28 September 2001

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# Guide to the Annual Report

## Aids to access

### Table of contents

The table of contents is available before the Guide to the Annual Report.

### Index

An alphabetical index is available in on page 193.

An index outlining compliance with the Requirements for Annual Reports approved by the Joint Committee of Public Accounts and Audit is available in Appendix I on page 190.

### Glossary

A glossary of acronyms and abbreviations used is available in Appendix G on page 185.

### Contact and Internet details

Contact details for further information, details of the Customs Internet site and details of the location of this annual report on the Internet are available in Appendix A on page 174.

### Other information

This annual report provides details of the operations and performance of Customs for the financial year ending 30 June 2001.

The annual report is aligned to both the Attorney-General's Portfolio Budget Statements 2000-01 and the Attorney-General's Portfolio Additional Estimates Statements 2000-01.

Where figures differ from those published in previous annual reports, they represent revisions based on the latest available information.

*100 years of service 1901-2001*

# Centenary of federation and Customs

As well as the centenary of federation, 2001 marked 100 years since Customs was established as one of the first Commonwealth Government departments.

Initially part of the Department of Trade and Customs, Customs has been linked over the years with portfolios such as trade, excise, business, consumer affairs, science, industry, commerce and justice. Customs was established in its current form in 1985 through the *Customs Administration Act 1985*.

Many of the powers of Customs are set out in the *Customs Act 1901*, which came into force on 4 October 1901. Originally 47 pages long, it has grown to over 850 pages with more than 180 amendments made. While the Act itself has grown, it has also been supplemented by over 20 other pieces of legislation.

Some of the significant milestones of Customs during the past 100 years include:

- collecting Commonwealth revenue (see Revenue raising below)
- detecting and deterring smuggling (see Border protection below)
- enforcing controversial policies such as the 'white Australia' policy dictation test and seizing doubtful publications under censorship operations
- extending Customs controls to air freight in 1923
- introducing the world's first computer system for clearing air and sea cargo in 1972
- establishing the world's first drug-detector-dog-training program during the late 1970s
- taking on the Coastwatch surveillance role in 1988
- participating with the United Nations initiative in East Timor in 2000.

## Revenue raising

Throughout Australia's history, Customs has played an important role in collecting revenue. Before federation, colonial Customs administrations were essential revenue raisers. As early as 1800 fees and regulations were introduced in the colony of New South Wales to control the rum trade.

At federation, the Customs administrations of the colonies transferred to the Commonwealth. The new Commonwealth Government had exclusive control over the tariff - customs and excise duties on imported goods. While this brought an end to collecting inter-colonial revenue, it began a united approach to controlling smuggling in Australia.

Revenue milestones over the years include:

- in the early years of Federation, Customs raised the majority of Commonwealth revenue
- an excise of twopence a gallon was introduced on petrol in 1927, together with higher duties on imported tyres, to fund the construction of roads
- during World War II the tariff provided significant funding for the planes, ships, munitions and troops involved in the war effort
- after the war trade grew rapidly, as did the number of items being assessed for tariffs – in 1950 an international convention proposed a common system of tariff classification so that goods could be easily identified

- during the 1960s levels of tariff protection increased greatly – since then, successive governments have gradually lowered tariff rates
- responsibility for excise was transferred to the Australian Taxation Office in 1998
- today Customs raises more than \$6 billion in Commonwealth revenue each year.

## Border protection

Customs has also played a role in ensuring the integrity of Australia's borders since the time of federation. When the tariff was introduced in 1901 some tariff rates were so high, such as alcohol duty at 14 shillings a gallon, that smuggling became an attractive money-making venture. Opium, prohibited now but legal then, was also smuggled through most ports.

Over the years, smuggling techniques have adapted, as has Customs. The time-consuming physical searches of the early 1900s are now supplemented by modern techniques such as x-ray, ionscan and detector dogs.

Some comparisons of early smuggling efforts with those of today are outlined below.

### Smuggling 'dirt'

While it is now prohibited, imports of opium used to be legal, provided the high rates of duty were paid. One group of early smugglers imported their opium in tea crates. To tell the crates apart from normal ones, they were marked with Chinese writing saying 'dirt'. Customs officers, who could not read Chinese, could not detect the difference. When the scheme was discovered, Customs took to searching every crate and over £70 000 worth of opium was seized.

Smugglers of today are not that different. In February 2000 Customs seized approximately 115kg of black cocaine concealed in a consignment of air freight. Black cocaine, which looks like lumps of dirt, is normal cocaine camouflaged with chemicals to change its appearance in the hope of avoiding detection by Customs.

### Physical searches

Women's crinolines – stiff hooped petticoats for skirts that were fashionable in the 19th century – had pockets. This was a relatively safe method for smugglers as searches of women's clothing were extremely rare. Women smuggled opium, cigars and other drugs in their pockets.

Today Customs has many female staff and searches of women's clothing are just as likely as men's. Modern technology, such as body x-ray machines, can also be used to detect prohibited goods concealed in clothing without the need to physically search travellers.

# Celebration of federation

Customs was involved in a number of activities to celebrate the centenary of federation and of Customs, including:

- an exhibition at the National Maritime Museum focussing on drugs, seized goods, illegal immigration and the role of Customs in Federation
- a smaller exhibition to tour all states and the ACT over the next two years
- a number of regional events organised in cooperation with regional authorities
- issuing commemorative plaques for significant colonial buildings used for Customs purposes
- issuing commemorative medallions to all Customs staff employed on 1 January 2001.

## Customs on show at the National Maritime Museum

The *Smugglers, Customs and Contraband 1901-2001* exhibition was on display at the Australian National Maritime Museum in Sydney during January – June 2001.

The exhibition was developed by the museum with financial support and practice assistance from Customs and a Centenary of Federation grant. Various aspects of Customs over the past 100 years were covered, including:

- the issues that were debated in the lead-up to federation, including the history and background of customs tariffs
- the role of Customs in deterring and intercepting illegal entrants
- illicit drugs and other prohibited imports, including how Customs conducts surveillance, search and detection operations, and methods of concealment.

At least 1200 historical and current items were on display, many lent by Customs.

Interactive displays were used throughout the exhibition, aimed at stimulating the interest of younger visitors. The centrepiece was a scaled-down version of the ship-search simulator at the Customs Marine Centre at Neutral Bay in Sydney. Children could clamber through the concealed cubes to find packages of 'drugs'. A schools program aimed at older students was also developed linking into centenary of federation studies.

A smaller version of the exhibition will go on tour to a number of centres around Australia during 2001-02. Venues will include Canberra, Echuca in Victoria, Adelaide and Hobart.

*Some of the information presented in this section relies on research undertaken by Dr David Day for his book Customs and Contraband, which traces the history of Customs in Australia from 1901.*

*100 years of service 1901-2001*

# Review by the Chief Executive Officer

During the past 12 months Customs implemented major changes to Government policy, such as tax reform and the response to the risk posed by foot and mouth disease, and was involved in the 2000 Olympic and Paralympic Games. Throughout this, Customs continued to demonstrate its commitment and professionalism to the Government and to the Australian community.

## Significant issues and developments

### Tax reform

Customs contributed to implementing the Government's tax reform measures at the Australian border. In particular, Customs collects the Goods and Services Tax (GST), Luxury Car Tax (LCT) and Wine Equalisation Tax (WET) associated with postal and cargo activities, and establishes deferred GST liability for imported goods.

Customs is also responsible for administering the Tourist Refund Scheme, which allows tourists and Australian residents travelling overseas to recover the GST and WET they pay on goods purchased in Australia. Nearly 247 000 departing travellers used the scheme during its first year.

Further information on the implementation of tax reform is available under Key priorities for 2000-01 on page 24 and under Output 4 on page 77.

### Olympic and Paralympic Games

The Sydney 2000 Olympic and Paralympic Games (Games) were a significant challenge for Customs. The agency was responsible for facilitating the increased volume of people and goods entering and departing Australia during the Games, while continuing to service existing customers and maintain appropriate border controls.

Highlights of the Games for Customs included:

- introducing special initiatives for Games athletes and officials, such as dedicated primary processing facilities and off-airport processing
- facilitating over 62 000 movements of Games athletes and officials using Olympic Travel Authorities
- approving \$633.7 million in temporary imports for the Games
- coordinating a total of 119 seizures of over 149 000 items of fake or unauthorised Olympic merchandise
- maintaining 'business as usual' for other clients of Customs during and around the Games.

Further information on the Games is available under Key priorities for 2000-01 on page 24.

## Cargo management re-engineering

Customs is re-engineering its cargo management systems to deliver new import and export processes, increase cargo management efficiency for industry and deliver improved targeting of high-risk cargo. Significant progress was made during 2000-01 including:

- developing IT user requirements for the new Integrated Cargo System
- beginning to define business rules for the Integrated Cargo System
- developing associated legislation, which was passed by the Parliament on 26 June 2001.

Additionally, Customs reviewed its business processes, looking at the impact of cargo management re-engineering and other initiatives on the way Customs does its work. The review identified agency-wide opportunities to better arrange core functions to support the re-engineering process and enhance effectiveness.

Further information on cargo management re-engineering is available under Key priorities for 2000-01 on page 27.

## Quarantine risks

The threat of foot and mouth disease and other quarantine risks emerged as a priority for Customs during 2000-01. Customs worked closely with other border agencies, particularly the Australian Quarantine and Inspection Service (AQIS), to increase physical examination of goods and people. This included targeting passenger baggage, personal effects, postal articles and cargo consignments from high-risk areas.

The May 2001 Budget included increased funding for Customs and AQIS, in recognition of the threat posed by foot and mouth disease and other quarantine risks. This funding will further increase examination rates for goods and passengers from high-risk areas and will result in approximately 500 additional staff being employed by Customs.

Further information on quarantine risks is available under Key priorities for 2000-01 on page 31.

## Anti-dumping and countervailing

During 2000-01, Customs received 19 new anti-dumping/countervailing cases and initiated three reviews, covering issues such as steel shelving, copper tubing, road sweeper components and gas water heaters. Customs submitted 12 reports on these investigations to the Minister for Justice and Customs for a decision.

There were a number of changes to the way Customs conducts its anti-dumping and countervailing investigations as a result of changes to the guidelines for investigations. In December 2000 the Minister for Justice and Customs provided Customs with guidelines on price control in economies in transition. These guidelines were later revised in June 2001. The Minister also wrote to Customs in December 2000 setting out guidance on determining material injury in dumping investigations.

## Parliamentary scrutiny

Customs provided input to several parliamentary committee inquiries as outlined below.

- The Joint Committee of Public Accounts and Audit continued its inquiry into Coastwatch.
- The Senate Legal and Constitutional Legislation Committee considered Customs-related issues at its estimates hearings. It also considered the trade modernisation legislation associated with cargo management re-engineering and legislation about measures to combat serious and organised crime.
- The Senate Legal and Constitutional References Committee announced on 26 June 2001 that it would conduct an inquiry into the outsourcing of IT by Customs.
- The Senate Scrutiny of Bills Committee considered the trade modernisation legislation and several other Customs-related pieces of legislation.
- The Senate Finance and Public Administration References Committee inquiry into IT outsourcing considered evidence provided by Customs.

Further information on parliamentary and other external scrutiny of Customs can be found under Management and accountability, beginning on page 83.

## Change of Minister

Senator the Hon Chris Ellison was appointed the Minister for Justice and Customs on 30 January 2001. The previous Minister, Senator the Hon Amanda Vanstone, had held this position since 21 October 1998.

## Centenary of Customs

This year marked the centenary of a national Customs service in Australia. Customs participated in a number of activities to recognise this and to celebrate the centenary of federation.

Further information on the Centenary of Customs and federation is available on page 3.

## Overview of performance

A number of significant issues and developments for Customs during the past year have been outlined above. In addition to these, Customs continued to deliver on its five outputs. Customs processed more than 17.9 million people and cleared 4.2 million air cargo and over 1.3 million sea cargo consignments. It conducted nearly 4000 surveillance flights over coastal and offshore areas. Customs was the largest collector of Commonwealth revenue after the Australian Taxation Office. Customs duties, indirect taxes and other revenue for which it is responsible amounted to over \$6 billion in 2000-01.

Highlights of this performance included:

- continued high levels of drug seizures, including a substantial increase in the weight and number of seizures of MDMA (ecstasy) and a record number of seizures of performance-enhancing drugs
- a continued emphasis on the use of technology, with a major initiative under way to introduce container x-ray facilities, greatly increasing the examination capabilities of Customs
- a continued emphasis on developing intelligence abilities, including an initiative to allow cross-agency access to intelligence holdings between Customs, the National Crime Authority and the Australian Federal Police
- the contracting of the MV Samson Explorer, as a result of specific funding announced in the 2000-01 budget, to transport illegal entrants from their point of interception to the mainland
- a significant increase in the area patrolled by Customs Coastwatch flights from just over 90 million to over 120 million square nautical miles
- a continued focus on detecting illegal entrant vessels
- significant levels of compliance auditing, with companies audited accounting for 23.5 per cent of relevant revenue during 2000-01
- undertaking an export data integrity project to increase the level of accuracy in export data provided to Customs.

## International activity

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

Australian Customs was involved in an initiative to improve the strategic capacity and performance of the WCO.

Australian Customs coordinated activity under the APEC SCCP Collective Action Plan (CAP) programs in integrity, paperless trading and risk management. In addition to these programs, the expertise of Australian Customs was sought to assist the modernisation efforts of other APEC administrations.

## Financial results

Customs continued to be a stable organisation operating within its fiscal means. The agency received \$627.2 million in revenue to deliver its outputs and contribute to the Customs outcome. It generated a small net surplus on these operations. There was a net increase in the contribution of Customs to budget outcome. This increase was due to the increase in the value of exports as a result of the lower Australian dollar.

Further information on the financial performance of Customs is available in the Financial statements, commencing on page 115.

## Looking forward – outlook for 2001-02

The next 12 months will place further demands on Customs. In particular, Customs must position itself to meet the challenges of the cargo management re-engineering process. Phase 1 of the Integrated Cargo System will be introduced during 2002. This will significantly affect the way Customs does business. Customs is considering a new organisational structure to take advantage of the opportunities presented by this re-engineering process.

Customs will also continue to manage other important issues such as civil maritime surveillance and meeting its international commitments. This will include monitoring Australia's border, detecting importations of illicit drugs and intercepting illegal entrants.

The nature of the work of Customs is dynamic and requires evolving work processes. Intelligence and technology must be used more effectively and efficiently to identify and assess risks. Customs must also work closely with other agencies to further collective aims and be responsive to the ever-changing environment.

Customs will employ more than 500 extra staff to boost screening operations at the border. The new officers will cooperate closely with AQIS as the two agencies put in place measures to guard against the possibility of foot and mouth disease and other quarantine risks entering Australia.

In the corporate arena, Customs must continue developing its staff, particularly in contract and project management. During 2001-02 Customs will introduce its third certified agreement covering Customs staff at Levels 1-5. A new corporate plan will also be introduced, which focuses on linking the work of Customs to the outcome and output framework under which it receives funding.

Through sound strategic planning, recruitment and training that addresses specialist needs, Customs will be better placed to achieve its vision 'to be a world leader in customs administration'. In addition Customs will remain committed to delivering a high quality service to the business, importing and exporting communities.

Customs has the capability to meet these and other challenges that will arise and will continue to deliver its services in a professional and effective manner.

*100 years of service 1901-2001*

# Overview of Customs

## Overview

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

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

During 2000-01 Customs:

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

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

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

## Role and functions

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

Customs has three principal roles:

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

## Authority and power

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

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

## Minister and Portfolio

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

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

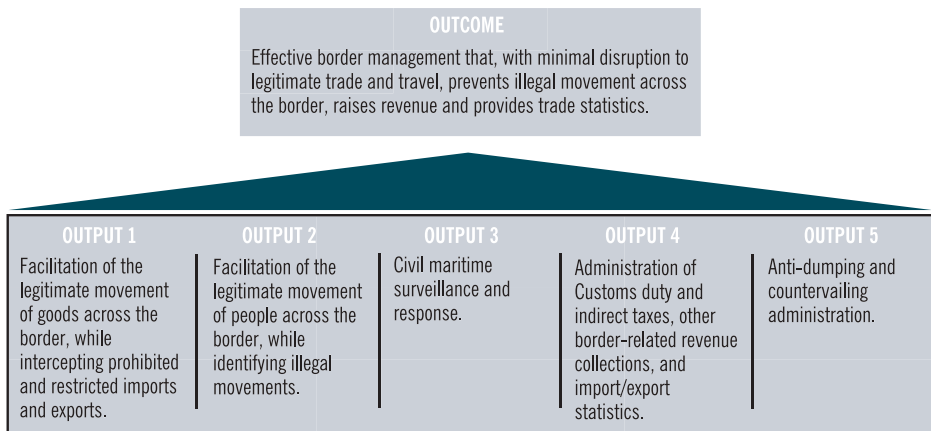
## Outcome and output structure

### Outcome and outputs

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

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

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



\*Output prices are included on page 42.

## Changes to outputs

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

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

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

## Output coordinators

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

Figure 2: Output coordinators

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

# Organisational arrangements

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

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

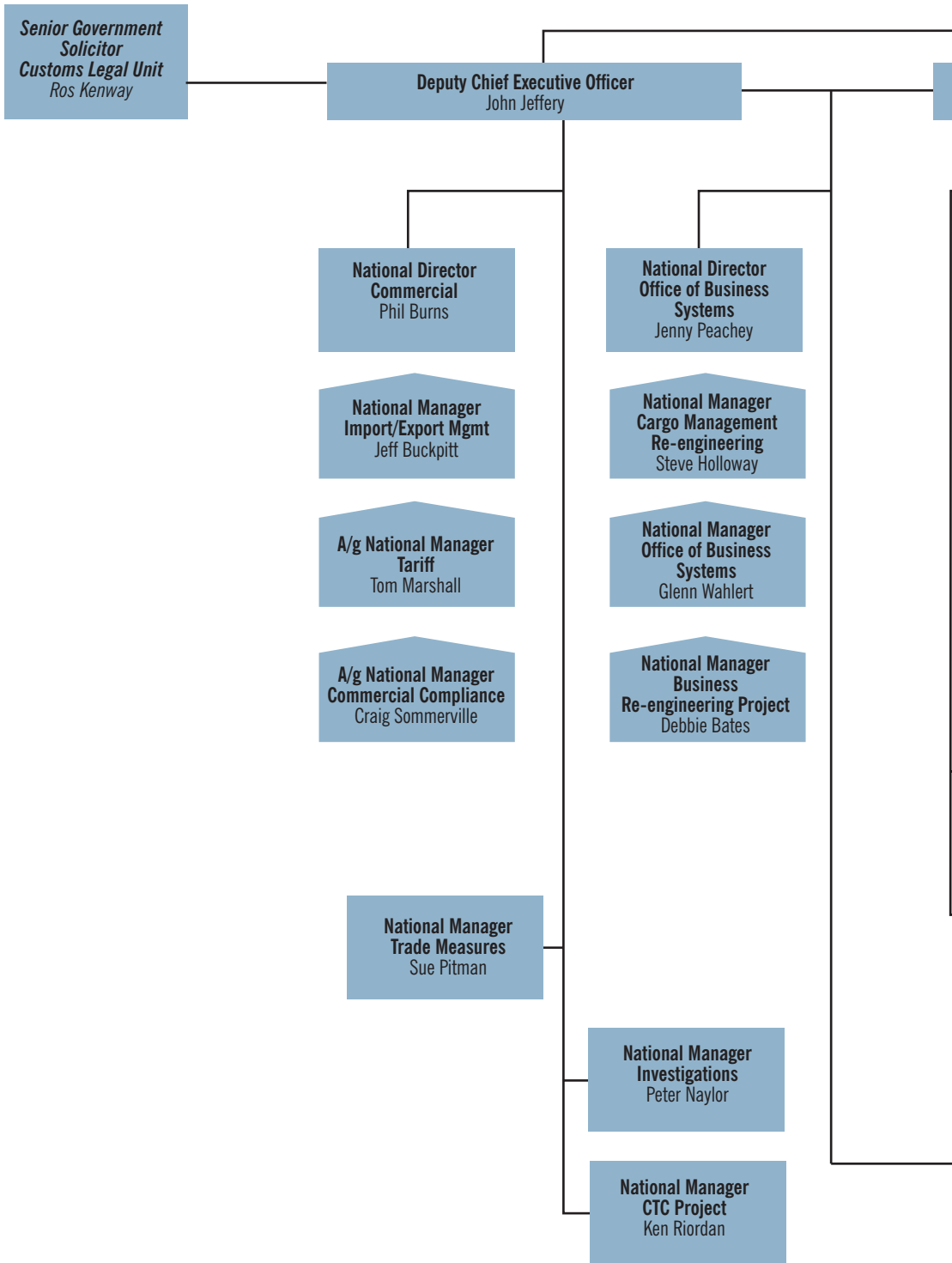
The divisions and branches are supported through permanent representation at overseas posts in Bangkok, Brussels, Tokyo and Washington. The location of offices in Australia is illustrated in figure 3.

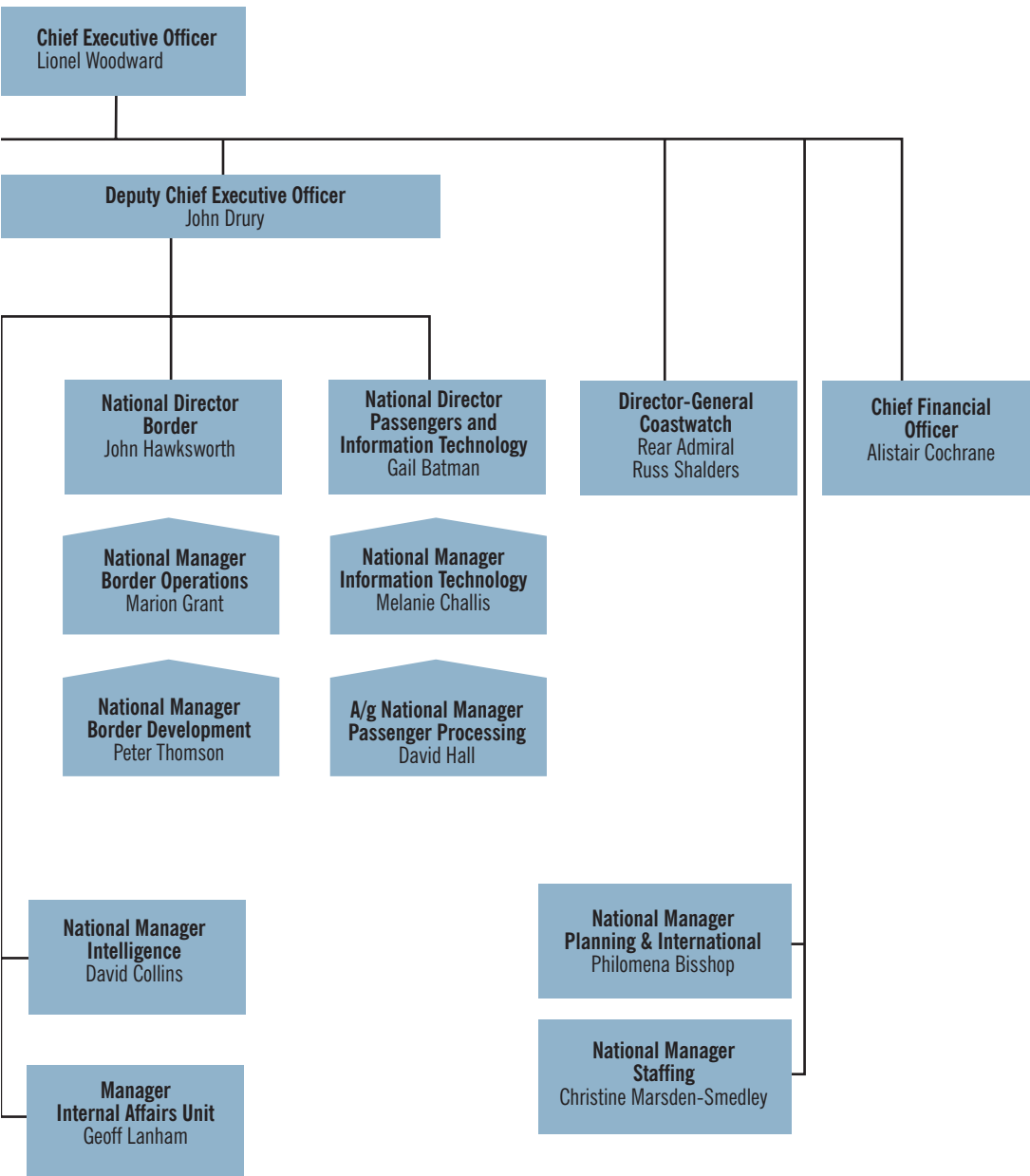
Figure 3: Locations of offices



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

Figure 4: Customs - Organisational Structure - 30 June 2001





**Regions**

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

*Regional Manager Border*  
Brian Gallagher

*Regional Manager Commercial*  
Jan Dorrington

**Regional Director Victoria**  
Brian Hurrell

*Regional Manager Victoria*  
Jaci Fisher

**Regional Director Queensland**  
Virginia Stretton

**Regional Director South Australia**  
Richard Janeczko

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

**Regional Director Tasmania**  
Nic Arthur

**Regional Director Northern Territory**  
Jim Smith

## Organisational structure

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

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

## Consultative mechanisms

### Internal management committees

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

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

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

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

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

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

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

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

#### Customs National Consultative Committee (CNCC)

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

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

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

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

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

#### National Passenger Processing Committee (NPPC)

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

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

## External scrutiny

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

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

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

Further information on external scrutiny is available on page 87.

## International activity

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

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

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

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

## Implementing the Kyoto convention

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

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

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

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

## Significant changes in functions or services of Customs

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

# Key priorities for 2000-01

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

## Implementing tax reform

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

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

Customs is responsible for:

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

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

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

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

## Sydney 2000 Olympic and Paralympic Games

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

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

## Inter-agency cooperation

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

## Clearance of Olympic and Paralympic Family Members

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

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

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

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

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

## Cargo clearance including intellectual property

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

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

## Security

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

## Passenger volumes

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

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

## 'Business as usual' for other clients

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

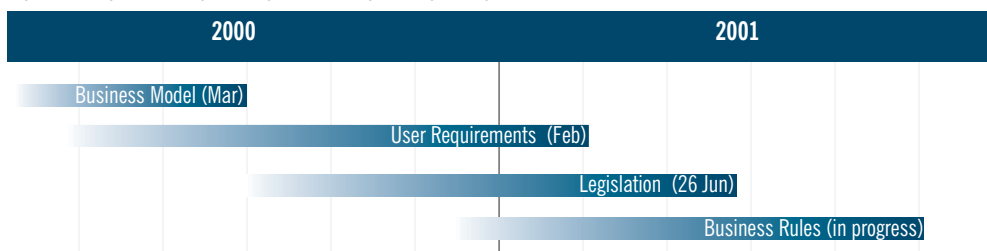
There were no major Games-related operational incidents in any area of Customs responsibility. This, together with good planning, allowed Customs to manage Games loads adequately without resorting to contingency measures.

## Cargo management re-engineering

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

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

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



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

Government and industry will benefit through:

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

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

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

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

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

## Trade modernisation legislation

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

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

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

The legislation comprised three Bills:

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

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

## Business re-engineering project

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

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

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

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

### Customs regulatory philosophy

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

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

## Connecting with Customs

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

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

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

Connections in future will be from:

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

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

## Accredited Client Program

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

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

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

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

## Electronic Commerce

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

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

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

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

## Data management

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

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

# Protecting Australia – foot and mouth and other quarantinable diseases

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

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

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

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

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

## NSW response to foot and mouth disease

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

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

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

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

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

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

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

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

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

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

## Risk identification – better use of intelligence and technology

### Intelligence

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

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

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

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

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

## Technology

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

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

### Upgrade of UHF communications network

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

### National Intelligence System

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

# Improved inter-agency cooperation

## Cooperation with border agencies

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

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

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

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

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

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

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

## Cooperation with law-enforcement agencies

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

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

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

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

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

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

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

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

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

## Sydney 2000 Olympic and Paralympic Games

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

## International cooperation

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

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

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

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

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

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

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

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

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

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

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

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

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

### Joint border patrols

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

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

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

*100 years of service 1901-2001*

# Performance reporting - outcome and outputs

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

## Effectiveness measures

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

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

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

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

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

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

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

# Resources allocated for the Customs outcome

## Funding for outcome and outputs

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

### Portfolio Budget Statements

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

Customs had two measures in the 2000-01 Budget.

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

### Portfolio Additional Estimates Statements

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

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

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

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

## Actual expenditure

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

Figure 7: Resources for the Customs outcome

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

\* Full-year budget, including additional estimates.

\*\* Budget as announced in the Portfolio Budget Statements.

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

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

## Output reporting

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

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

# Output 1

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

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

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

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

## Performance measures

Figure 8: Performance against targets set in the 2000-01 PBS – output 1<sup>#</sup>

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

<sup>#</sup> Targets set in the PBS for electronic risk assessment for community protection purposes and overseas postal articles were removed in the PAES.

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

\*\* Performance targets cannot be estimated.

<sup>^</sup> Measures and/or targets were changed in PAES.

# Performance assessment

## Drug seizures

Figure 9: Summary of drug seizures by import method\*

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

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

<sup>^</sup> Includes seizures made from searches in air and sea cargo, and the international postal environment.

<sup>#</sup> Includes seizures made from searches of sea passengers and crew, vessels and aircraft.

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

Figure 10: Drug seizures and significance of offence\*

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

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

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

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

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

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

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

## Major drug seizures

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

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

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

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

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

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

## Performance-enhancing drugs

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

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

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

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

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

Figure 11: Interceptions of performance-enhancing drugs\*

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

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

<sup>^</sup> Includes seizures made from searches in air and sea cargo, and the international postal environment.

<sup>+</sup> Includes seizures arising from post-border operations and warrants.

## National Illicit Drug Strategy involvement

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

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

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

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

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

## Other prohibited imports

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

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

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

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

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

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

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

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

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

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

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

## Regulation changes for the importation of handguns

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

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

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

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

### Intellectual property

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

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

## Community protection investigations

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

Figure 13: Community protection investigations\*

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

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

\*\* Includes cases adopted in previous years.

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

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

Significant convictions during the year included:

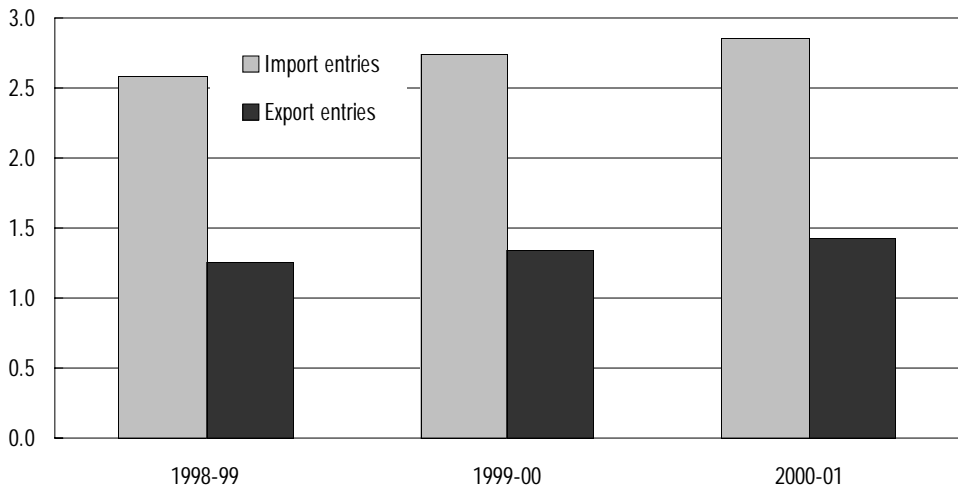
- \$15 064 fine for importing a commercial shipment of objectionable books
- \$10 000 fine for importing 29 vials of non-narcotic drugs
- \$5000 penalty plus costs for importing two bottles of anabolic steroids
- \$4883 fine for importing two tortoises in hand luggage
- \$3500 fine for importing 44 silencers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

## Import and export entries workload

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

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

Figure 14: Import<sup>\*</sup> /export entries (million)



<sup>\*</sup>Excludes Customs entries for Post Warrant Amendments and for Refunds.

## Export requirements

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

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

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

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

## Container x-ray

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

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

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

## High volume low value cargo

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

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

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

## Risk assessment of vessels

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

## Detector dogs

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

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

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

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

# Output 2

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

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

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

### Performance measures

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

Quality/Quantity performance measures		Target*	Actual
<b>Quality</b>			
Proportion of arriving international air passengers processed through the Entry Control Point within 30 minutes		95%	97%
Percentage of arriving passengers processed via Advance Passenger Clearance processes		45.00%	42.05%
Average number of seconds per arriving passenger at the Entry Control Point		Maximum of 40 seconds	43 seconds
Number of air passenger referrals	Immigration	**	176 597
	Health	**	3 699
Number of suspected unlawful non-citizens (SUNCs) intercepted by sea (including ships crew)	Non-crew	**	4 118
	Crew	**	176
<b>Quantity</b>			
Number of international passengers	Arrivals	9 183 532	9 037 454
	Departures	9 012 820	8 921 462
Number of international crew (arrivals plus departures) ^		1 547 000	1 712 536
<b>Price</b>		<b>\$69.935 m</b>	<b>\$87.111 m</b>

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

\*\* Performance targets cannot be estimated.

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

# Performance assessment

## Facilitation rates

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

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

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

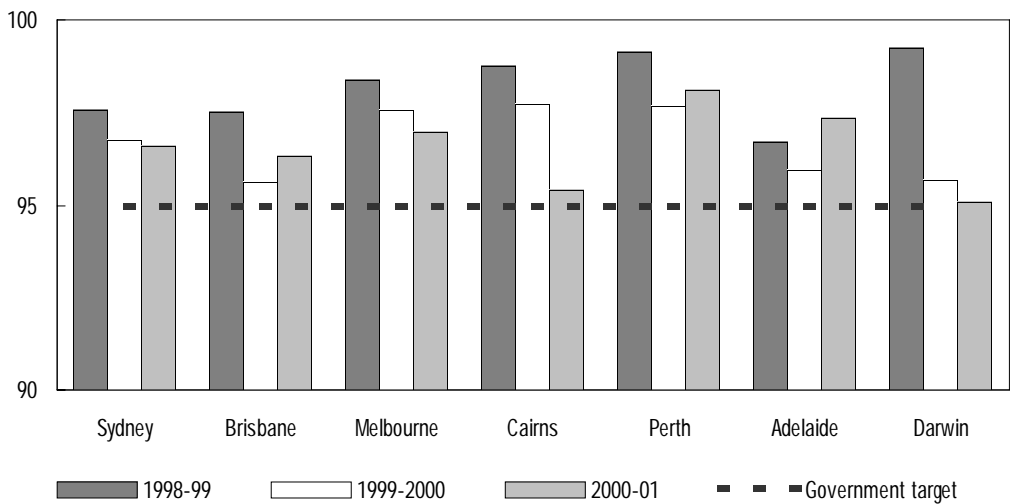


Figure 16 illustrates the percentage of incoming international arrivals cleared through the Entry Control Point (ECP) within 30 minutes. The formula used assumes a 10-minute delay between arrival and the time a passenger arrives at the ECP queue. The formula used was agreed with Government, together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

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

## Passenger processing before arrival

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

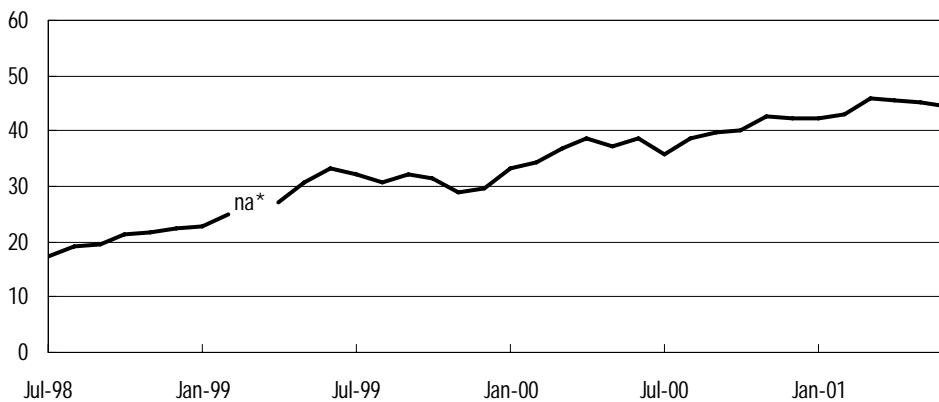
check-in and send high-integrity information to Customs and other border agencies using the ETA communication network. With APP, Customs is able to offer a more effective service delivery to passengers, airlines and industry.

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

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

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

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



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

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

## PACE

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

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

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

## Illegal entrant activity

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

## Prohibited goods found on people

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

## Passenger Movement Charge

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

## *MV Samson Explorer*

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

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

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

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

## Vessel reporting

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

- improving the reporting regime
- implementing a national targeting strategy

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

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

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

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

## Shift reviews

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

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

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

## Visitor information campaign

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

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

# Output 3

## Civil maritime surveillance and response

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

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

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

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

# Performance measures

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

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

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

\*\* Performance targets cannot be estimated.

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

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

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

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

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

# Performance assessment

## Funding

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

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

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

## Illegal entrants

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

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

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

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

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

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

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

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

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

## Capability enhancements

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

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

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

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

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

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

## Illegal fishing

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

## Helicopters in the Torres Strait

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

## *Prime Minister's Task Force on Coastal Surveillance*

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

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

## Australian National Audit Office (ANAO) inquiry into Coastwatch

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

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

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

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

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

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

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

## Replacement of the Coastwatch information technology system

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

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

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

## Regional activity

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

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

## Looking forward

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

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

### Global Hawk visit

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

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

Alternative technologies also being investigated include:

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

# Output 4

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

This output covers processing of:

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

Related activity includes:

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

This output also includes:

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

# Performance measures

Figure 20: Performance against targets set in the 2000-01 PBS – output 4<sup>#</sup>

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

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

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

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

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

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

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

## Performance assessment

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

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

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

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

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

\* Accrual basis.

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

## Import and export entries

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

### Duty-free shopping

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

## Tariff activity

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

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

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

### Tariff classification

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

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

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

## Tariff and Precedents Information Network (TAPIN)

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

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

## Productivity Commission review of general tariffs

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

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

## Valuation

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

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

## Broker licensing

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

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

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

## Compliance activity

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

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

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

Figure 22: Compliance activity undertaken 2000-01

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

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

Highlights during 2000-01 are outlined below.

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

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

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

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

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

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

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

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

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

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

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

## Export data integrity

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

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

Significant results achieved include:

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

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

## Refunds

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

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

## Concessional arrangements

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

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

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

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

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

Figure 25: Tariff concession system statistics

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

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

## SPARTECA (Textile, Clothing and Footwear Provisions) Scheme

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

## Fraud investigation

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

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

Figure 26: Fraud investigations\*

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

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

\*\* Includes cases adopted in previous years.

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

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

Significant results during the year included:

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

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

## Passenger Movement Charge (PMC)

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

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

## Implementing tax reform

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

## Tourist Refund Scheme

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

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

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

In the first 12 months of the TRS:

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

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

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

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

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

## Tax Team wins CEO's award

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

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

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

# Output 5

## Anti-dumping and countervailing administration

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

## Performance measures

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

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

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

\*\* Performance targets cannot be estimated.

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

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

## Performance assessment

### New investigations

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

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

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

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

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

## Extensions to investigations

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

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

Extensions were granted for the following investigations:

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

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

## Review and litigation

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

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

- tinplate exported from Taiwan

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

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

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

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

## New guidelines

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

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

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

## Revised application form

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

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

*100 years of service 1901-2001*

# Management and accountability

## Corporate governance

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

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

### Senior management committees and roles

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

### Corporate planning

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

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

### Risk management practices

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

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

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

## Security

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

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

## Internal audit

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

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

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

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

## Ethical standards

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

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

## Investigation of ethical concerns

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

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

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

## Integrity

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

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

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

## Senior management remuneration

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

# External scrutiny

## Freedom of information

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

## Ministerial representations

Figure 28: Ministerial correspondence and briefings

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

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

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

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

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

## Judicial decisions and decisions of administrative tribunals

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

### Malika Holdings

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

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

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

Tony Longo trading as Aquila Shoes

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

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

## Privacy matters

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

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

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

## Commonwealth Ombudsman matters

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

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

Figure 29: Complaints and issues raised with the Commonwealth Ombudsman

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

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

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

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

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

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

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

## Auditor-General's reports

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

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

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

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

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

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

Further information on ANAO reports is available on the ANAO Internet site at [www.anao.gov.au](http://www.anao.gov.au)

## Parliamentary Committee reports

Joint Committee of Public Accounts and Audit inquiry into Coastwatch

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

Senate Legal and Constitutional Committee

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

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

Topics discussed at these hearings included:

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

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

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

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

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

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

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

#### Senate Scrutiny of Bills Committee

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

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

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

#### Senate Finance and Public Administration References Committee

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

## Productivity Commission

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

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

# Management of human resources

## Management and development of human resources

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

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

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

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

## Workforce planning, staff turnover and retention

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

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

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

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

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

## People management reporting

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

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

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

## Training and development

### Customs Development Program

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

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

### Customs Trainee Program

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

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

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

### Customs Graduate Trainees

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

### Commercial Education Program

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

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

### Customs International Executive Management Program (CIEMP)

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

The outcomes of CIEMP include:

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

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

The following qualifications were awarded to staff:

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

### National indigenous cadetship project

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

## Technology-based learning

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

## Australian Workplace Agreements and certified agreements

### Senior executive service (SES)

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

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

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

### Non-SES

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

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

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

## Performance management

### Performance assessment and feedback

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

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

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

### Performance pay

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

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

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

## Occupational health and safety performance

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

## Statistics on staff

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

## Accountability to clients

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

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

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

### Customs Information Centres

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

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

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

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

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

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

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

## Complaints and compliments

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

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

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

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

Significant achievements included:

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

## Client service charter

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

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

The new client service charter provides:

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

Performance against key standards stated in the client service charter

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

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

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

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

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

## Providing access for people with special needs

Commonwealth Disability Strategy

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

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

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

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

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

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

### Social justice and equity initiatives

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

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

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

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

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

## Financial management

### Purchasing

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

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

During the reporting period:

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

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

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

## Asset management

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

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

### Commonwealth properties occupied by Customs

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

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

## Devolved banking

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

## Consultants and competitive tendering and contracting

### Consultants

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

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

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

## Competitive tendering and contracting

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

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

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

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

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

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

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

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

# Management of information technology

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

Key activities during 2000-01 included:

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

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

## Infrastructure changes

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

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

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

## Applications development

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

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

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

*100 years of service 1901-2001*

# Other information required for annual reporting purposes

# Occupational health and safety

Customs continued to evaluate and develop its national health and safety infrastructure in accordance with the *Occupational Health and Safety (Commonwealth Employment) Act 1991* (OH&S Act).

The Customs Occupational Health and Safety Manual and associated guidelines were reviewed through extensive workplace consultative forums.

Customs hosted and continued to play a significant role with the Commonwealth Safety Managers Forum, which met bimonthly to address national rehabilitation, compensation and return to work issues. Customs was also represented in the Comcare Australia Employer Consultative Group and participated in a number of Comcare Australia working parties.

An internal review resulted in the restructuring of the cost centres for the national workplace. This will provide better alignment of information from Comcare and the Customs Human Resource Information System for analysis and performance monitoring.

The following guidelines were reviewed and updated:

- border technology
- occupational health and safety training
- staff safety
- eyesight testing
- first aid
- fumigants
- thermal conditions.

## Comcare premium

Customs pays a premium to Comcare for workers compensation insurance. The premium outcome for 2000-01 included a reduction in the premium rate for 2000-01 from 1.50 per cent (prescribed) to 1.13 per cent (revised).

The Safety, Rehabilitation and Compensation Commission for Commonwealth employees sets indicators for agency performance. The performance of Customs during 2000-01 is outlined in figure 30.

Figure 30: Rehabilitation performance measures for 2000-01

Performance measure	Target	Actual
Incidence of injuries resulting in 5 days incapacity	less than or equal to 11 per 1000 employees	15.85 per 1000 employees
Lost time injury (claims) frequency rate	less than or equal to 11 per million hours worked	16.49 per million hours worked
Time taken from date of injury to date of receipt in Comcare of new claim	less than or equal to 71 days	38 days
Claimants with 10 or more days incapacity payments with a return to work plan	greater than or equal to 55%	68%
Quality of return to work outcome	greater than or equal to 75%	91%

## Notifications under section 68 of the OH&S Act

There were 13 notifications under section 68 of the OH&S Act and appropriate remedial actions were taken by regional health and safety committees.

## Directions under section 45 of the OH&S Act

There was one direction given relating to the disposal of a malfunctioning pyrotechnic during a remote area survival course in the Northern Territory, where a course instructor was injured. Interim procedures for the disposal of pyrotechnics were developed in conjunction with WorkHealth Northern Territory and will be finalised once a report on the incident has been completed.

## Notifications under sections 30, 46 and 47 of the OH&S Act

One Provisional Improvement Notice was issued concerning the safety of staff working on board the *MV Samson Explorer*, a commercially contracted vessel used to transport illegal entrants. Customs is responsible for the maintenance of security of all persons other than crew while the vessel is so engaged.

A subsequent Improvement Notice required Customs to address the recommendations of an independent report that called for the issue of personal defence equipment.

The following measures were taken:

- operating procedures for the vessel were revised
- staff were trained in conflict management and use of force techniques
- a 'citadel' or safe haven was established aboard the vessel
- personal defence equipment was issued.

## Planned/reactive investigations conducted

Comcare conducted two reactive investigations of Customs: one relating to the safety of staff embarked in vessels, the second involving work processes at a cargo examination facility. Customs addressed the issues and recommendations involving the embarked staff, and is awaiting a report on the cargo examination work processes.

## Freedom of information

Section 8 of the *Freedom of Information Act 1982* (FOI Act) requires Customs to publish certain details about freedom of information. This includes details about the way the agency is organised, its functions, its decision-making powers, arrangements for public involvement in the work of the agency, documents held by the agency and the way in which members of the public may obtain access to these documents.

## Organisation, functions and powers

Information on the organisation and functions of Customs is contained in the Overview section of this report. General information on the powers of Customs is also contained in the Overview section. A list of Commonwealth legislation under which Customs has powers is available in Appendix F on page 184.

## Arrangements for external consultation

There is a number of formal consultative mechanisms in place to allow organisations and people outside the Commonwealth to participate in the formulation and administration of policy by Customs. Further information on these mechanisms is available in the Overview section of this report.

Informal feedback about the decisions and actions of Customs from clients and other interested parties is encouraged in the form of complaints and compliments. Further information on this is available in the Accountability to clients section of this report.

Customs also has a general policy of inviting comment on significant policy issues before decisions are made. This includes consulting in particular with relevant industry groups and welcoming feedback from other interested parties. For example, Customs undertook public forums in major Australian cities to consult about the changes proposed through cargo management re-engineering.

## Categories of documents maintained

Customs maintains information on a wide range of topics, which can be broadly categorised into a number of areas.

- Agendas, minutes and decisions (including internal and external meetings, and ministerial, interdepartmental and general correspondence and papers).
- Internal administration papers (including research and project reports, accounting and financial records, legal records and personnel and staffing records).
- Manuals and training materials (including video tapes, guidelines, directions and administrative instructions relating to Customs operations and legislative procedures. This also includes some publications prepared for the guidance of staff and the business community to assist in decision-making).
- Briefing papers (including briefs, submissions and reports to the Customs Executive and the Minister for Justice and Customs. These would generally relate to policy development and background to particular administrative decisions).
- Database records (including computer files, printouts, microfiche, preprinted forms and statistical tabulations).

## Availability of documents to members of the public

Many of the documents maintained by Customs are available on request. This includes documents such as:

- annual reports
- corporate plans and other associated planning documents
- a wide range of fact sheets, brochures and booklets covering areas of responsibility of Customs (such as information on importing and exporting goods, information for people travelling overseas and details on industry assistance schemes).

To ensure a transparent process, in which all interested parties have the maximum opportunity to defend their interests, Customs also maintains a public file for all anti-dumping and countervailing investigations and reviews.

There is also a range of documents maintained by Customs available for purchase. This includes documents such as:

- Commonwealth of Australia Gazette/Special Gazettes
- Commonwealth of Australia Gazette Tariff Concessions
- Dumping commodities register
- Australian Customs tariff guide
- Schedule of commercial tariff concession orders
- Combined Australian Customs Tariff Nomenclature Statistical Classification.

## Facilities to obtain access to documents

Documents available to the public can generally be obtained from the Customs Internet site at [www.customs.gov.au](http://www.customs.gov.au) or by contacting a Customs Information Centre. Details on Customs information centres are provided in Appendix B on page 175.

Information about Customs publications may also be obtained by contacting:

Director Corporate Communication  
Australian Customs Service  
5 Constitution Avenue  
Canberra ACT 2601  
ph. 02 6275 6793  
fax 02 6275 6992  
email [communication@customs.gov.au](mailto:communication@customs.gov.au)

Applications for access to documents, including those not generally available to the public, can also be made under the FOI Act.

## Freedom of information inquiries

Applications for access to documents under the FOI Act can be made by contacting the Freedom of Information Coordinator at any of the Customs state offices. Contact details for these offices are provided in Appendix B on page 175. Inquiries can be made by letter, telephone, or in person. Formal freedom of information requests must be made in writing and should include telephone contact numbers and a return address. A \$30 application fee must accompany each request.

Customs provides facilities for inspecting documents accessed under the FOI Act.

## Freedom of information requests received

The 52 section 15 freedom of information requests received by Customs during 2000-01 covered issues such as:

- import and export-related documents and statistics
- decisions on tariff matters
- processing of passengers at airports
- access to personal information such as staffing and recruitment files.

Figure 31: Requests made under the *Freedom of Information Act 1982*

	1998-99	1999-2000	2000-01
<b>Requests Received*</b>			
Section 15	58	47	52
Section 54 (internal review)	5	7	8
Section 55 (AAT review)	2	4	2
<b>Total</b>	<b>65</b>	<b>58</b>	<b>62</b>
<b>Decisions in relation to Section 15 Requests</b>			
Access granted in full	20	20	24
Access granted in part	17	14	14
Access refused	14	14	6
Requests transferred	1	1	2
Requests withdrawn	6	3	4
<b>Time taken to process Section 15 requests</b>			
0-30 days	34	34	26
31-60 days	12	12	17
61-90 days	2	1	1
90 plus days	3	3	-
<b>Fees and charges (\$)</b>			
Total application fees collected	1 690	1 390	1 600
Total charges notified	2 517	935	2 785
Total charges remitted	-	69	-
Total charges collected	2 306	935	2 785
Outstanding charges at 30 June	211	-	-

\* A section 15 request is a request for access to information. A section 54 request is a request for a decision about a section 15 request to be reviewed by Customs (ie. Internal review). A section 55 request is a request for a decision about a section 15 request to be reviewed by the Administrative Appeals Tribunal (ie external review). Further information on these requests is available in the FOI Act.

## Advertising and market research

Customs must report on its expenditure on advertising and market research, as outlined in section 311A of the *Commonwealth Electoral Act 1918*. The amounts shown below cover expenditure during 2000-01.

Customs did not pay any amounts to advertising agencies to develop advertising campaigns, to market research organisations or to polling organisations.

DAS Distribution was paid \$8405.04 (including GST) for direct mailing of Tourist Refund Scheme information to travel agents and other tourism organisations.

Customs did not have any campaign-related media advertising expenditure. Starcom Worldwide (formerly AIS Media), the master agency for Customs advertising during 2000-01, was paid \$402 930.20 (including GST) for non-campaign media advertising. This included \$25 565.61 that was committed during 1999-2000 and paid during 2000-01. The expenditure included recruitment advertising, tender advertising, publication of dumping notices in the Australian Financial Review and miscellaneous advertising.

# Ecologically sustainable development and environmental performance

Customs is required to report annually on its performance with regard to ecologically sustainable development (ESD) and environmental matters under section 516A of the *Environmental Protection and Biodiversity Conservation Act 1999*.

## Administration of legislation

Customs does not have direct responsibility for any legislation with environmental implications. However, it does administer certain aspects of such legislation on behalf of a number of other government departments and agencies. Further details on this are provided below.

## Contribution of outcome/outputs to ESD

The Customs outcome does not directly relate to ecologically sustainable development. However, output 3 is civil maritime surveillance and response, which provides air and marine-based civil surveillance and response services to a number of government agencies. As part of this output, regular surveillance of marine conservation areas, as well as Australia's ecologically important Coral Sea and Indian Ocean territories, is undertaken.

Immediate reports of significant wild life or sea life concentration or mortality, oil pollution or other environmental damage are provided to relevant agencies. The total price of output 3 during 2000-01 was \$174.3 million, which covered aerial surveillance of over 120 million square nautical miles and over 18 000 flying hours. It also covered marine surveillance coverage of over 1300 sea days. The portion of output 3 attributable to environmental benefit cannot be separately identified.

## Environmental impact of operations and actions

Customs developed and proposes to manage an energy management plan for 2001-03. This plan is based on a *Customs Background Energy Planning and Issues* paper, which will be a working reference document for more specific operational information for the energy management plan's implementation.

This energy management plan was developed taking account the following key issues:

- Commonwealth energy efficiency policy
- Commonwealth energy intensity targets for 2002-03
- The Australian National Audit Office's (ANAO's) *Energy Efficiency Best Practice Guide*
- Commonwealth Electricity Procurement Audit No 25
- National Greenhouse Strategy
- Environment Management System.

## Tenant light and power usage

One of the Commonwealth's energy-use performance targets to be met by 2002-03 is for tenant light and power usage for office buildings to be no more than 10 000 mega joules of energy per person per annum. To meet this target, the energy management plan includes a strategy to reduce tenant light and power energy usage by two million kilowatt hours, or 20 per cent, over the next two years. This will result in Customs achieving an average of 9679 mega joules per person by 2002-03.

Light and power consumption at all Customs properties (excluding specific tenancies covered under section 19 of the *Customs Act 1901*) will be considered under the energy management plan. However, Customs will focus particularly on the properties that use the most energy. An electricity consumption audit has shown that 25 properties account for approximately 80 per cent of tenant light and power consumption. These 25 properties will be targeted over the next two years to determine what energy reductions can be achieved.

### Implementing the energy management plan

In the short term, implementation of the energy management plan will focus on gaining maximum electricity consumption reductions and savings through applying housekeeping measures. The ANAO's *Energy Efficiency Best Practice Guide* suggests that about 10-15 per cent savings in energy can be achieved through housekeeping measures such as conducting electricity tariff reviews and identifying energy consumption anomalies.

Customs will also consider a number of other energy reduction initiatives, such as:

- installing automatic lighting controls
- looking at office lighting levels
- detection systems, changes to plant, fixtures and equipment
- including efficiency considerations in new lease and refurbishment negotiations
- power factor correction
- computer and office equipment purchase
- motor vehicle fuel options/vehicle fleet mix
- staff education and support regarding energy efficient practices.

All energy efficiency initiatives undertaken by Customs are subject to a cost/benefit analysis to determine value for money considerations and energy savings.

Once sound housekeeping initiatives are implemented, the energy management plan then further focuses on staff awareness programs to promote further energy reduction initiatives. Customs has already implemented the Australian Greenhouse Office's working energy program, giving staff access to training and energy management tools.

## Discretionary grants

Customs did not provide any discretionary grants during 2000-01.

## Correction of errors

In the 1999-2000 Customs Annual Report, incorrect figures for the Quarantine Entry Fee and Ballast Water Levy were published in figure 23. The correct figures are available in this report in figure 21 on page 70.

## Events that will significantly effect operations or financial results

There are no events before or after 30 June 2001 that will significantly effect the operations or financial results of Customs during 2001-02.

*100 years of service 1901-2001*

# Financial statements

# Overview of financial statements

## Agency Statements

The Statement of Financial Performance for Customs in 2000-01 reports a net operating surplus of \$9.7 million (\$14.9 million in 1999-2000).

Revenue for 2000-01 was \$627.2 million, \$46.3 million more than 1999-2000. This was mainly due to additional Section 31 revenue.

Expenditure for 2000-01 was \$611.3 million which was \$45.3 million more than 1999-2000. This was mainly due to increased employee costs and increased depreciation expenses arising from an increase in the gross value of assets.

The Statement of Financial Position for Customs in 2000-01 remained relatively constant at \$112.5 million (in Equity) compared with \$116.0 million for 1999-2000, with increases in non-financial assets offset by increased employee provisions and interest bearing leases.

## Administered Statements

The Schedule of Administered Revenues and Expenses displays an increase in the net contribution to budget outcome from \$4.494 billion (1999-2000) to \$5.143 billion (2000-01). This increase is due to the increase in the value of exports resulting from the lower value of the Australian dollar.

The Schedule of Administered Assets and Liabilities displays a significant increase in Administered assets from \$79.9 million (1999-2000) to \$97.5 million (2000-01). This is due to increased collection of Customs Duty. Equity is also affected by a decrease in Liabilities from \$19.7 million (1999-2000) to \$18.7 million (2000-01) which resulted from a decrease in outstanding claims.

## Audited financial statements

This section includes a copy of the audited financial statements of Customs and the Auditor-General's report.



## INDEPENDENT AUDIT REPORT

To the Minister for Justice and Customs

### Scope

I have audited the financial statements of the Australian Customs Service for the year ended 30 June 2001. The financial statements comprise:

- Statement by the Chief Executive Officer and Chief Financial Officer;
- Statements of Financial Performance, Financial Position and Cash Flows;
- Schedules of Contingencies and Commitments;
- Schedules of Administered Revenues and Expenses, Assets and Liabilities, Cash Flows, Contingencies and Commitments; and
- Notes to and forming part of the Financial Statements.

The Chief Executive is responsible for the preparation and presentation of the financial statements and the information they contain. I have conducted an independent audit of the financial statements in order to express an opinion on them to you.

The audit has been conducted in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards, to provide reasonable assurance as to whether the financial statements are free of material misstatement. Audit procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view of the Agency which is consistent with my understanding of its financial position, its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

### **Audit Opinion**

In my opinion,

- (i) the financial statements have been prepared in accordance with Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders;
- (ii) the financial statements give a true and fair view, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and Schedule 1 of the Financial Management and Accountability (Financial Statements 2000-2001) Orders, of:
  - the financial position of the Australian Customs Service as at 30 June 2001 and the results of its operations and its cash flows for the year then ended; and
  - the Commonwealth assets and liabilities as at 30 June 2001 and the revenue, expenses and cash flows of the Commonwealth for the year then ended, which have been administered by the Agency.

Australian National Audit Office



Allan M Thompson  
Executive Director

Delegate of the Auditor-General  
Canberra

28 August 2001

# **AUSTRALIAN CUSTOMS SERVICE**

## **Financial Statements for the Year Ended 30 June 2001**

**AUSTRALIAN CUSTOMS SERVICE**  
**Statement by the Chief Executive Officer and**  
**Chief Financial Officer**

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In our opinion, the attached financial statements give a true and fair view of the matters required by Schedule 1 of the *Financial Management and Accountability (Financial Statements 2000-01) orders made under section 63 of the Financial Management and Accountability Act 1997*.

Signed  Signed 

(L. B. WOODWARD)  
Chief Executive Officer

(Alistair H. Cochrane)  
Chief Financial Officer

24 August 2001

24 August 2001

**AUSTRALIAN CUSTOMS SERVICE**  
**AGENCY STATEMENT OF FINANCIAL PERFORMANCE**  
*for the period ended 30 June 2001*

	Notes	<b>2000-01</b> \$'000	1999-00 \$'000
<b>Revenues from ordinary activities</b>			
Revenues from government	3A	<b>557,042</b>	558,591
Sales of goods and services	3B	<b>64,606</b>	20,464
Proceeds from disposals of assets	3C	<b>1,158</b>	177
Other		<b>4,370</b>	1,694
<b>Total revenues from ordinary activities</b>		<b>627,176</b>	580,926
<b>Expenses from ordinary activities</b>			
Employees	4A	<b>252,636</b>	234,507
Suppliers	4B	<b>337,798</b>	313,544
Depreciation and amortisation	4C	<b>17,137</b>	14,088
Disposal of assets	3C	<b>3,655</b>	2,227
Write down of assets	4D	<b>62</b>	3
Other cost of providing goods and services		<b>31</b>	1,624
<b>Total expenses from ordinary activities</b>		<b>611,319</b>	565,993
<b>Borrowing costs expenses</b>	5	<b>6,135</b>	4
<b>Net operating surplus (deficit) from ordinary activities</b>		<b>9,722</b>	14,929
<b>Net surplus (deficit)</b>		<b>9,722</b>	14,929
<b>Equity interests</b>			
<b>Net surplus (deficit) attributable to the Commonwealth</b>		<b>9,722</b>	14,929
Net credit (debit) to asset revaluation reserve		<b>1,863</b>	(124)
<b>Total revenues, expenses and valuation adjustments recognised directly in equity</b>		<b>1,863</b>	(124)
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>11,585</b>	14,805

*The above statement should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**AGENCY STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2001*

	Notes	2000-01 \$'000	1999-00 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash		<b>66,213</b>	62,594
Receivables	6A	<b>9,087</b>	23,398
<b>Total financial assets</b>		<b>75,300</b>	85,992
<b>Non-financial assets</b>			
Land and buildings	7A,C	<b>13,635</b>	11,742
Infrastructure, plant and equipment	7B,C	<b>75,875</b>	60,594
Inventories	7D	<b>1,824</b>	1,918
Intangibles	7E	<b>10,132</b>	13,749
Other	7F	<b>53,792</b>	42,033
<b>Total non-financial assets</b>		<b>155,258</b>	130,036
<b>Total assets</b>		<b>230,558</b>	216,028
<b>LIABILITIES</b>			
<b>Interest bearing liabilities</b>			
Leases	8A	<b>21,590</b>	20
<b>Total debt</b>		<b>21,590</b>	20
<b>Provisions</b>			
Employees	9A	<b>82,070</b>	75,647
<b>Total provisions</b>		<b>82,070</b>	75,647
<b>Payables</b>			
Suppliers	10A	<b>10,640</b>	24,009
Other	10B	<b>3,717</b>	401
<b>Total payables</b>		<b>14,357</b>	24,410
<b>Total liabilities</b>		<b>118,017</b>	100,077
<b>EQUITY</b>			
<b>Parent entity interest</b>			
Capital		<b>66,210</b>	68,517
Reserves		<b>22,523</b>	20,725
Accumulated surpluses (deficits)		<b>23,808</b>	26,709
<b>Total parent entity interest</b>	11A	<b>112,541</b>	115,951
<b>Total equity</b>		<b>112,541</b>	115,951
<b>Current liabilities</b>		<b>39,143</b>	37,672
<b>Non-current liabilities</b>		<b>78,874</b>	62,405
<b>Current assets</b>		<b>130,916</b>	129,943
<b>Non-current assets</b>		<b>99,642</b>	86,085

*The above statement should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**AGENCY STATEMENT OF CASH FLOWS**  
*for the period ended 30 June 2001*

	Notes	<b>2000-01</b> <b>\$'000</b>	1999-00 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations for outputs		422,207	459,506
Sales of goods and services		72,919	14,592
GST refunds		7,725	-
<b>Total cash received</b>		<b>502,851</b>	474,098
<b>Cash used</b>			
Employees		242,015	222,996
Suppliers		226,157	180,733
Borrowing costs		-	4
Other		-	1,608
<b>Total cash used</b>		<b>468,172</b>	405,341
<b>Net cash from (used by) operating activities</b>	12	<b>34,679</b>	68,757
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from sales of property, plant and equipment		1,158	177
<b>Total cash received</b>		<b>1,158</b>	177
<b>Cash used</b>			
Purchase of property, plant and equipment		26,314	25,840
Purchase of Intangibles		52	-
<b>Total cash used</b>		<b>26,366</b>	25,840
<b>Net cash from (used by) investing activities</b>		<b>(25,208)</b>	(25,663)
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Proceeds from equity injections		7,037	23,768
<b>Total cash received</b>		<b>7,037</b>	23,768
<b>Cash used</b>			
Repayment of debt		-	-
Capital use paid		12,889	4,891
<b>Total cash used</b>		<b>12,889</b>	4,891
<b>Net cash from (used by) financing activities</b>		<b>(5,852)</b>	18,877
<b>Net increase (decrease) in cash held</b>		<b>3,619</b>	61,971
Cash at the beginning of the reporting period		62,594	623
<b>Cash at end of reporting period</b>		<b>66,213</b>	62,594

*The above statement should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**SCHEDULE OF COMMITMENTS**  
*as at 30 June 2001*

	Notes	2000-01 \$'000	1999-00 \$'000
<b>BY TYPE</b>			
<b>CAPITAL COMMITMENTS</b>			
Infrastructure, plant and equipment <sup>1</sup>		<u>27,269</u>	28,213
<b>Total capital commitments</b>		<u>27,269</u>	28,213
<b>OTHER COMMITMENTS</b>			
Operating leases <sup>2</sup>		147,688	332,151
Other commitment		<u>310,164</u>	266,305
<b>Total other commitments</b>		<u>457,852</u>	598,456
COMMITMENTS RECEIVABLE		<u>(22,597)</u>	-
<b>Net commitments</b>		<u>462,524</u>	626,669

**BY MATURITY**

**All Net Commitments**

One year or less	166,675	139,381
From one to five years	279,223	476,076
Over five years	<u>16,626</u>	11,212
<b>Net commitments</b>	<u>462,524</u>	626,669

**Operating Lease Commitments**

One year or less	62,690	78,059
From one to five years	66,571	243,327
Over five years	<u>18,427</u>	10,765
<b>Net Commitments</b>	<u>147,688</u>	332,151

NB: Commitments are GST inclusive where relevant.

<sup>1</sup> Plant and equipment commitments are primarily contracts for purchases of furniture and fittings for new buildings.

<sup>2</sup> Operating leases included are effectively non-cancellable and comprise:

<i>Nature of Lease</i>	<i>General description of leasing arrangement</i>
Leases for office accommodation	Most, but not all, lease payments are subject to biennial adjustments to current market values. Some lease payments are subject to upward movements in line with the Consumer Price Index. The initial periods of office accommodation leases are still current and each may be renewed for up to 5 years at the agency's option.
Agreements for the provision of motor vehicles to senior executive officers	No contingent rentals exist. There are no renewals or purchase options available to the Agency.
A lease in relation to computer equipment held as at 28 March 1998 which was sold and leased back in 29 March 1998.	The lessor provides all computer equipment and software designated as necessary in the supply for 5 years plus for a further 2 years at the Agency's option on the same terms and conditions. The Agency may vary its originally designated requirement, subject to giving 3 months notice, at a potential pricing variation.

*The above schedule should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**AGENCY SCHEDULE OF CONTINGENCIES**

*as at 30 June 2001*

	Notes	<b>2000-01</b> \$'000	1999-00 \$'000
<b>CONTINGENT LOSSES</b>			
Claims for damages/costs		<u>(320)</u>	<u>(460)</u>
<b>Total contingent losses</b>		<b>(320)</b>	<b>(460)</b>
<b>CONTINGENT GAINS</b>			
Claims for damages/costs		<u>152</u>	<u>110</u>
<b>Net contingencies</b>		<u><b>(168)</b></u>	<u><b>(350)</b></u>

**SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES**

At 30 June 2001 Customs had a number of legal claims lodged against it for damages and costs. Customs has denied liability and is defending the claims. In addition, Customs has lodged a number of claims to recover damages and costs which are also being defended. It is not possible to estimate the amounts of any eventual payments or receipts in relation to these claims.

Further, Customs has an obligation to acquire equipment from EDS on termination or expiry of the IT outsourcing lease. It is not possible to estimate the amount of any eventual payment or receipt in relation to this obligation due to the uncertainty of the future market value of the leased equipment on hand.

*The above schedule should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**SCHEDULE OF ADMINISTERED REVENUES AND EXPENSES**  
*for the year ended 30 June 2001*

	Notes	2000-01 \$'000	1999-00 \$'000
<b>Revenues from ordinary activities</b>			
<b>Taxation</b>			
Customs duty	18A	4,609,465	3,966,595
Fees	18A	242,317	226,196
<b>Total taxation</b>		<b>4,851,782</b>	<b>4,192,791</b>
<b>Non-taxation</b>			
Revenue from Government	18B	214,399	215,492
Sales of goods and services		76,038	78,169
Interest	18C	-	6
Other sources of non-taxation revenues	18D	363	7,502
<b>Total non-taxation</b>		<b>290,800</b>	<b>301,169</b>
<b>Total revenues from ordinary activities</b>		<b>5,142,582</b>	<b>4,493,960</b>
<b>Expenses from ordinary activities</b>			
Net write-down of assets	19A	4,403	(3,100)
Other	19B	252	290
<b>Total operating expenses from ordinary activities</b>		<b>4,655</b>	<b>(2,810)</b>
<b>Cash transferred to Official Public Account</b>		<b>5,119,292</b>	<b>4,467,952</b>
<b>Net increase (decrease) in administered net assets</b>		<b>18,635</b>	<b>28,818</b>

*The above statement should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**SCHEDULE OF ADMINISTERED ASSETS AND LIABILITIES**

*as at 30 June 2001*

	Notes	2000-01 \$'000	1999-00 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash		(912)	465
Receivables	20A	<u>98,071</u>	<u>79,454</u>
<b>Total financial assets</b>		<u><b>97,159</b></u>	<u>79,919</u>
<b>Non-financial assets</b>			
Inventories	20B	<u>376</u>	<u>13</u>
<b>Total non-financial assets</b>		<u><b>376</b></u>	<u>13</u>
<b>Total assets</b>		<u><u><b>97,535</b></u></u>	<u><u>79,932</u></u>
<b>LIABILITIES</b>			
<b>Payables</b>			
Other	21A	<u>18,702</u>	<u>19,734</u>
<b>Total payables</b>		<u><b>18,702</b></u>	<u>19,734</u>
<b>Total liabilities</b>		<u><u><b>18,702</b></u></u>	<u><u>19,734</u></u>
<b>EQUITY</b>			
Capital		-	-
Accumulated Results		<b>78,833</b>	60,198
Reserves		-	-
<b>Total equity</b>	22A	<u><u><b>78,833</b></u></u>	<u><u>60,198</u></u>
<b>Current liabilities</b>		<b>18,702</b>	19,734
<b>Non-current liabilities</b>		-	-
<b>Current assets</b>		<b>96,833</b>	71,513
<b>Non-current assets</b>		<b>702</b>	8,419

*The above statement should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**STATEMENT OF ADMINISTERED CASH FLOWS**

*for the year ended 30 June 2001*

	Notes	2000-01 \$'000	1999-00 \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Customs duty		4,587,412	3,939,460
Fees and fines		238,808	223,581
Sales of goods and services		75,121	79,464
Cash from Official Public Account		213,317	215,492
Other		3,509	8,413
<b>Total cash received</b>		<b>5,118,167</b>	<b>4,466,410</b>
<b>Cash used</b>			
Cash to Official Public Account		5,119,292	4,467,952
Other		252	290
<b>Total cash used</b>		<b>5,119,544</b>	<b>4,468,242</b>
<b>Net cash from operating activities</b>	23	<b>(1,377)</b>	<b>(1,832)</b>
<b>Net increase (decrease) in cash held</b>			
Cash at beginning of the reporting period		465	2,297
<b>Cash at the end of the reporting period</b>		<b>(912)</b>	<b>465</b>

*The above statement should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**SCHEDULE OF ADMINISTERED COMMITMENTS**

*as at 30 June 2001*

	<b>2000-01</b>	1999-00
	<b>\$'000</b>	\$'000
<b>BY TYPE</b>		
CAPITAL COMMITMENTS	-	-
OTHER COMMITMENTS		
Operating leases	-	-
Other commitments	-	-
<b>Total other commitments</b>	<b>-</b>	<b>-</b>
COMMITMENTS RECEIVABLE	-	-
<b>Net commitments</b>	<b>-</b>	<b>-</b>
<b>BY MATURITY</b>		
<b>All Net Commitments</b>		
One year or less	-	-
From one to five years	-	-
Over five years	-	-
<b>Net commitments</b>	<b>-</b>	<b>-</b>

NB: All 2000-01 commitments are GST inclusive where relevant

*The above schedule should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**SCHEDULE OF ADMINISTERED CONTINGENCIES**

*as at 30 June 2001*

	Notes	2000-01 \$'000	1999-00 \$'000
<b>CONTINGENT LOSSES</b>			
Claims for damages/costs		<u>(2,110)</u>	<u>(4,323)</u>
<b>Total contingent losses</b>		<b>(2,110)</b>	<b>(4,323)</b>
 <b>CONTINGENT GAINS</b>			
Claims for damages/costs		<u>3,692</u>	<u>5,454</u>
<b>Net contingencies</b>		<u><b>1,582</b></u>	<u><b>1,131</b></u>

**SCHEDULE OF UNQUANTIFIABLE CONTINGENCIES**

At 30 June 2001 Customs had a number of legal claims lodged against it for damages and costs. Customs has denied liability and is defending the claims. In addition, Customs has lodged a number of claims to recover damages and costs which are also being defended. It is not possible to estimate the amounts of any eventual payments or receipts in relation to these claims.

*The above schedule should be read in conjunction with the accompanying notes.*

**AUSTRALIAN CUSTOMS SERVICE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
*for the year ended 30 June 2001*

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<b>Note</b>	<b>Description</b>
1.	Summary of Significant Accounting Policies
2.	Events Occurring after the Balance Date
3.	Operating Revenues
4.	Operating Expenses
5.	Borrowing Cost Expenses
6.	Financial Assets
7.	Non-Financial Assets
8.	Interest Bearing Liabilities
9.	Provisions
10.	Payables
11.	Equity
12.	Cash Flow Reconciliation
13.	Executive Remuneration
14.	Remuneration of Auditors
15.	Average Staff Levels
16.	Act of Grace Payments and Waivers and Defective Administration Scheme
17.	Financial Instruments
18.	Administered Revenues
19.	Administered Expenses
20.	Administered Assets
21.	Administered Liabilities
22.	Administered Equity
23.	Administered Cash Flow Reconciliation
24.	Administered Financial Instruments
25.	Appropriations
26.	Reporting of Outcomes

## Notes to and forming part of the financial statements

### Note 1: Summary of Significant Accounting Policies

#### 1.1 Objective of Australian Customs Services

Customs is structured to meet one outcome:

**Outcome :** *Effective border management that with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provide trade statistics.*

Customs is an agency within the Attorney General's portfolio.

Customs activities contributing toward this outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by Customs in its own rights. Administered activities involve the management or oversight by Customs on behalf of the Government of items controlled or incurred by the Government.

#### 1.2 Basis of Accounting

The financial statements are required by section 49 of the *Financial Management and Accountability (FMA) Act 1997* and are a general purpose financial report.

The financial statements have been prepared in accordance with:

- Schedule 1 to Orders made by the Finance Minister for the preparation of Financial Statements in relation to financial years ending on or after 30 June 2001;
- Australian Accounting Standards and Accounting Interpretations issued by the Australian Accounting Standards Boards;
- Other authoritative pronouncements of the Boards; and
- Consensus Views of the Urgent Issues Group.

The statements have been prepared having regard to:

- Statements of Accounting Concepts; and
- The Explanatory Notes to Schedule 1, and Guidance Notes issued by the Department of Finance and Administration.

The Statements of Financial Performance and Financial Position have been prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets that, as noted, are at valuation. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Agency Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities arising under agreements equally proportionately unperformed are however not recognised unless required by an Accounting

Standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments and the Schedule of Contingencies.

Revenues and expenses are recognised in the Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The continued existence of Australian Customs Service in its present form, and with its present programs, is dependent on Government policy and on continuing appropriations by Parliament for its administration and programs.

The Schedules of Administered Revenues and Expenses, Assets and Liabilities, and Cash Flows are prepared on the same basis and using the same policies as for Agency items, except where otherwise stated at Note 1.20.

Administered items are distinguished from agency items in the financial statements by shading.

### **1.3 Changes in Accounting Policy**

The accounting policies used in the preparation of these financial statements are consistent with those used in 1999-2000.

### **1.4 Revenue**

The revenues described in this Note are revenues relating to the core operating activities of Customs.

#### *(a) Revenues from Government - Agency appropriations*

Appropriations for departmental outputs are recognised as revenue to the extent that the Finance Minister is prepared to release appropriations for use (that is, the full amount of the appropriation passed by Parliament less any savings offered up at Additional Estimates and not subsequently released).

#### *(b) Resources Received Free of Charge*

Services received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised at their fair value when the asset qualifies for recognition, unless received from another Government agency as a consequence of a restructuring of administrative arrangements (Refer to Note 1.5).

#### *(c) Other Revenue*

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from disposal of non-current assets is recognised when the control of the asset has passed to the buyer.

### **1.5 Transactions by the Government as Owner**

Appropriations designated as 'Capital – equity injections' are recognised directly in equity to the extent drawn down as at the reporting date.

Net assets received under a restructuring of administrative arrangements are designated by the Finance Minister as contributions by the owners and adjusted directly against equity. Net assets relinquished are designated as distributions to owners. Net assets transferred are initially recognised at the amounts at which they are recognised by the transferring agency immediately prior to the transfer.

### **1.6 Employee Entitlements**

#### *(a) Leave*

The liability for employee entitlements includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of Customs is estimated to be less than the annual entitlement for sick leave.

The liability for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 2001 and is recognised at the nominal amount.

The non-current portion of the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June 2001. In determining the present value of the liability, Customs has taken into account attrition rates and pay increases through promotions.

#### *(b) Separation and redundancy*

Provision is made for separation and redundancy payments in circumstances where Customs has formally identified positions as excess to requirements and a reliable estimate of the amount of the payments can be determined.

#### *(c) Superannuation*

Staff of Customs contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$24,713,803 (1999-2000: \$22,781,686) in relation to these schemes have been expensed in these financial statements.

No liability for superannuation is recognised as at 30 June 2001 as the employer contributions fully extinguish the accruing liability, which is assumed by the Commonwealth.

Employer Superannuation Productivity Benefit contributions totalled \$5,286,972 (1999-2000: \$4,867,833).

### **1.7 Leases**

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is capitalised at the present value of minimum lease payments at the inception of the lease and a liability recognised for the same amount. Leased assets are amortised over the useful life of the asset. Lease payments are allocated between the principal component and the interest expense.

During the year, Australian Customs Service recognised as a finance lease the acquisition of eight vessels totalling \$42,353,793.

Operating lease payments are expensed on a basis, which is representative of the pattern of benefits derived from the leased assets. The net present value of future net outlays in respect of surplus space under the non-cancellable lease agreements is expensed in the period in which the space becomes a surplus.

Lease incentives taking the form of 'free' leasehold improvements and rent holidays are recognised as liabilities. Allocating lease payments between rental expense and reduction of the liability reduces these liabilities.

### **1.8 Borrowing Costs**

All borrowing costs are expensed as incurred except to the extent that they are directly attributable to qualifying assets, in which case they are capitalised. The amount capitalised in a reporting period does not exceed the amounts of costs incurred in that period.

The borrowing cost recognised by Australian Customs Service relates to the leased vessels and photocopiers.

### **1.9 Cash**

Cash means notes and coins held and deposits held at call with a bank or financial institution.

### **1.10 Financial instruments**

Accounting policies for financial instruments are stated at Note 17 and 24.

### 1.11 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition, unless acquired as a consequence of restructuring administrative arrangements. In the latter case, assets are initially recognised at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

### 1.12 Property, Plant and Equipment

#### *Asset recognition threshold*

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$3,000, which are expensed in the year of acquisition (other than when they form part of a group of similar items which are significant in total).

#### *Revaluations*

Schedule 1 requires that buildings, property, plant and equipment be revalued progressively in accordance with the 'deprival' method of valuation in successive three year cycles. Land is to be valued annually on the basis of its highest and best use, unless disposal is restricted by legislation, zoning or Government policy. In the latter cases, the deprival basis should be used and the valuations at highest and best use shown in a note.

Customs is implementing the requirements of Schedule 1 as follows:

- Leasehold improvements have been revalued by Colliers Jardine Consultancy and Valuation Pty. Limited as at 28 February 1999.
- Plant and equipment assets whether at cost or under finance lease have been revalued by the Australian Valuation Office as at 30 June 1999.
- Buildings have been revalued by the Defence Housing Authority as at 30 June 2001.

Assets in each class acquired after the commencement of the progressive revaluation cycle are not captured by the progressive revaluation then in progress and will be reported at cost for the duration of the progressive revaluation then in progress.

The financial effect of the move to progressive revaluations is that the carrying amounts of assets will reflect current values and that depreciation charges will reflect the current cost of the service potential consumed in each period.

The application of the deprival method values land at its current market buying price and other assets at their depreciated replacement cost.

Any assets that will not be replaced or are surplus to requirements are valued at net realisable value. Customs had no assets in this situation as at 30 June 2001.

During 1998-1999 internally developed software was valued for the first time using current replacement cost under the deprival method at 30 June 1999 and brought in as an adjustment to accumulated results. The Australian Valuation Office undertook the valuation.

All valuations are performed by independent parties.

#### *Recoverable amount test*

Schedule 1 requires the application of the recoverable amount test to agency non-current assets in accordance with AAS 10 *Accounting for the Revaluation of Non Current Assets*. The carrying amounts of these non-current assets have been reviewed to determine whether they are in excess of their recoverable amounts. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

#### *Depreciation and Amortisation*

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to Customs using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease. Land, as it is an asset with an unlimited useful life is not depreciated. In accordance with the Australian Accounting Standard AAS17 and given that ownership of the vessels is intended to occur at the end of the lease term, the leased vessels are amortised over the vessels useful life rather than the lease term.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

Depreciation and amortisation rates applying to each class of depreciable asset are based on the following useful lives:

	<b>2000-01</b>	1999-00
Buildings on freehold land	<b>40 years</b>	40 years
Leasehold improvements	<b>lesser of fitout cost or lease term</b>	lesser of fitout cost or lease term
Plant and equipment	<b>4 to 5 years</b>	5 years
Intangibles	<b>3 to 5 years</b>	5 years
Customs Vessels	<b>12 years</b>	12 years
Operational Equipment	<b>5 years</b>	5 years
X-Ray equipment	<b>7 years</b>	7 years
Historical & antique items	<b>50 years</b>	50 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 4C.

### **1.13 Inventories**

Inventories held for resale are valued at the lower of cost and net realisable value. Inventories of seized and surrendered goods are brought to account at estimated net proceeds from sale.

Inventories not held for resale are valued at cost, unless they are no longer required, in which case they are valued at net realisable value.

### **1.14 Taxation**

Customs is exempt from all forms of taxation except fringe benefits tax and the goods and services tax.

### **1.15 Capital Usage Charge**

A capital usage charge of 12% is imposed by the Commonwealth on the net agency assets of Customs. The charge is adjusted to take account of asset gifts and revaluation increments during the financial year.

### **1.16 Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated currency gains and losses are not material.

### **1.17 Insurance**

Customs has insured for risks through the Government's insurable risk managed fund, called 'Comcover'. Workers compensation is insured through Comcare Australia.

### **1.18 Comparative figures**

Comparative figures have been adjusted to conform to changes in presentation in these financial statements where required.

### **1.19 Rounding**

Amounts have been rounded to the nearest \$1,000 except in relation to the following items:

- Transactions of the Special Accounts;
- Act of grace payments and waivers;
- Remuneration of executives;
- Remuneration of auditors; and
- Appropriations.

## 1.20 Administered Revenue

All revenues described in this note are revenues relating to the core operating activities performed by Customs on behalf of the Commonwealth.

### *Revenue from Government – Administered Appropriations*

Appropriations for administered expenses may be unlimited or limited as to amount. Where appropriation is an annual appropriation and limited as to amount, revenue is recognised to the extent of the lesser of:

- the amount appropriated by the Parliament, and
- an amount determined by the Finance Minister – this amount is determined having regard to the expenses incurred for the reporting period.

Where unlimited, revenue is recognised to the extent that expenses have been incurred. Similarly, appropriations credited to administered special accounts are recognised as revenue to the extent that expenses have been incurred.

### *Other Revenue*

Fees are charged to individuals leaving Australia, and are intended to cover the costs of government services provided at international airports and seaports. Administered fee revenue is recognised in the period the charge is incurred.

Administered fines are recognised in the period in which the breach occurs.

## 1.21 Administered Capital

Appropriations of Administered capital are recognised in Administered Equity as amounts appropriated by Parliament are drawn down.

## Note 2: Events Occurring after the Balance Date

There are no events occurring after balance date.

## Note 3: Operating Revenues

<u>Note 3A- Revenues from Government</u>	<b>2000-01</b>	1999-00
	<b>\$'000</b>	\$'000
Appropriations for outputs	<b>422,207</b>	424,101
Resources received free of charge	<b>134,835</b>	134,490
Total	<b>557,042</b>	558,591

<u>Note 3B - Sales of Goods and Services</u>	<b>2000-01</b>	1999-00
	<b>\$'000</b>	\$'000
Goods and Services	<b>64,606</b>	20,464
Total	<b>64,606</b>	20,464

Note 3C – Proceeds and Expenses from Sale of Assets

Non-financial assets – Property, plant and equipment:

Revenue (proceeds) from sale	<b>(579)</b>	(177)
Expense from sale	<b>3,022</b>	2227
Total	<b>2,443</b>	2,050

Non-financial assets – Land and Buildings:

Revenue (proceeds) from sale	<b>(579)</b>	-
Expense from sale	<b>633</b>	-
Total	<b>54</b>	-

**Note 4: Operating Expenses**

Note 4A - Employee Expenses

Remuneration (for services provided)	<b>244,899</b>	226,989
Separation and redundancy	<b>2,117</b>	5,397
Total remuneration	<b>247,016</b>	232,386
Other employee expenses	<b>5,620</b>	2,121
Total	<b>252,636</b>	234,507

Note 4B - Supplier Expenses

Supply of goods and services	<b>305,742</b>	288,206
Operating lease rentals	<b>32,056</b>	25,338
Total	<b>337,798</b>	313,544

Note 4C - Depreciation and Amortisation

Depreciation of property, plant and equipment	<b>10,104</b>	10,471
Amortisation of leased assets	<b>3,241</b>	16
Amortisation of intangibles	<b>3,563</b>	3,392
Depreciation of buildings	<b>229</b>	209
Total	<b>17,137</b>	14,088

<u>Note 4D – Write down of assets</u>	<b>2000-01</b>	1999-00
	<b>\$'000</b>	\$'000
Financial Assets		
Receivables	17	3
Non-Financial Assets		
Land & Buildings – revaluation decrement	45	-
Total	<u>62</u>	<u>3</u>

### **Note 5: Borrowing Cost Expenses**

Lease	<u>6,135</u>	<u>4</u>
Total	<u>6,135</u>	<u>4</u>

### **Note 6: Financial Assets**

#### Note 6A – Receivables

Appropriations – Other Services	<u>-</u>	<u>9,344</u>
	-	9,344
Goods and services	5,684	7,777
GST receivable	<u>3,428</u>	<u>-</u>
	9,112	7,777
Less: Provision for doubtful debts	<u>(25)</u>	<u>-</u>
	9,087	7,777
Other	-	6,285
Less: Provision for doubtful debts	<u>-</u>	<u>(8)</u>
	-	6,277
Total	<u>9,087</u>	<u>23,398</u>
Receivables (gross) are aged as follows:		
Not Overdue	8,506	23,194
Overdue by:		
Less than 30 days	18	26
30 to 60 days	56	26
60 to 90 days	11	50
More than 90 days	<u>521</u>	<u>102</u>
Total	<u>9,112</u>	<u>23,398</u>

<b>Note 7: Non-Financial Assets</b>	<b>2000-01</b>	1999-00
	<b>\$'000</b>	<b>\$'000</b>
<u>Note 7A - Land and Buildings</u>		
Land - at valuation	<u>4,354</u>	<u>4,078</u>
Total land – at valuation	<u>4,354</u>	<u>4,078</u>
Buildings – at cost	301	207
Accumulated depreciation	<u>(17)</u>	<u>(6)</u>
Total buildings - at cost	<u>284</u>	<u>201</u>
Buildings – at valuation	8,997	7,904
Accumulated depreciation	<u>0</u>	<u>(441)</u>
Total buildings - at valuation	<u>8,997</u>	<u>7,463</u>
Total Land and Buildings	<u><u>13,635</u></u>	<u><u>11,742</u></u>
<u>Note 7B – Property, Plant and Equipment</u>		
Property, plant and equipment - at cost	61,884	29,965
Accumulated depreciation	<u>(15,341)</u>	<u>(1,996)</u>
Total plant and equipment - at cost	<u>46,543</u>	<u>27,969</u>
Property, plant and equipment - at valuation	42,858	42,858
Accumulated depreciation	<u>(13,526)</u>	<u>(10,233)</u>
Total plant and equipment - at valuation	<u>29,332</u>	<u>32,625</u>
Total Property, Plant and Equipment	<u><u>75,875</u></u>	<u><u>60,594</u></u>

7C - Analysis of Property, Plant and Equipment and Intangibles

**TABLE A - Movement summary 2000-01 for all assets irrespective of valuation basis**

	Land	Buildings	Total Land and Buildings	Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross value at 1 July 2000</b>	<b>4,078</b>	<b>8,111</b>	<b>12,189</b>	<b>72,823</b>	<b>17,144</b>	<b>102,156</b>
Additions - Purchase of assets	144	774	918	33,673	52	34,643
Revaluations: write-ups/(write-downs)	402	1461	1,863	-	-	1,863
Assets transferred in/(out)	-	-	-	-	-	-
Write offs	(15)	(30)	(45)	-	-	(45)
Disposals	(255)	(385)	(640)	(5,642)	-	(6,282)
Other Movements ●	-	(633)	(633)	3,888	(96)	3,159
<b>Gross value at 30 June 2001</b>	<b>4,354</b>	<b>9,298</b>	<b>13,652</b>	<b>104,742</b>	<b>17,100</b>	<b>135,494</b>
<b>Accumulated Depreciation/Amortisation at 1 July 2000</b>	<b>-</b>	<b>447</b>	<b>447</b>	<b>12,229</b>	<b>3,395</b>	<b>16,071</b>
Disposals	-	(26)	(26)	(2,711)	-	(2,737)
Depreciation/amortisation charge for the year	-	229	229	13,345	3,563	17,137
Revaluations: write-ups/(write-downs)	-	-	-	-	-	-
Assets transferred in/(out)	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-
Other movements ●	-	(633)	(633)	6,003	10	5,380
<b>Accumulated depreciation/amortisation at 30 June 2000</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>28,867</b>	<b>6,968</b>	<b>35,851</b>
<b>Net book value at 30 June 2001</b>	<b>4,354</b>	<b>9,281</b>	<b>13,635</b>	<b>75,875</b>	<b>10,132</b>	<b>99,643</b>
<b>Net book value at 1 July 2000</b>	<b>4,078</b>	<b>7,664</b>	<b>11,742</b>	<b>60,594</b>	<b>13,749</b>	<b>86,085</b>

Note 7C - Property, Plant, Equipment and Intangibles (cont.)  
**TABLE B - Summary of balances of assets at valuation as at 30 June 2001**

	Land \$'000	Buildings \$'000	Total Land and Buildings \$'000	Plant and Equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 30 June 2001</b>						
Gross value	4,354	8,997	13,351	42,858	16,261	72,470
Accumulated Depreciation/Amortisation	-	-	-	(13,526)	(6,620)	(20,146)
<b>Net book value</b>	<b>4,354</b>	<b>8,997</b>	<b>13,351</b>	<b>29,332</b>	<b>9,641</b>	<b>52,324</b>
<b>As at 30 June 2000</b>						
Gross value	4078	7904	11,982	42,858	16,261	71,101
Accumulated Depreciation/Amortisation	-	(441)	(441)	(10,233)	(3,311)	(13,985)
<b>Net book value</b>	<b>4,078</b>	<b>7,463</b>	<b>11,541</b>	<b>32,625</b>	<b>12,950</b>	<b>57,116</b>

• **Notes to Table A; Other movement details:**

“Buildings”: The adjustment refers to the accumulated depreciation balance being credited to the Buildings account prior to revaluing the class of assets “Buildings” in accordance with AAS 38 “Revaluation of Non-Current Assets”.

“Other Property, Plant and Equipment” and “Computer Software”: During the year, adjustments were made to reconcile the Fixed Asset Register to the General Ledger.

Note 7C - Property, Plant, Equipment and Intangibles (cont.)

TABLE C - Summary of balances of assets held under Finance Leases as at 30 June 2001

	Land \$'000	Buildings \$'000	Total Land and buildings \$'000	Plant and Equipment \$'000	Intangibles \$'000	Total \$'000
<b>As at 30 June 2001</b>						
Gross value	-	-	-	42,433	-	42,433
Accumulated amortisation	-	-	-	(3,244)	-	(3,244)
<b>Net book value</b>	-	-	-	<b>39,189</b>	-	<b>39,189</b>
<b>As at 30 June 2000</b>						
Gross value	-	-	-	79	-	79
Accumulated amortisation	-	-	-	(57)	-	(57)
<b>Net book value</b>	-	-	-	<b>22</b>	-	<b>22</b>

<u>Note 7D – Inventories</u>	<b>2000-01</b> <b>\$'000</b>	1999-00 \$'000
Inventories not held for sale	<u><b>1,824</b></u>	<u>1,918</u>
<u>Note 7E - Intangibles</u>		
Purchased software – at cost	<b>839</b>	883
Accumulated amortisation	<u><b>(348)</b></u>	<u>(84)</u>
	<b>491</b>	799
Internally developed software – at valuation	<b>16,261</b>	16,261
Accumulated amortisation	<u><b>(6,620)</b></u>	<u>(3,311)</u>
	<b>9,641</b>	12,950
Total Intangibles	<u><b>10,132</b></u>	<u>13,749</u>
<u>Note 7F- Other</u>		
Prepayments	<b>4,803</b>	2,314
Work in progress	<b>48,989</b>	39,719
Other	<u>-</u>	<u>-</u>
Total	<u><b>53,792</b></u>	<u>42,033</u>

## **Note 8: Interest Bearing Liabilities**

### Note 8A - Leases

Finance Lease commitments		
Not Later than one year	<b>5,402</b>	22
Later than one year and not later than five years	<b>19,013</b>	-
Later than five years	<u>-</u>	<u>-</u>
Minimum lease payments	<b>24,415</b>	22
Deduct: future finance charges	<u><b>(2,825)</b></u>	<u>(2)</u>
Lease Liability	<u><b>21,590</b></u>	<u>20</u>
Lease Liabilities represented by:		
Current	<b>4,267</b>	20
Non-Current	<u><b>17,323</b></u>	<u>-</u>
Lease Liability	<u><b>21,590</b></u>	<u>20</u>

<b>Note 9: Provisions</b>	<b>2000-01</b>	1999-00
	<b>\$'000</b>	\$'000
<u>Note 9A – Employees Provisions</u>		
Salaries and wages	<b>6,962</b>	5,566
Leave	<b>75,108</b>	70,081
Superannuation	-	-
Worker's Compensation	-	-
Separation and redundancies	-	-
Aggregate employee entitlements liability	<b>82,070</b>	75,647
Other	-	-
<b>Total</b>	<b>82,070</b>	<b>75,647</b>
Current	<b>20,519</b>	13,242
Non-Current	<b>61,551</b>	62,405

### **Note 10: Payables**

<u>Note 10A – Suppliers Payables</u>		
Trade creditors	<b>10,640</b>	24,009
<b>Total</b>	<b>10,640</b>	<b>24,009</b>
<u>Note 10B – Other Payables</u>		
Unearned Revenue	<b>2,841</b>	
Fringe Benefits Tax	<b>876</b>	401
<b>Total</b>	<b>3,717</b>	<b>401</b>

**Note 11: Equity**  
Note 11A - Equity - Agency

Item	Accumulated Results		Asset Revaluation		Total Reserves		Capital		Total Equity	
	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000
Balance at 1 July 2000	26,709	15,876	20,729	20,849	20,729	20,849	68,517	35,405	115,955	72,130
Net surplus/(deficit) after extraordinary items	9,722	14,929	-	-	-	-	-	-	9,722	14,929
Equity injection: Appropriation	-	-	-	-	-	-	(2,307)	33,112	(2,307)	33,112
Restructuring transfers	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-
Capital Use Charge	(12,692)	(4,096)	-	-	-	-	-	-	(12,692)	(4,096)
Net Revaluation increments/decrements	69	-	1,794	(124)	1,794	(124)	-	-	1,863	(124)
<b>Balance 30 June 2001</b>	<b>23,808</b>	<b>26,709</b>	<b>22,523</b>	<b>20,725</b>	<b>22,523</b>	<b>20,725</b>	<b>66,210</b>	<b>68,517</b>	<b>112,541</b>	<b>115,951</b>

## Note 12: Cash Flow Reconciliation

	2000-01 \$'000	1999-00 \$'000
Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	66,213	62,594
Statement of Financial Position items comprising above cash: 'Financial Asset – Cash'	66,213	62,594
Reconciliation of operating surplus to net cash provided by operating activities:		
Net surplus (deficit)	9,722	14,929
Depreciation/amortisation	17,137	14,088
Write down of assets	62	3
Loss on sale or disposal of non-current assets	2,497	2,050
Add back borrowing costs	6,135	-
(Increase) decrease in receivables	5,165	18,407
Decrease (increase) in inventories	94	88
(Increase) decrease in other assets	(2,489)	(19,463)
(Decrease) increase in provisions	6,423	11,511
(Decrease) increase in creditors	(13,383)	17,799
Increase (decrease) in leases	-	(15)
(Decrease) increase in other payables	3,316	16
Recognition of equity injection carry over	-	9,344
Net cash provided (used) by operating activities	<u>34,679</u>	<u>68,757</u>

**Note 13: Executive Remuneration**

The number of Executives who received or were due to receive total remuneration of \$100,000 or more:

	<b>2000-01</b>	1999-00
	<b>Number</b>	Number
\$100,000 - \$110,000	<b>3</b>	-
\$110,001 - \$120,000	<b>5</b>	-
\$120,001 - \$130,000	<b>4</b>	2
\$130,001 - \$140,000	<b>11</b>	7
\$140,001 - \$150,000	<b>2</b>	8
\$150,001 - \$160,000	<b>1</b>	3
\$160,001 - \$170,000	-	1
\$170,001 - \$180,000	-	3
\$180,001 - \$190,000	-	1
\$190,001 - \$200,000	<b>3</b>	1
\$210,001 - \$220,000	<b>1</b>	-
\$220,001 - \$230,000	-	1
\$260,001 - \$270,000	-	1
\$300,001 - \$310,000	<b>1</b>	1

The aggregate amount of total remuneration of Executives shown above. **\$4,424,522**      \$4,364,086

The above amounts include any separation and redundancy payments made during the year.

**Note 14: Remuneration of Auditors**

Financial statement audit services are provided free of charge to Customs. The fair value of the audit services provided was:

	<b>2000-01</b>	1999-00
	<b>\$</b>	\$
Audit of the financial statements	<u><b>540,000</b></u>	<u>540,000</u>

No other services were provided by the Auditor-General.

**Note 15: Average Staff Levels**

	2000-01	1999-00
The average staffing levels for Customs during the year were:	<u>4,171</u>	<u>3,921</u>

**Note 16: Act of Grace Payments and Waivers and Defective Administration Scheme**

	2000-01	1999-00
	\$	\$
Act of Grace payments were made during the year	<u>29,231</u>	<u>-</u>
No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the <i>Financial Management and Accountability Act 1997</i> .	-	-
One payment was made under the Defective Administration Scheme during the reporting period.	<u>5,914</u>	<u>7,096</u>

## Note 17: Financial Instruments

### Note 17A - Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows).
<i>Financial Assets</i>		<i>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</i>	
Cash		Deposits are recognised at their nominal amounts. Interest is credited to revenue as it accrues.	Customs invests funds with a commercial bank at call. Monies in Customs bank accounts are swept into the Official Public Account nightly and interest is earned on the daily balance at rates based on money market call rate. Rates have averaged 5.85% for the year (1999-2000: 7%). Interest is paid at month end.
Receivables for goods and Services	6A	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	The majority of receivables are with entities external to the Commonwealth. Credit terms are net 30 days (1999-2000: 30 days).
<i>Financial liabilities</i>		<i>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.</i>	
Finance lease liabilities	8A	Liabilities are recognised at the present value of the minimum lease payments at the beginning of the lease. The discount rates used are estimates of the interest rates implicit in the leases.	At reporting date, Customs had finance leases with terms averaging 5 years and a maximum term of 5 years. The interest rate implicit in the leases is 6.4% (1999-2000: 13.05%) The lease liabilities are secured by the lease assets.
Trade creditors	10A	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	All creditors are entities that are not part of the Commonwealth legal entity. Settlement is usually made net 30 days.

**Note 17: Financial Instruments (cont.)**

**Note 17B - Interest Rate Risk - Agency**

Financial Instrument	Notes	Floating Interest Rate	Fixed Interest Rate					Non-Interest Bearing	Total	Weighted Average Effective Interest rate		
			1 year or less	1 to 2 years	2 to 5 years	> 5 years						
		00-01 \$'000	99-00 \$'000	00-01 \$'000	99-00 \$'000	00-01 \$'000	99-00 \$'000	00-01 \$'000	99-00 \$'000	00-01 %	99-01 %	
<b>Financial Assets</b>												
Cash at Bank		-	-	66,100	62,448	-	-	113	146	66,213	62,594	5.85
Receivables	6A	-	-	-	-	-	-	9,087	23,398	9,087	23,398	n/a
<b>Total Financial Assets (Recognised)</b>		-	-	66,100	62,448	-	-	9,200	24,544	75,300	85,992	
<b>Total Assets</b>		-	-	-	-	-	-	-	-	230,558	216,028	
<b>Financial Liabilities</b>												
Trade Creditors and Accruals	10A	-	-	-	-	-	-	10,640	24,009	10,640	24,009	n/a
Finance Lease Liabilities	8A	-	3	20	21,587	-	-	-	-	21,590	20	9.73
<b>Total Financial Liabilities (Recognised)</b>		-	-	3	20	21,587	-	10,640	24,009	32,230	24,029	13.05
<b>Total Liabilities</b>		-	-	-	-	-	-	-	-	118,017	100,077	

## Note 17: Financial Instruments (cont.)

### Note 17C - Net Fair Values of Financial Assets and Liabilities.

AGENCY		2000-01		1999-00	
		Total Carrying Amount \$'000	Aggregate Net Fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net fair Value \$'000
Note					
<b>Agency</b>					
<b>Financial Assets</b>					
		66,213	66,213	62,594	62,594
		9,087	9,087	23,398	23,398
		<u>75,300</u>	<u>75,300</u>	<u>85,992</u>	<u>85,992</u>
<b>Financial Liabilities (recognised)</b>					
		10,640	10,640	24,009	24,009
		21,590	21,590	20	20
		<u>32,230</u>	<u>32,230</u>	<u>24,029</u>	<u>24,029</u>

#### *Financial assets*

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

#### *Financial liabilities*

The net fair values for trade creditors and other liabilities are approximated by their carrying amounts.

The net fair values of finance leases are based upon discounted cash flows using the interest rate implicit in the lease.

### Note 17D - Credit Risk Exposures

Customs maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Financial Position.

Customs has no significant exposures to any concentrations of credit risk.

## Note 18: Administered Revenues

	2000-01 \$,000	1999-00 \$,000
<u>Note 18A – Customs Duty and Fees</u>		
Customs Duty	4,609,465	3,966,595
Fees	242,317	226,196
Total	<u>4,851,782</u>	<u>4,192,791</u>

The customs duty figure reflects an amount of \$88.672m in customs duty offsets. These offsets are associated with the Automotive Competitiveness and Investment Scheme (ACIS) credits redeemed to 30 June 2001. The ACIS scheme is administered by the Department of Industry, Science and Resources and the redemption of customs duty is made on their behalf.

<u>Note 18B – Revenue from Government</u>		
Annual Appropriations	252	252
Special Appropriations	214,147	215,240
Total	<u>214,399</u>	<u>215,492</u>

<u>Note 18C - Interest</u>		
Interest from deposits	-	6

<u>Note 18D - Other Administered Revenue</u>		
Resources Received Free of Charge	363	13
Other	-	7,489
Total	<u>363</u>	<u>7,502</u>

## Note 19: Administered Expenses

<u>Note 19A – Net Write Down of Assets</u>		
Financial Assets		
Receivables – provision for doubtful debt	4,403	(3,100)
Total	<u>4,403</u>	<u>(3,100)</u>

<u>Note 19B - Other Administered Expenses</u>		
Compensation and Legal	-	-
Other	252	290
Total	<u>252</u>	<u>290</u>

## Note 20: Administered Assets

<u>Note 20A - Receivables - Administered</u>	<b>2000-01</b>	1999-00
	<b>\$,000</b>	\$,000
Customs Duty	<b>60,908</b>	39,887
Fees and Fines	<b>37,737</b>	34,228
Goods and Services	<b>917</b>	-
Other	<b>6,618</b>	9,045
Less: Provision for doubtful debts	<b>(8,109)</b>	(3,706)
<b>Total</b>	<b>98,071</b>	79,454
Overdue Administered receivables as at 30 June 2001 were aged as follows:		
Not Overdue	<b>65,864</b>	61,177
Overdue by:		
Less than 30 days	<b>18,816</b>	1,501
30 to 60 days	<b>1,007</b>	1,916
60 to 90 days	<b>718</b>	1,026
More than 90 days	<b>19,775</b>	13,834
<b>Total</b>	<b>106,180</b>	79,454

## Note 20B – Inventories - Administered

Inventories held for sale	<b>376</b>	13
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## Note 21: Administered Liabilities

### Note 21A - Payables

Refunds of Customs Duty	<b>18,702</b>	19,721
Other	-	13
<b>Total</b>	<b>18,702</b>	19,734

## Note 22: Administered Equity

### Note 22A – Movements in Equity

Item	Accumulated net change in administered net assets from operations		Asset revaluation reserve		Total reserves		Capital		Total Equity	
	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000	2000-01 \$'000	1999-00 \$'000
Balance at 1 July 2000	60,198	31,380	-	-	-	-	60,198	-	60,198	31,880
Net Change in Administered net assets from operations	5,137,927	4,496,770	-	-	-	-	-	-	5,137,927	4,496,770
Amount to Official Commonwealth Public Account	(5,119,292)	(4,467,952)	-	-	-	-	-	-	(5,119,292)	(4,467,952)
Restructuring Transfers	-	-	-	-	-	-	-	-	-	-
Capital Appropriations	-	-	-	-	-	-	-	-	-	-
<b>Balance 30 June 2001</b>	<b>78,833</b>	<b>60,198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,833</b>	<b>-</b>	<b>78,833</b>	<b>60,198</b>

**Note 23: Administered Cash Flow Reconciliation**

	2000-01 \$,000	1999-00 \$,000
Reconciliation of Cash per Statement of Financial Position to Statement of Cash Flows		
Cash at year end per Statement of Cash Flows	(912)	465
Statement of Financial Position items comprising above cash: 'Financial asset – Cash'	(912)	465
Reconciliation of 'Net change in administered net assets' from Schedule of Administered Revenues and Expenses to net cash provided by operating activities:		
Net increase (decrease) in administered net assets	18,635	28,818
Increase (decrease) in suppliers provisions and payables	(1,032)	(6,955)
Decrease (increase) in receivables	(18,617)	(23,901)
Decrease (increase) in inventories	(363)	206
<b>Net Cash from Operating activities</b>	<b>(1,377)</b>	<b>(1,832)</b>

## Note 24: Administered Financial Instruments

### Note 24A - Terms, conditions and accounting policies

Financial Instrument	Notes	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting the amount, timing and certainty of cash flows.
<i>Financial Assets</i>		<i>Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.</i>	
Cash		Deposits are recognised at their nominal amounts.	The balance of the administered cash account is non interest bearing.
Receivables for customs duty and other	20A	These receivables are recognised at the nominal amounts due less any provision for bad and doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	The majority of receivables are with entities external to the Commonwealth. Credit terms vary.
<i>Financial Liabilities</i>		<i>Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.</i>	
Other – refunds / rebates	21A	Approved claims for refunds and rebates are recognised at nominal amounts. The liability for unapproved claims is based on a percentage of approved claims during the year.	All liabilities are with entities external to the Commonwealth.

**Note 24: Administered Financial Instruments (cont.)****Note 24B - Interest Rate Risk: Administered**

Financial Instrument	Notes	Floating Interest Rate	Fixed Interest Rate					Non-Interest Bearing	Total	Weighted Average Effective Interest rate	
			1 year or less	1 to 2 years	2 to 5 years	> 5 years					
		00-01 \$'000	99-00 \$'000	00-01 \$'000	99-00 \$'000	00-01 \$'000	99-00 \$'000	00-01 \$'000	99-00 \$'000	00-01 \$'000	99-00 \$'000
<b>Financial Assets</b>											
Cash at Bank		-	-	-	-	-	-	(912)	465	n/a	n/a
Receivables	20A	-	-	-	-	-	-	98,071	79,454	98,071	79,454
<b>Total Financial Assets (Recognised)</b>		-	-	-	-	-	-	97,159	79,919	97,159	79,919
<b>Total Assets</b>								97,535	79,932		
<b>Financial Liabilities</b>											
Refunds / Rebates	21A	-	-	-	-	-	-	18,702	19,734	18,702	19,734
<b>Total Financial Liabilities (Recognised)</b>		-	-	-	-	-	-	18,702	19,734	18,702	19,734
<b>Total Liabilities</b>								18,702	19,734	18,702	19,734

**Note 24: Administered Financial Instruments (cont.)**

**Note 24C - Net Fair Values of Financial Assets and Liabilities.**

	Note	2000-01		1999-00	
		Total Carrying Amount \$'000	Aggregate Net fair Value \$'000	Total Carrying Amount \$'000	Aggregate Net fair Value \$'000
<b>Administered Financial Assets</b>					
Cash at Bank		(912)	(912)	465	465
Receivables for customs duty and other	20A	98,071	98,071	79,454	79,454
<b>Total Financial Assets</b>		<b>97,159</b>	<b>97,159</b>	<b>79,919</b>	<b>79,919</b>
<b>Financial Liabilities (recognised)</b>					
Refunds / Rebates	21A	18,702	18,702	19,734	19,734
<b>Total Financial Liabilities (recognised)</b>		<b>18,702</b>	<b>18,702</b>	<b>19,734</b>	<b>19,734</b>

**Note 25: Appropriations****Note 25A - Agency appropriations**

	2000-01	1999-00
	\$	\$
<u>Annual appropriations for Departmental items (outputs)</u>		
Add: Appropriation Acts No 1 & 3 credits:		
Section 7 - Act 1 - basic appropriations (budget)	418,685,000	419,012,000
Section 7 - Act 3 - basic appropriations	3,522,000	4,948,000
Section 10 - adjustments	-	-
Section 11 - Advance to the Finance Minister	-	-
Section 12 - Comcover receipts	-	-
<b>Total Current Appropriations Act</b>	<b>422,207,000</b>	<b>424,101,000</b>
Add: FMA Act		
s30 appropriations	-	-
s30A appropriations (GST recoverables)	33,779,800	-
s31 appropriations	64,605,674	20,377,427
<b>Total appropriated in the year</b>	<b>422,207,000</b>	<b>444,478,427</b>
Balance brought forward from previous year	66,179,427	-
<b>Total appropriations available for payments</b>	<b>586,771,901</b>	<b>444,478,427</b>
Payments during the year	468,172,000	378,158,000
<b>Balance of appropriations (unspent) at 30 June carried to next period</b>	<b>118,599,901</b>	<b>66,179,427</b>

**Note 25B - Annual Appropriations for Departmental Capital Items**

	Equity Injections		Loans		Carry Over		Total	
	2000-01	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01	1999-00
	\$	\$	\$	\$	\$	\$	\$	\$
Appropriations Act No 2 & 4								
Section 10 – Act No 2 (Budget)	2,369,000	26,629,000	-	-	-	-	2,369,000	26,629,000
Section 10 – Act No 4	4,668,000	3,739,000	-	-	-	-	4,668,000	3,739,000
Advance to the Finance Minister	-	-	-	-	-	-	-	-
Total Current Appropriations Acts	7,037,000	30,368,000	-	-	-	-	7,037,000	30,368,000
Add: FMA Act Appropriations								
s30 appropriations	-	-	-	-	-	-	-	-
s30A appropriations (GST recoverables)	-	-	-	-	-	-	-	-
Total appropriated in the year	7,037,000	30,368,000	-	-	-	-	7,037,000	30,368,000
Balance available at 1 July brought forward from previous period	-	-	-	-	20,602,000	35,437,000	20,602,000	35,437,000
Total appropriations available for payments	7,037,000	30,368,000	-	-	20,602,000	35,437,000	27,639,000	65,805,000
Payments during the year	5,764,000	22,477,000	-	-	20,602,000	35,437,000	26,366,000	57,914,000
Balance of appropriations at 30 June carried to next period	1,273,000	7,891,000	-	-	-	-	1,273,000	7,891,000

**Note 25: Appropriations (cont.)****Note 25C - Administered appropriations**

Annual Appropriations for Administered expense items  
Outcome 1 – Border Management

	Administered Expenses Appropriation Act No 1 & 3		Other Administered Expenses Appropriation Act No 2 & 4		State Payment Items Appropriation Act No 2 & 4		Total Outcome 1	
	2000-01 \$	1999-00 \$	2000-01 \$	1999-00 \$	2000-01 \$	1999-00 \$	2000-01 \$	1999-00 \$
Appropriations Acts credits:								
Act 1/ 2 - basic appropriations (budget)	260,000	260,000	-	-	-	-	260,000	260,000
Act 3/ 4 – basic appropriations	-	-	-	-	-	-	-	-
Section 11 – Advance to the Finance Minister	-	-	-	-	-	-	-	-
Section 12 – Comcover receipts	-	-	-	-	-	-	-	-
Total Current Appropriations Acts	260,000	260,000	-	-	-	-	260,000	260,000
Add: FMA Act appropriations								
s30 appropriations	-	-	-	-	-	-	-	-
s30A appropriations (GST recoverables)	-	-	-	-	-	-	-	-
Total appropriated in the year	260,000	260,000	-	-	-	-	260,000	260,000
Less: amounts lapsed by Ministerial determination	-	7,567	-	-	-	-	-	7,567
Balance available at 1 July brought forward from previous period	-	-	-	-	-	-	-	-
Total appropriations available for payments	260,000	252,433	-	-	-	-	260,000	252,433
Payments during the year	251,418	252,433	-	-	-	-	251,418	252,433
Balance of appropriations at 30 June carried to next period	8,582	-	-	-	-	-	8,582	-

**Note 25: Appropriations (cont.)**

**Note 25D - Annual Appropriations for Administered Capital Items**

	2000-01 \$	1999-00 \$
Appropriations Act No 2 & 4	-	-
Section 10 – Act No 2 (Budget)	-	-
Section 10 – Act No 4	-	-
Advance to the Finance Minister	-	-
Total Current Appropriations Acts	-	-
Add: FMA Act appropriations	-	-
s30 appropriations	-	-
s30A appropriations (GST recoverables)	-	-
Total appropriated in the year	-	-
Balance available at 1 July brought forward from previous period	-	-
Total appropriations available for payments	-	-
Payments during the year	-	-
Balance of appropriations at 30 June carried to next period	-	-

**Note 25: Appropriations (cont.)****Note 25E - Special Appropriations (unlimited) for administered items**

	Outcome 1		Total	
	2000-01	1999-00	2000-01	1999-00
	\$	\$	\$	\$
<i>Financial Management and Accountability Act,</i>				
<i>1997; s20</i>				
Budget estimate	219,371,000	-	219,371,000	-
Payments made	214,147,000	215,232,000	214,147,000	215,232,000

## Note 25: Appropriations (cont.)

### Note 25F - Special Accounts

#### **Other Trust Monies Reserve (Australian Customs Service)**

Legal Authority: *Financial Management and Accountability Act, 1997; s20*

Purpose: For receipt of moneys temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth.

	2000-01 \$
Balance carried forward	6,534,148
Plus appropriations credited during the year	-
Plus other revenue credited during the year	755,448
Total available for expenditure	<u>7,289,596</u>
Less payments made during the year	<u>(888,093)</u>
Appropriation available at year end	<u>6,401,502</u>

#### **Tradegate Fees Reserve (Australian Customs Service)**

Legal Authority: *Financial Management and Accountability Act, 1997; s20*

Purpose: For expenditure on payments to Tradegate Australia Ltd of fees collected by Customs for users of the Tradegate Network.

	2000-01 \$
Balance carried forward	118,499
Plus appropriations credited during the year	-
Plus other revenue credited during the year	10,089,196
Total available for expenditure	<u>10,207,695</u>
Less payments made during the year	<u>(10,040,844)</u>
Appropriation available at year end	<u>166,851</u>

#### **Security Deposits Reserve (Australians Customs Service)**

Legal Authority: *Financial Management and Accountability Act, 1997; s20*

Purpose: For expenditure dealing with moneys required to be lodged under Section 42 and 162 of the *Customs Act 1901*

Balance carried forward	8,023,424
Plus appropriations credited during the year	-
Plus other revenue credited during the year	9,285,481
Total available for expenditure	<u>17,308,905</u>
Less payments made during the year	<u>(10,324,709)</u>
Appropriation available at year end	<u>6,984,196</u>

**Industry Related Systems Development Fund**Legal Authority: *Financial Management and Accountability Act, 1997; s20*

Purpose: For expenditure on industry related development of Customs Service.

	<b>2000-01</b>
	\$
Balance carried forward	1,716,807
Plus appropriations credited during the year	-
Plus other revenue credited during the year	459,567
Total available for expenditure	<u>2,176,374</u>
Less payments made during the year	<u>(94,445)</u>
Appropriation available at year end	<u><u>2,081,929</u></u>

**ACS Air Express Courier Deposits Reserve**Legal Authority: *Financial Management and Accountability Act, 1997; s20*

Purpose: For disbursement of money lodged as deposits in relation to future charges incurred by air express courier companies.

Balance carried forward	675,966
Plus appropriations credited during the year	-
Plus other revenue credited during the year	6,332,460
Total available for expenditure	<u>7,008,426</u>
Less payments made during the year	<u>(5,672,742)</u>
Appropriation available at year end	<u><u>1,335,684</u></u>

## Note 26 - Reporting of Outcome

### Reporting by Outcomes (Clause 6 of Schedule 1 and AAS 29 12.7 & 12.9 refer)

	Effective Border Management	
	Budget \$'000	Actual \$'000
Total net administered expenses	260	260
Net cost of departmental outputs	624,573	617,454
Outcome before extraordinary items	19,508	9,722
Extraordinary items	(1,499)	-
<b>Net Cost to Budget Outcome</b>	<b>18,009</b>	<b>9,722</b>
Outcome – specific assets deployed as at 30/6/01	342,538	328,093
Assets that are not outcome specific deployed as at 30/6/01		



**Note 26 - Reporting of Outcome (Cont.)**

**Major Administered Revenues and Expenses by outcome**

	<b>Effective Border Management Budget \$'000</b>	<b>Effective Border Management Actual \$'000</b>
<b>Operating Revenues</b>		
<b>Taxation</b>		
Fees and Fines	330,029	242,317
<b>Total Taxation</b>	330,029	242,317
<b>Non-Taxation</b>		
Revenues from Government	-	
Customs Duty	4,544,930	4,609,465
Sale of goods and services	866	76,038
Other	260	-
<b>Total Non-Taxation</b>	4,546,056	4,685,503
<b>Operating Expenses</b>		
Other	260	4,655
<b>Total Operating Expenses</b>	260	4,655

*100 years of service 1901-2001*

# Appendixes

# Appendix A – Supplementary information

## Supplementary Information

The following documents provide further information on the activities and management of Customs:

*Corporate Plan*

*Corporate Priorities Statement*

*Client Service Charter*

*Customs Figures* (quarterly statistical bulletin)

*Manifest* (Australian Customs Service Journal)

*Customs News* (staff newspaper)

*Something to Declare* (news publication primarily designed for media)

These documents, together with brochures and fact sheets detailing the activities of Customs, are available on request. Contact details for requests for further information are listed below.

Further information on the availability of documents held by Customs is available under Freedom of information on page 108.

## Customs Internet site/Customs Information Centres

Additional information is available on the Customs Internet site at [www.customs.gov.au](http://www.customs.gov.au)  
This Report is also available on the website at  
[www.customs.gov.au/media/annual2001/index.htm](http://www.customs.gov.au/media/annual2001/index.htm)

Inquiries can also be directed to the closest Customs Information Centre. Appendix B on page 175 lists the contact details for each information centre.

Requests for further information should be directed to:

Leon Bedington  
Director  
Corporate Communication  
Australian Customs Service  
5 Constitution Avenue  
Canberra ACT 2600  
email: [communication@customs.gov.au](mailto:communication@customs.gov.au)

## Appendix B – Customs Information Centres

Customs Information Centres can be contacted by telephone on **1300 363 263** (with the exception of the Canberra information centre, which can be contacted on the number given below). Alternatively, inquiries can be directed to the email address [information@customs.gov.au](mailto:information@customs.gov.au)

Customs Information Centres are at:

### **New South Wales**

3rd Floor, Tower  
Sydney Central Building  
477 Pitt Street  
GPO Box 8  
SYDNEY NSW 2000  
Facsimile: 02 9213 4043

### **Victoria**

Ground Floor  
Customs House  
414 La Trobe Street  
GPO Box 2809AA  
MELBOURNE VIC 3001  
Facsimile: 03 9244 8017

### **Australian Capital Territory**

Customs House  
5 Constitution Avenue  
CANBERRA CITY ACT 2601  
Telephone: 02 6275 6666  
Facsimile: 02 6275 6005

### **Western Australia**

Customs House  
2 Henry Street  
PO Box 396  
FREMANTLE WA 6959  
Facsimile: 08 9430 1391

### **Queensland**

Level 2  
Terrica Place  
140 Creek Street  
GPO Box 1464  
BRISBANE QLD 4001  
Facsimile: 07 3835 3493

### **Tasmania**

1st Floor  
MBF Building  
25 Argyle Street  
GPO Box 148B  
HOBART TAS 7001  
Facsimile: 03 6230 1262

### **South Australia**

Customs House  
220 Commercial Road  
PO Box 50  
PORT ADELAIDE SA 5015  
Facsimile: 08 8447 9208

### **Northern Territory**

Customs House  
21 Lindsay Street  
GPO Box 210  
DARWIN NT 0801  
Facsimile: 08 8946 9953

## Appendix C – Administrative Appeals Tribunal (AAT) and *Administrative Decisions (Judicial Review) Act 1977* (ADJR ACT)

Figure 32: AAT applications for review (s.37)

	1998-99	1999-2000	2000-01
Tariff Concessions	25	13	11
Diesel Fuel Rebate	50	na	na
Tariff Classification	11	10	11
Refunds	13	12	1
Penalties	-	3	1
FOI	2	1	1
Bounties	5	1	-
Valuation/Preference	11	31	71*
Other	9	5	8
<b>Total</b>	<b>126</b>	<b>76</b>	<b>104</b>

\* 58 of these applications relate to one issue.

Figure 33: AAT requests for reasons (s.28)

	1998-99	1999-2000	2000-01
Tariff Concessions	-	-	-
Tariff Classification	1	-	-
Refunds	-	2	-
Diesel Fuel	2	na	na
Penalties	-	-	-
Bounties	-	-	-
Valuations	-	-	1
Other	1	1	1
<b>Total</b>	<b>4</b>	<b>3</b>	<b>2</b>

Figure 34: AAT decisions handed down

	1998-99	1999-2000	2000-01
Customs decisions affirmed	14	2	10
Customs decisions set aside	9	3	-
Diesel Fuel Rebate	2	na	na
Tariff Classification	2	1	-
TCO	2	-	-
Administrative Penalties	1	-	-
Bounties	2	-	-
Refunds	na	1	-
Valuation	na	1	-
<b>Total</b>	<b>23</b>	<b>5</b>	<b>10</b>

Figure 35: Matters settled or dismissed before being heard by the AAT

	1998-99	1999-2000	2000-01
Matters dismissed (s42A)*	48	15	21
Matters settled by consent (s42C)	36	48	14
Tariff Concessions	7	22	5
Tariff Classification	2	12	3
Diesel Fuel Rebate	17	na	na
Refunds	3	7	4
FOI	-	1	-
Excise	-	na	na
Administrative Penalties	5	3	-
Other	2	3	2**
<b>Total</b>	<b>84</b>	<b>63</b>	<b>35</b>

\* Includes matters withdrawn by applicants.

\*\* Includes 1 valuation and 1 bounty.

Figure 36: Appeals from decisions of the AAT

<b>Federal Court Judgments</b>	1998-99	1999-2000	2000-01
Appeals resolved in favour of Customs	7	2	2
Appeals resolved against Customs	2	1	-
Diesel Fuel	1	-	na
Tariff Classification	-	-	-
Valuations	1	1	-
<b>Total</b>	<b>9</b>	<b>3</b>	<b>2</b>

Figure 37: ADJR Act applications/requests for reasons

	1998-99	1999-2000	2000-01
Federal Court applications for review	7	7	1
Request for Statements of Reasons	8	3	2
<b>Total</b>	<b>15</b>	<b>10</b>	<b>3</b>
Matters settled during year	6	2	1
Matters pending	2	4	1

Figure 38: Federal Court decisions in ADJR Act matters

	1998-99	1999-2000	2000-01
Matters resolved in favour of Customs	-	2	4
Matters resolved against Customs	4	3	-
<b>Total</b>	<b>4</b>	<b>5</b>	<b>4</b>

## Appendix D: Statistics on staff

### Staff classification, location and salary range

Figure 39: Staff classification and location at 30 June 2001\*

Classification	ACT <sup>#</sup>	NSW	Vic	Qld	SA	WA	Tas	NT	Total
Aboriginal Cadet	3	-	-	-	-	-	-	-	3
Customs Trainee	-	97	49	33	-	-	-	16	195
Customs Graduate Trainee	7	5	6	3	-	4	-	-	25
Customs Level 1	164	571	322	344	62	218	13	38	1 732
Customs Level 2	199	369	219	155	55	109	11	31	1 148
Customs Level 3	266	185	134	76	28	68	8	15	780
Customs Level 4	194	37	28	19	7	17	-	4	306
Customs Level 5 <sup>^</sup>	88	11	8	4	2	3	1	1	118
Senior Executive Service	23	3	2	1	1	1	-	-	31
<b>Total</b>	<b>944</b>	<b>1 278</b>	<b>768</b>	<b>635</b>	<b>155</b>	<b>420</b>	<b>33</b>	<b>105</b>	<b>4 338</b>
<b>Males</b>	<b>550</b>	<b>810</b>	<b>506</b>	<b>394</b>	<b>97</b>	<b>272</b>	<b>22</b>	<b>58</b>	<b>2 709</b>
<b>Females</b>	<b>394</b>	<b>468</b>	<b>262</b>	<b>241</b>	<b>58</b>	<b>148</b>	<b>11</b>	<b>47</b>	<b>1 629</b>

\* Includes staff employed under the *Public Service Act 1999*, on-going and non-ongoing staff, staff on leave, higher duties and staff on loan from other agencies. Numbers are headcount and reflect actual occupancy (derived from the Customs Human Resource Information System).

# Includes National Pay and Accounts Centre (NPAC Melbourne) and National Marine Unit staff.

^ CL5 in SA represents one substantive position, with one staff member on temporary higher duties.

Figure 40: Staff classification, Australian Public Service equivalent level and salary range at 30 June 2001\*

Customs classification	APS Level	Salary Range (\$)
Aboriginal Cadet	APS 1	16 164 - 29 775
Customs Trainee	APS 1	16 164 - 29 775
Customs Graduate Trainee	APS 2	29 775 - 33 808
Customs Level 1 Customs Officer	APS 2-3	25 239 - 38 185
Customs Level 2 Senior Customs Officer	APS 4-5	38 185 - 44 861
Customs Level 3 Customs Supervisor	APS 5-6	44 861 - 53 560
Customs Level 4 Customs Manager	EL 1	56 734 - 64 545
Customs Level 5 Customs Director	EL 2	64 545 - 83 025
Senior Executive Service	SES	80 300 - 142 200

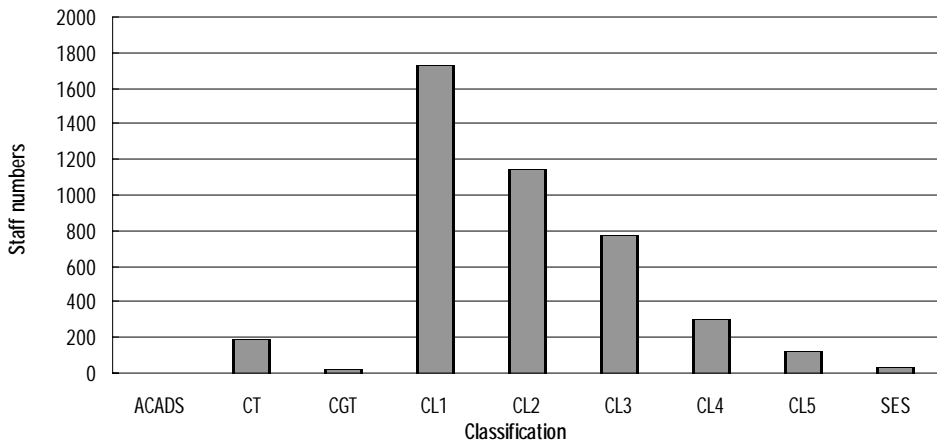
\* Salary range includes minimum and maximum salaries available under either the Customs Certified Agreement 1999 or through an individual Australian Workplace Agreement.

Figure 41: Staff employment category by location at 30 June 2001\*

Employment category	ACT	NSW	Vic	Qld	SA	WA	Tas	NT	Total
On-going	884	1 275	768	629	153	417	32	104	4 262
Non on-going	60	3	-	6	2	3	1	1	76
<b>Total</b>	<b>944</b>	<b>1 278</b>	<b>768</b>	<b>635</b>	<b>155</b>	<b>420</b>	<b>33</b>	<b>105</b>	<b>4 338</b>
Full-time	910	1 102	695	596	146	369	32	102	3 952
Part-time	34	176	73	39	9	51	1	3	386
<b>Total</b>	<b>944</b>	<b>1 278</b>	<b>768</b>	<b>635</b>	<b>155</b>	<b>420</b>	<b>33</b>	<b>105</b>	<b>4 338</b>

\* Includes staff employed under the *Public Service Act 1999*, on-going and non-ongoing staff, staff on leave, higher duties and staff on loan from other agencies. Numbers are headcount and reflect actual occupancy (derived from the Customs Human Resource Information System).

Figure 42: Staff numbers by classification at 30 June 2001\*



\* Includes staff employed under the *Public Service Act 1999*, on-going and non-ongoing staff, staff on leave, higher duties and staff on loan from other agencies. Numbers are headcount and reflect actual occupancy (derived from the Customs Human Resource Information System).

Figure 43: Representation of equity and diversity groups by staff classification at 30 June 2001\*

Classification	Voluntary declaration									
	Female		Born overseas ^		Indigenous		PWD#		Provided data**	
	Number	%	Number	%	Number	%	Number	%	Number	%
ACADS	3	100.0	-	-	-	-	-	-	2	66.7
CT	80	41.0	29	14.9	-	-	-	-	160	82.1
CGT	14	56.0	8	32.0	-	-	-	-	25	100.0
CL1	744	43.0	121	7.0	23	1.3	54	3.1	497	28.7
CL2	438	38.1	78	6.8	9	0.8	38	3.3	341	29.7
CL3	227	29.1	49	6.3	2	0.3	29	3.7	273	35.0
CL4	77	25.2	22	7.2	-	-	9	2.9	108	35.3
CL5	35	29.4	5	4.2	-	-	3	2.5	31	26.1
SES	11	37.5	2	6.3	-	-	2	6.3	13	40.6
<b>Total</b>	<b>1 629</b>	<b>37.6</b>	<b>314</b>	<b>7.2</b>	<b>34</b>	<b>0.8</b>	<b>135</b>	<b>3.1</b>	<b>1 450</b>	<b>33.4</b>

\* Includes staff employed under the *Public Service Act 1999*, on-going and non-going staff, staff on leave, higher duties and staff on loan from other agencies. Numbers are headcount and reflect actual occupancy (derived from the Customs Human Resource Information System).

^ Number of staff born outside Australia.

# People with disabilities.

\*\* Staff providing voluntary equity and diversity information. Percentage based on total staff.

Figure 44: Senior Executive Service classification and gender at 30 June 2001\*

	SES1 (\$80 300 - \$96 000)	SES2 (\$96 100 - \$117 900)	SES3 (\$112 300 - \$142 200)	Total
Females	8	3	-	11
Males	13	5	2	20
<b>Total</b>	<b>21</b>	<b>8</b>	<b>2</b>	<b>31</b>

\* The money shown for each band represents salary levels. Executive remuneration, shown in the financial statements on page 150, shows total remuneration, including superannuation and other non-salary benefits. Staff shown above represent on-going SES staff at 30 June 2001. It does not include staff that are not employed by Customs and does not include the CEO, who is a specified statutory office holder.

## SES movements

In the year to 30 June 2001 one SES officer left Customs through retirement and one SES officer resigned. There was one internal promotion to the SES, one engagement to the SES and one SES transferred from another agency to Customs. Under the *Public Service Act 1999*, 13 officers were re-assigned duties, consistent with the Customs career movement policy.

Remuneration for senior executive officers is determined by the CEO and is based on individual skills and responsibilities.

# Appendix E – Commonwealth Disability Strategy performance indicators and measures

Figure 45: Commonwealth Disability Strategy – Regulator role

Indicator	Measure	Performance
Publicly available information on regulations and quasi-regulations is available in accessible formats for people with disabilities.	<p>Percentage of publicly available information on regulations and quasi-regulations requested and provided in:</p> <ul style="list-style-type: none"> <li>• accessible electronic formats</li> <li>• accessible formats other than electronic.</li> </ul> <p>Average time taken to provide accessible material in:</p> <ul style="list-style-type: none"> <li>• electronic format</li> <li>• formats other than electronic.</li> </ul>	<ul style="list-style-type: none"> <li>• All client-related information is available in hard copy and on the Customs Internet site. The Internet site includes several forms in portable documents format (PDF) that are intended to be printed as they cannot be submitted online.</li> <li>• The needs of people with disabilities are taken into account in systems development. For instance, a new Internet site is being developed that complies with the standards for Government online services.</li> <li>• Customs Information Centres provide printed information (posted within one day of request) and verbal telephone advice (given immediately). Electronic information is always available on the Customs Internet site.</li> <li>• Written information is presented in inclusive and positive language and plain English is always used.</li> <li>• Internationally accepted directional signs are used at airports.</li> <li>• Alternative formats such as braille or large print can be supplied if needed, but are not produced as standard practice. TTY facilities are also available when required.</li> <li>• Assistance is available for people with disabilities who have difficulty completing forms.</li> <li>• Investigating officers dealing with people with disabilities use alternative methods of communication to ensure that information is fully understood.</li> <li>• Before the 2000 Paralympic Games, Customs staff at airports were trained in assisting people with disabilities. This is now part of the training for all new entry-level staff and focuses on understanding impairments, disability, language choices, stereotyping and interview processes.</li> <li>• Customs is a member of the National Facilitation Committee and is involved in discussions on access to air transport for people with disabilities. This is primarily a Department of Transport and Regional Services responsibility, as it involves airport infrastructure issues such as aerobridge grades, walkway lighting and providing handrails.</li> <li>• Annual reports are available in hardcopy and on the Customs Internet site. They can also be provided in other formats such as braille or large print if required.</li> </ul>
Publicly available regulatory compliance reporting is available in accessible formats for people with disabilities.	As above.	<ul style="list-style-type: none"> <li>• Annual reports are available in hardcopy and on the Customs Internet site. They can also be provided in other formats such as braille or large print if required.</li> </ul>

Figure 46: Commonwealth Disability Strategy – Provider role

Indicator	Measure	Performance
Providers have established mechanisms for quality improvement and assurance.	Evidence of quality improvement and assurance systems in place.	<ul style="list-style-type: none"> <li>• Customs is accredited by the Australian Quality Council.</li> <li>• The Customs Quality Management Program includes corporate planning, a complaints and compliments handling system, a client service charter, a quality newsletter and results of surveys and external assessments.</li> <li>• Quality improvement teams are used to investigate possible improvements in processes.</li> </ul>
Providers have an established service charter that specifies the roles of the provider and consumer and service standards that address accessibility for people with disabilities.	Established service charter that adequately reflects the needs of people with disabilities in operation.	<ul style="list-style-type: none"> <li>• The client service charter commits Customs to giving priority to people with specific needs, such as the elderly, infirm or people with disabilities.</li> <li>• Customs facilitates the movement of people with mobility limitations by allowing them to use 'crew' processing lanes and providing 'head of queue' status.</li> </ul>
Complaints/grievance mechanisms, including access to external mechanisms, in place to address issues and concerns about performance.	Established complaints/grievance, including access to external mechanisms in operation.	<ul style="list-style-type: none"> <li>• There is no specific complaints mechanism for people with disabilities. However, a general complaints and compliments system is established and available to all clients.</li> <li>• People can contact a Customs Information Centre 24 hours a day, using a 1300 phone number. TTY facilities are available for this service.</li> </ul>

Figure 47: Commonwealth Disability Strategy – Employer role

Indicator	Measure	Performance
Employment policies, procedures and practices comply with the <i>Disability Discrimination Act 1992</i> .	Number of employment policies, procedures and practices that meet the requirements of the <i>Disability Discrimination Act 1992</i> .	<ul style="list-style-type: none"> <li>• All employment policies and procedures meet the requirements of the <i>Disability Discrimination Act 1992</i>.</li> <li>• Numerous employment human resource management policies and guides, supporting the merit principle and principles of reasonable adjustment in employment opportunities, were introduced during 2000.</li> </ul>
Recruitment information for potential job applicants is available in accessible formats on request.	<p>Percentage of recruitment information requested and provided in:</p> <ul style="list-style-type: none"> <li>• accessible electronic formats</li> <li>• accessible formats other than electronic.</li> </ul> <p>Average time taken to provide accessible material in:</p> <ul style="list-style-type: none"> <li>• electronic format</li> <li>• formats other than electronic.</li> </ul>	<ul style="list-style-type: none"> <li>• All recruitment information is available in hardcopy and electronically on the Customs Internet site.</li> <li>• All advertised positions are allocated a contact officer who can assist with oral enquiries. TTY facilities are also available.</li> <li>• Where required, provisions are made during selection exercises to assist people with special needs.</li> </ul>

Figure 47: Commonwealth Disability Strategy – Employer role cont..

Indicator	Measure	Performance
Agency recruiters and managers apply the principle of 'reasonable adjustment'.	Percentage of recruiters and managers provided with information on 'reasonable adjustment'.	<ul style="list-style-type: none"> <li>Information on reasonable adjustment is available for managers and other staff on the Customs Intranet.</li> <li>Information will be included in packages distributed by the recruitment services provider.</li> </ul>
Training and development programs consider the needs of staff with disabilities.	Percentage of training and development programs that consider the needs of staff.	<ul style="list-style-type: none"> <li>All training and development programs consider the needs of staff with disabilities.</li> <li>Training facilities are accessible to staff with disabilities.</li> <li>A variety of training formats are provided and examinations can be completed orally or in writing.</li> </ul>
Training and development programs include information on disability issues as they relate to the content of the program.	Percentage of training and development programs that include information on disability issues as they relate to the program.	<ul style="list-style-type: none"> <li>All training programs include material relating to people with disabilities.</li> <li>The <i>Customs Development Program</i> provides general diversity training, as well as specific training on disability issues.</li> <li>In 2000 additional training was provided to airport-based staff. These sessions highlighted practical and appropriate ways to provide assistance to people with disabilities.</li> <li>A comprehensive set of materials was prepared and distributed to airport-based staff to assist in their understanding of disability issues.</li> </ul>
Complaints/grievance, mechanisms, including access to external mechanisms, in place to address issues and concerns raised by staff.	Established complaints/grievance mechanisms, including access to external mechanisms in operation.	<ul style="list-style-type: none"> <li>All staff can access internal dispute resolution/review processes.</li> <li>Staff involved in these processes have access to assistance and information that considers disability issues.</li> <li>Staff can also access external mechanisms including review by the Merit Protection Commissioner and lodging claims under anti-discrimination legislation to the Human Rights and Equal Opportunity Commissioner.</li> <li>General information on workplace issues for people with disabilities is collected through biennial staff surveys. The performance assessment and feedback system is mandatory for all staff and encourages feedback on performance and development issues.</li> </ul>

## Appendix F – Commonwealth legislation under which Customs has powers

This list is not exhaustive and does not include delegated legislation, such as regulations.

### Primary legislation that Customs has powers under

- *Customs Act 1901*
- *Customs Tariff Act 1995*
- *Customs Tariff (Anti-Dumping) Act 1975*
- *Trademarks Act 1995*
- *Copyright Act 1995*
- *Commerce (Trade Descriptions) Act 1905*

### Other legislation that Customs exercises powers under

- *Narcotic Drugs Act 1967*
- *Psychotropic Substances Act 1976*
- *Migration Act 1958*
- *Fisheries Management Act 1991*
- *Australian Postal Corporation Act 1989*
- *National Health Act 1953*
- *Quarantine Act 1908*
- *Financial Transactions Reporting Act 1998*
- *Crimes Act 1914*

### Administrative Acts that Customs complies with

- *Customs Administration Act 1985*
- *Privacy Act 1988*
- *Public Service Act 1999*
- *Financial Management and Accountability Act 1997*
- *Freedom of Information Act 1982*
- *Administrative Decisions (Judicial Review) Act 1977*
- *Occupational Health and Safety (Commonwealth Employment) Act 1991*

### Other legislation which Customs collects charges and revenue under

- *Customs Depot Licensing Charges Act 1997*
- *Customs (Tariff Concessions System Validations) Act 1989*
- *Customs Undertakings (Penalties) Act 1981*
- *Customs Securities (Penalties) Act 1981*
- *Customs Tariff (Rate Alteration) Act 1988*
- *Import Processing Charges Act 1997*
- *Passenger Movement Charge Act 1978*
- *Passenger Movement Charge Collection Act 1978*

## Appendix G – Glossary and acronyms

AAT	Administrative Appeals Tribunal
ACV	Australian Customs vessel
ADJR Act	<i>Administrative Decisions (Judicial Review) Act 1977</i>
AFP	Australian Federal Police
Air cargo automation	EDI-based system for processing of air waybills
Air waybill	A document that evidences the contract between shipper and carrier for carriage of air cargo
ANAO	Australian National Audit Office
APC	Advance Passenger Clearance (an earlier version of APP)
APEC	Asia Pacific Economic Cooperation
APP	Advance Passenger Processing
APS	Australian Public Service
AQIS	Australian Quarantine and Inspection Service
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
CEO	Chief Executive Officer
CGT	Customs Graduate Trainee
CIC	Customs Information Centre
CL	Customs Level (with reference to staff classifications)
CMR	Cargo management re-engineering
CNCC	Customs National Consultative Committee
COMPILE	Customs On-line Method of Preparing Invoices from Lodgeable Entries – the Customs business application for Customs and Excise entry preparation and processing
CT	Customs Trainee
CTC	Competitive tendering and contracting
CWCSS	Coastwatch Command Support System
DHEA	Dehydroepiandrosterone, also known as prasterone, a performance-enhancing drug
DIMA	Department of Immigration and Multicultural Affairs
Duty forgone	Import duty that would have been collected if a concessional scheme had not been used and duty had been paid at the general tariff rate
ECN	Export Clearance Number
EDI	Electronic Data Interchange – an automated paperless system that permits transmission of information such as invoices and purchase orders over a computer network
EDIFICE	Electronic Data Interchange for Input of Customs Entries – the Customs business application for electronic funds transfer of import and excise duties payable
Entry Control Point	A designated point at an air or sea port, where international passengers are subject to Customs and immigration formalities or

EDSA	procedures, before legal entry into Australia
EXIT	EDS Australia (IT service provider) Export Integration system – the Customs information system for processing export entries and manifests
Find	A ‘find’ relates to the detection of a situation where a Government regulation has been breached. This includes prohibited goods importation, revenue fraud, and commercial copyright breach
FFV	Foreign fishing vessel
FOI	Freedom of information
FOI Act	<i>Freedom of Information Act 1982</i>
GST	Goods and Services Tax
HOCOLEA	Heads of Commonwealth Operational Law Enforcement Agencies
HR	Human resources
Immigration referrals	Where an international passenger is referred to an immigration officer for secondary examination in relation to a travel document, visa, or other immigration matter
Ionscan	Particle trace detector
IT	Information technology
JCPAA	Joint Committee of Public Accounts and Audit
JSIG	Joint Strategic Intelligence Group
LCT	Luxury Car Tax
MDMA	3,4-methylenedioxymethamphetamine – also know as ecstasy
NCA	National Crime Authority
NIDS	<i>National Illicit Drug Strategy</i>
NIS	National Intelligence System
NPAC	National Pay and Accounts Centre
NPPC	National Passenger Processing Committee
OH&S	Occupational health and safety
PACE	Passenger Analysis Clearance and Evaluation System
PAES	Portfolio Additional Estimates Statements
PAF	Performance Assessment and Feedback
PBS	Portfolio Budget Statements
PEDs	Performance-enhancing drugs
PIA	Permit-issuing agency
PMC	Passenger movement charge – a charge placed on individuals leaving Australia

Sea cargo automation	EDI-based system for processing of sea cargo manifests
SES	Senior executive service
SIEV	Suspect illegal entrant vessel
SME	Small to medium enterprise
SOCO	Sydney Organising Committee for the Olympic Games
SUNC	Suspect unlawful non-citizen
TAPIN	Tariff and Precedents Information Network – this system holds all details about the Customs import tariff, and also records details of all requests for Tariff Advice Notices
TCO	Tariff Concession Order
TEXCO	Tariff Export Concession Scheme – this scheme allows importation without payment of duty or sales tax when the goods are intended for export
TRIPS	Travel Immigration Processing System
TRS	Tourist Refund Scheme
UNTAET	United Nations Transitional Administration in East Timor
US	United States of America
WCO	World Customs Organization
WET	Wine Equalisation Tax
WTO	World Trade Organization

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