

# AUSTRALIAN CUSTOMS SERVICE

## Section 1: Overview

The goal of the Australian Customs Service (Customs) is to provide the nation with effective border management. The role of Customs at the border is to regulate trade and travel, collect revenue and enforce relevant Australian laws. Customs protects Australia's interests by detecting, controlling and, where appropriate, preventing the entry and exit of individuals and goods that have the potential to adversely affect the safety or quality of life in Australia. Customs provides effective border management to facilitate the legitimate movement of goods and people across the Australian border while protecting the community and maintaining appropriate compliance with our laws. In addition, Customs collects revenue and administers trade measures and certain Government industry schemes. Customs also has responsibility for jointly co-ordinating with Defence use of available resources to address maritime security requirements through the Border Protection Command.

In 2007-08, Customs will, through a range of measures announced in the 2007-08 Budget, continue to support the Government priorities relating to counter-terrorism, security arrangements and protecting our borders.

## 1.1 SUMMARY OF AGENCY CONTRIBUTIONS TO OUTCOMES

The products and services delivered by the agency (outputs and administered policies, products and services), which contribute to achievement of outcomes for the Australian Customs Service, are summarised in Table 1.1.

**Table 1.1: Agency outcomes and output groups**

Outcome	Description	Output groups
<b>Outcome 1</b>		
Effective Border Management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics	Customs protects Australia's interests by detecting, controlling and, where appropriate, preventing the entry and exit of individuals and goods that have the potential to adversely affect the safety or quality of life in Australia.	<u>Output Group 1</u> – Passenger facilitation  <u>Output Group 2</u> – Trade facilitation and revenue collection  <u>Output Group 3</u> – Border enforcement  <u>Output Group 4</u> – Civil maritime surveillance and response

## Section 2: Resources for 2007-08

### 2.1 APPROPRIATIONS AND OTHER RESOURCES

Table 2.1 shows the total resources from all origins for 2007-08, including appropriations. The table summarises how resources will be applied by outcome, administered and departmental classification.

The total departmental appropriation for Customs in the 2007-08 Budget is \$999.774m.

This includes \$39.899m for new operating expense measures including depreciation, which comprises \$18.568m for Maritime Security – Australian Maritime Identification System, \$5.309m for the International traveller assessment and clearance – system modernisation, \$4.007m for Papua New Guinea – improving border security capability, \$8.551m for Ashmore Reef National Nature Reserve – law enforcement and environmental management, and several minor measures totalling \$3.464m.

## **Departmental equity injections and loans**

During 2007-08 Customs will receive a departmental equity injection of \$36.609m of which \$14.453m is provided through the 2007-08 Budget and \$22.155m is provided through previous measures. The \$14.453m includes \$4.363m for the Maritime Security – Australian Maritime Identification System, \$9.046m to modernise the International traveller assessment and clearance – system modernisation, and \$1.044m for some minor measures.

**Table 2.1: Appropriations and other resources 2007-08**

Agency/ Outcome/ Non- operating	Departmental			Administered				Total	
	Appropriation Bill No. 1 \$'000	Appropriation Bill No. 2 \$'000	Special Appropriation \$'000	Receipts (a) \$'000	Appropriation Bill No. 1 \$'000	SPP \$'000	Other \$'000		Special Appropriation \$'000
Outcome 1 – Effective Border Management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics.	999,774	-	-	59,806	-	-	-	388,083	-
Equity injections	-	36,609	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>999,774</b>	<b>36,609</b>	<b>-</b>	<b>59,806</b>	<b>-</b>	<b>-</b>	<b>388,083</b>	<b>-</b>	<b>1,484,272</b>

(a) Departmental and administered receipts from other sources (i.e. other than appropriation amounts) that are available to be used. Resources received free of charge are not included in this table.

Notes:

- Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Income Statement for application of agency revenue.

## **2.2 2007-08 BUDGET MEASURES**

Budget measures relating to Customs as explained in Budget Paper No. 2 are summarised in Table 2.2 in fiscal terms. The table also identifies the relevant outcomes, administered items and outputs associated with each measure.

**Table 2.2: Agency measures**

Measure	Outcome	Output Groups affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
<b>Expense Measures</b>														
Maritime security – Australian Maritime Identification System	1	4	-	17,746	17,746	-	18,728	18,728	-	18,492	18,492	-	17,926	17,926
Strengthening National Security – implementing the <i>Anti-Terrorism Act (No. 2) 2005</i>	1	1	-	1,011	1,011	-	1,000	1,000	-	1,012	1,012	-	1,024	1,024
International traveller assessment and clearance – system modernisation	1	1	-	2,793	2,793	-	3,479	3,479	-	-	-	-	-	-
Australia-Japan Free Trade Agreement – commencement of negotiations	1	2	-	165	165	-	432	432	-	-	-	-	-	-
Combating illicit drugs – upgraded detection equipment	1	3	-	475	475	-	237	237	-	15	15	-	14	14

Table 2.2: Agency measures (cont)

Measure	Outcome	Output Groups affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Combating illicit drugs – enhanced role in Oceania	1	3	-	-	-	-	-	-	-	-	-	-	-	-
Combating illicit drugs – additional training for border security personnel	1	3	-	-	-	-	-	-	-	-	-	-	-	-
Papua New Guinea – improving border security capability	1	3	-	4,007	4,007	-	1,663	1,663	-	1,212	1,212	-	896	896
Passenger facilitation survey	1	1	-	1,486	1,486	-	-	-	-	-	-	-	-	-
Standard Business Reporting	1	2	-	-	-	-	-	-	-	-	-	-	-	-
Ashmore Reef National Nature Reserve – law enforcement and environmental management	1	3	-	8,531	8,531	-	7,456	7,456	-	7,600	7,600	-	7,640	7,640
A Better Future for Indigenous Australians – illegal foreign fishing – Indigenous rangers trial	1	3	-	-	-	-	-	-	-	-	-	-	-	-

Table 2.2: Agency measures (cont)

Measure	Outcome	Output Groups affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Excise and excise-equivalent customs duty – enhancing and streamlining eligibility for refunds, remissions and drawbacks	1	2	-	228	228	-	425	425	-	430	430	-	-	-
<b>Total Expense Measures</b>			-	<b>36,442</b>	<b>36,442</b>	-	<b>33,420</b>	<b>33,420</b>	-	<b>28,761</b>	<b>28,761</b>	-	<b>27,500</b>	<b>27,500</b>
<b>Revenue Measures</b>														
Deferred settlement of excise and excise-equivalent customs duties	1	2	-	-	-	-	-	-	-	-	-	-	-	-
Energy Grants (Cleaner Fuels) Scheme	1	2	-	-	-	-	-	-	-	-	-	-	-	-
Customs duty – classification of time limit for recovery	1	2	-	-	-	-	-	-	-	-	-	-	-	-

Table 2.2: Agency measures (cont)

Measure	Outcome	Output Groups affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Excise and excise-equivalent customs duty – enhancing and streamlining eligibility for refunds, remissions and drawbacks	1	2	(3,100)	-	(3,100)	(8,700)	-	(8,700)	(9,200)	-	(9,200)	(9,700)	-	(9,700)
Expand the range of goods available in inwards duty free stores	1	2	..	-	..	..	-	..	..	-	..	..	-	..
<b>Total Revenue Measures</b>			<b>(3,101)</b>	<b>-</b>	<b>(3,101)</b>	<b>(8,701)</b>	<b>-</b>	<b>(8,701)</b>	<b>(9,201)</b>	<b>-</b>	<b>(9,201)</b>	<b>(9,701)</b>	<b>-</b>	<b>(9,701)</b>
<b>Capital Measures</b>														
International traveller assessment and clearance – system modernisation	1	1	-	9,046	9,046	-	7,733	7,733	-	-	-	-	-	-
Combating illicit drugs – upgraded detection equipment	1	3	-	456	456	-	-	-	-	-	-	-	-	-

**Table 2.2: Agency measures (cont)**

Measure	Outcome	Output Groups affected	Appropriations Budget 2007-08 \$'000			Appropriations Forward Estimate 2008-09 \$'000			Appropriations Forward Estimate 2009-10 \$'000			Appropriations Forward Estimate 2010-11 \$'000		
			Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total	Admin exp*	Dept outputs	Total
Ashmore Reef National Nature Reserve – law enforcement and environmental management	1	3	-	482	482	-	-	-	-	-	-	-	-	-
Combating illicit drugs – additional training for border security personnel	1	3	-	-	-	-	-	-	-	-	-	-	-	-
Excise and excise-equivalent customs duty – enhancing and streamlining eligibility for refunds, remissions and drawbacks	1	2	-	106	106	-	-	-	-	-	-	-	-	-
Maritime security – Australian Maritime Identification System	1	4	-	4,363	4,363	-	1,706	1,706	-	489	489	-	79	79
<b>Total Capital Measures</b>			-	<b>14,453</b>	<b>14,453</b>	-	<b>9,439</b>	<b>9,439</b>	-	<b>489</b>	<b>489</b>	-	<b>79</b>	<b>79</b>
<b>Total All Measures</b>			<b>(3,101)</b>	<b>50,895</b>	<b>47,794</b>	<b>(8,701)</b>	<b>42,859</b>	<b>34,158</b>	<b>(9,201)</b>	<b>29,250</b>	<b>20,049</b>	<b>(9,701)</b>	<b>27,579</b>	<b>17,878</b>

.. Not zero, but rounded to zero. Recorded and carried in totals as a notional one thousand dollars.

## 2.3 OTHER RESOURCES AVAILABLE TO BE USED

Table 2.3 provides details of resources obtained by Customs for provision of goods or services. Other resources include revenue from services provided free of charge from other Commonwealth agencies, a purchaser-provider arrangement with the Australian Taxation Office (ATO) for the administration of indirect taxation, regulatory fees for services, and goods and services provided by Customs such as sub-leasing arrangements. These resources are approved for use by Customs and are included in Table 2.1.

**Table 2.3: Other resources available to be used**

	<b>Estimated Receipts 2006-07 \$'000</b>	<b>Budget Estimate 2007-08 \$'000</b>
<b>DEPARTMENTAL RESOURCES</b>		
Provision of goods (FMA Act s.31)	8,043	6,935
<b>Rendering of services (FMA Act s.31)</b>		
Services provided on behalf of ATO for Indirect Tax Administration	50,613	51,657
Fees from Regulatory Services (FMA Act s.31)	414	414
Other	800	800
<b>Total sales of goods and services</b>	<b>59,870</b>	<b>59,806</b>
Resources received free of charge	230,792	230,803
<b>Total departmental other resources available to be used</b>	<b>290,662</b>	<b>290,609</b>

Acts Glossary: FMA Act = *Financial Management and Accountability Act 1997*

## 2.5 SPECIAL APPROPRIATIONS

Of the gross Customs duty income, Customs collects on behalf of the Government, an estimate is made of duty refunds and drawbacks resulting from repayments of duty under the Automotive Competitiveness and Investment Scheme, general repayments of duty or repayments of duty paid on imported goods that are subsequently exported. The figures in the table below represent the estimated duty rebates expected to be paid.

**Table 2.5: Estimates of expenses from special appropriations**

		<b>Estimated Expenses 2006-07 \$'000</b>	<b>Budget Estimate 2007-08 \$'000</b>
	<b>Outcome</b>		
<b>Estimated expenses</b>			
Compensation for Acquisition of Property*	1	-	-
Investment of Public Money**	1	157	89
Customs Duty and Other Repayments***	1	386,300	387,994
<b>Total estimated expenses</b>		<b>386,457</b>	<b>388,083</b>

Acts Glossary: FMA Act = *Financial Management and Accountability Act 1997*

Notes:

\* s4AB - *Customs Act 1901*

\*\* s39(9) FMA Act - Investment of Public Money

\*\*\* s28 FMA Act - Repayments Required or Permitted by Law

## 2.6 MOVEMENTS IN SPECIAL ACCOUNTS

Special Accounts provide a means to set aside and record amounts used for specified purposes. Special Accounts can be created by a Finance Minister's Determination under the FMA Act. These Determinations may be disallowed by the Parliament. Special Accounts can also be established by the passage of separate legislation. Abolition of Special Accounts requires a Determination to be made by the Finance Minister or, for those Accounts established by legislation, by repeal of the legislation in whole or part. Table 2.6 shows the expected additions (credits) and reductions (debits) for each Account used by Customs.

**Table 2.6: Estimates of Special Account cash flows and balances**

		Opening Balance 2007-08 2006-07	Receipts 2007-08 2006-07	Payments 2007-08 2006-07	Closing Balance 2007-08 2006-07
	Outcome	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Reserve (Australian Customs Service) FMA Act; s20, (A)	1	457 1,357	96 93	96 993	457 457
Tradegate Fees Reserve* (Australian Customs Service) FMA Act; s20, (A)	1	-	-	-	-
Security Deposits Reserve (Australian Customs Service) FMA Act; s20, (A)	1	5,927 5,915	7,535 7,535	7,523 7,523	5,939 5,927
Industry Related Systems (Australian Customs Service) FMA Act; s20, (A)	1	3,235 3,078	89 157	3,323 -	- 3,235
Service for Other Government and Non- Government Bodies (Australian Customs Service) FMA Act; s20, (A)	1	-	-	-	-
<b>Total special accounts 2007-08 Budget estimate</b>		<b>9,619</b>	<b>7,720</b>	<b>10,942</b>	<b>6,396</b>
<b>Total special accounts 2006-07 estimate actual</b>		<b>10,350</b>	<b>7,785</b>	<b>8,516</b>	<b>9,619</b>

A= Administered

Acts Glossary: FMA Act = *Financial Management and Accountability Act 1997*

Notes:

\* Abolished 16 November 2006

1. The revised opening balance for 2006-07 is the same as the final closing balance for 2005-06. This balance may have changed from that shown in the 2006-2007 PBS as the actual for 2005-06 may have been updated to reflect the final budget outcome for that year.

## Section 3: Outcomes

This section summarises how the resources identified in Section 2 will be used to contribute to the single outcome for Customs. Emphasis is placed on estimating the contribution to outcomes through administered items and outputs delivered by the agency. Key performance measures and performance evaluation activities are specified for each outcome. More detailed information on output and administered item attributes is maintained by agencies for internal management purposes.

### **3.1 SUMMARY OF OUTCOMES AND CONTRIBUTION TO OUTCOMES**

The relationship between activities of Customs and the outcomes is summarised in Figure 2.

#### **Output cost attribution**

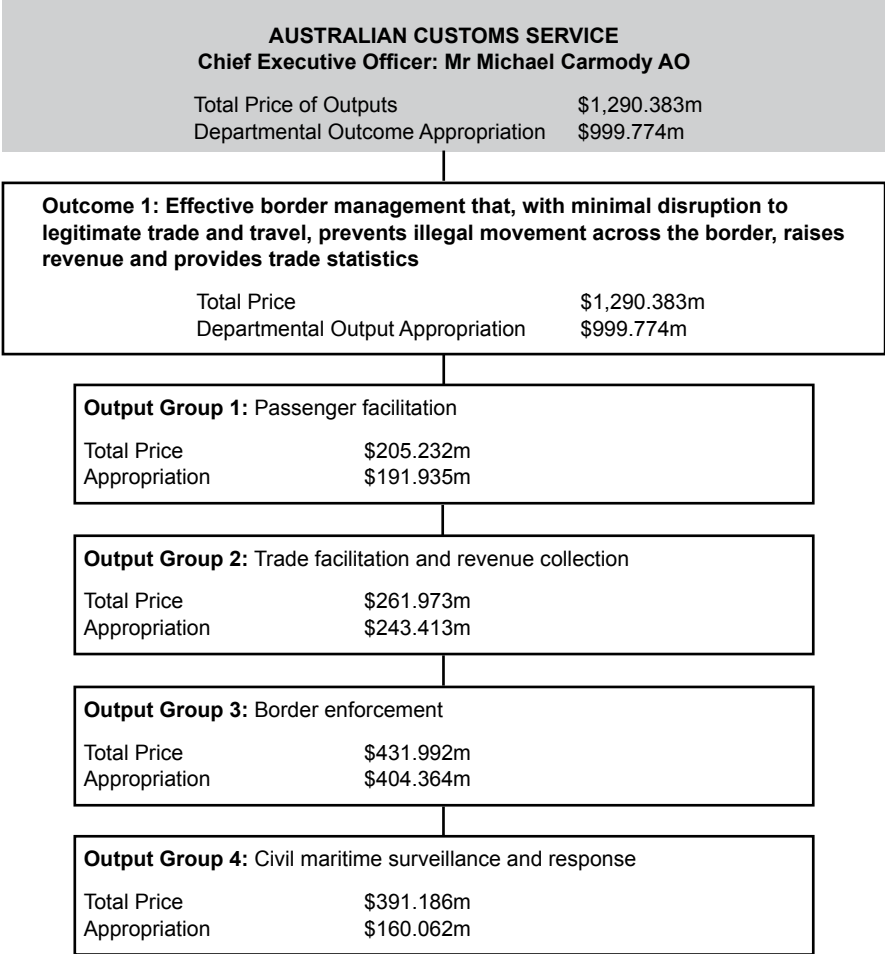
The methodology used by Customs to attribute overheads and other expenses between outputs and to determine the full price of each output is through the use of an Activity-Based Costing (ABC) model developed by Customs. Approximately 80 per cent of Customs costs can be directly attributed to an output. The ABC model allocates the remaining expenses to outputs using Full Time Equivalent (FTE) as the cost driver.

#### **Changes to outcome and outputs**

The Outcome for Customs is the same as the 2006-07 PBS.

The Customs Output structure and performance measures have been revised to improve reporting to Parliament by aligning pricing with functions to better establish a clear, unambiguous and direct link of outputs to the specified outcome. The changes incorporate the movement of Compliance functions to the Trade Facilitation and Revenue Collection output, along with the movement of Intelligence functions to the Border Enforcement output allowing for further aggregation of related activities.

**Figure 2: Contributions to outcomes**



## 3.2 OUTCOME RESOURCES AND PERFORMANCE INFORMATION

Customs has one outcome, reflecting the integrated nature of the work undertaken by Customs: Effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics.

### 3.2.1 Outcome 1 resourcing

Table 3.1 shows how the 2007-08 Budget appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from Government (appropriation), revenue from other sources, and the total price of outputs.

**Table 3.1: Total resources for Outcome 1**

	<b>Estimated Actual 2006-07 \$'000</b>	<b>Budget Estimate 2007-08 \$'000</b>
<b>ADMINISTERED APPROPRIATIONS</b>		
World Customs Organisation contribution	280	-
Indigenous Rangers Pilot Program	282	-
<b>Total administered appropriations</b>	<b>562</b>	<b>-</b>
<b>DEPARTMENTAL APPROPRIATIONS</b>		
Output 1 – Passenger facilitation	178,089	191,935
Output 2 – Trade facilitation and revenue collection	238,195	243,413
Output 3 – Border enforcement	383,784	404,364
Output 4 – Civil maritime surveillance and response	122,748	160,062
<b>Subtotal Outputs</b>	<b>922,815</b>	<b>999,774</b>
<b>Total revenue from Government (appropriations) contributing to price of departmental outputs</b>	<b>922,815</b>	<b>999,774</b>
<b>REVENUE FROM OTHER SOURCES</b>		
Output 1 – Passenger facilitation	15,240	13,297
Output 2 – Trade facilitation and revenue collection	21,272	18,560
Output 3 – Border enforcement	31,667	27,628
Output 4 – Civil maritime surveillance and response	222,483	231,124
<b>Total revenue from other sources</b>	<b>290,662</b>	<b>290,609</b>
<b>Total price from departmental outputs</b> (Total revenue from Government and from other sources)	<b>1,213,477</b>	<b>1,290,383</b>
<b>Total estimated resourcing for Outcome 1</b> (Total price of outputs and administered appropriations)	<b>1,214,039</b>	<b>1,290,383</b>
<b>Average staffing level (number)</b>	<b>5,400</b>	<b>5,394</b>

### 3.2.2 Measures affecting Outcome 1

A summary of the measures for the 2007-08 Budget is provided in Table 2.2.

### **3.2.3 Contributions to achievement of Outcome 1**

#### **Departmental outputs**

##### **Output Group 1 — Passenger facilitation**

This output group covers:

- Risk assessment, advance screening and border clearance processing of passengers, crew, and aircraft arriving and departing Australia
- Controlling or restricting the movement of restricted or prohibited goods on behalf of Customs and other agencies
- Referrals to other Customs areas and a range of external agencies of matters for possible investigation/prosecution, and
- Collection of revenues associated with passenger movements and administration of the Tourist Refund Scheme.

##### **Output Group 2 — Trade facilitation and revenue collection**

This output group covers:

- Examination and inspection of goods at the border in order to prevent the import or export of prohibited items and to control the movement of restricted items
- Referrals to other Customs areas and a range of external agencies of matters for possible investigation/prosecution
- Development and management of the cargo management processes and information systems
- Provision of valuation, classification and rules of origin services to ensure that importers and exporters are able to maximise their voluntary revenue compliance or claim concessional benefits to which they are entitled
- Provision of import and export data and statistics
- Administration of drawback, refund and concessional arrangements, and various industry import duty concession and levy schemes

- Investigation of dumping and countervailing complaints and the determination, implementation, monitoring and review of appropriate measures to address them
- Administration of customs duty, import processing charges and indirect taxes (including the assessment and collection of GST, Luxury Car Tax and the Wine Equalisation Tax) through the processing of all imported and exported cargo and mail, and items entering and leaving Australia with passengers and crew
- Real-time and post-transaction compliance activity related to revenue protection and collection, cargo reporting timeliness and accuracy, export reporting and movement of goods under customs control, and
- Licensing of Customs brokers, depots and warehouses.

### **Output Group 3 — Border enforcement**

This output group covers:

- Land-based surveillance of the coastline, the National Marine Unit and the maritime patrols of the Southern Ocean
- Processing of apprehended foreign fishers
- Risk assessment, boarding, compliance and search activities in relation to passengers, crew, ships and craft entering and departing Australia
- Surveillance of waterfronts
- Investigations and prosecutions related to breaches of the border involving non-narcotic prohibited goods, import fraud and duty evasion and proceeds of crime under the Customs Act and other relevant Commonwealth legislation
- Intelligence and targeting activities for the identification of people and goods of interest consistent with Customs, immigration, health, family law and other law enforcement and national security requirements
- The evaluation and implementation of a range of new technologies, and
- Law enforcement strategy and Customs counter-terrorism co-ordination and liaison.

## Output Group 4 - Civil maritime surveillance and response

This output group covers the co-ordination and control of air and sea 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 in coastal offshore regions and the Australian Exclusive Economic Zone. Border Protection Command also provides the protection of Australia’s offshore oil and gas facilities, the offshore interdiction of ships and the detection and response to any terrorist threat to Australia’s maritime assets and coastline.

### 3.2.4 Performance information for Outcome 1

Performance information for administered items, individual outputs and output groups relating to Customs are summarised in Table 3.2.

**Table 3.2: Performance information for Outcome 1**

<b>Effectiveness - Overall achievement of the Outcome</b>	
<b>Protect Australia’s border against illegal movement of people and goods</b>	
Trends in the number and weight of drug detections Trends in the number of detections and/or seizures of other prohibited imports	The number and weight of drug detections, other detections of prohibited imports and exports and vessels cannot be estimated through any reliable statistical or other method but actual levels achieved will be reported in the Annual Report
<b>Regulate and facilitate international passengers</b>	
Proportion of arriving international passengers processed through the Entry Control Point within 30 minutes Number of air passenger referrals to Immigration and Health	Target: 95% *
<b>Contribute to offshore protection</b>	
Trends in the sightings of Foreign Fishing Vessels (FFVs) and the detections and interceptions of Suspect Illegal Entry Vessels (SIEVs)	Target: No target is set but actual levels will be reported in the Annual Report
<b>Raise revenue</b>	
Significant revenues collected (including Customs duty, GST collected and Passenger Movement Charge)**	Forecast: \$9,463m (excluding GST deferred)
<b>Regulate and facilitate international trade</b>	
Proportion of electronically lodged import declarations where an authority to deal is transmitted within 15 minutes of finalisation of details	Target: 97%

<b>Performance indicators for individual outputs</b>	
<i>Output description</i>	<i>Performance indicator</i>
<b>Output group 1 – Passenger facilitation</b>	
<b>Quality</b> Proportion of arriving international air passengers processed through the Entry Control Point within 30 minutes	Target: 95%
Number of air passenger referrals to Immigration and Health	*
<b>Quantity</b> Collection of the Passenger Movement Charge	Estimate: \$412m
Number of international passengers (air and sea)	Forecast: Arrivals 11,905,000 Forecast: Departures 11,660,000
Number of international crew (air and sea)	Forecast: Arrivals 980,000 Forecast: Departures 974,000
<b>Price: \$205.232m</b>	
<b>Output group 2 – Trade facilitation and revenue collection</b>	
<b>Quality</b> Proportion of electronically lodged import declarations where an authority to deal is transmitted within 15 minutes of finalisation of details	Target: 97%
Electronic cargo systems – availability to Customs clients (availability against typical work day)	Target: 99.7%
Number of complaints formally received about Container Examination Facility operations	*
Number of external appeals against decisions:	
• Granting of Tariff Concession Orders	Forecast: 10 - 15
• Eligibility for 4th Schedule By-law	Forecast: 1 - 5
Rates of external appeal against decisions where the original decision by Customs is overturned	*
Proportion of drawbacks and refunds delivered in accordance with standards	Drawbacks 90% Refunds 100%
Proportion of concessional arrangements for importers and exporters delivered in accordance with standards	Target: 100%
Proportion of anti-dumping/countervailing cases and reviews completed within 155 days:	
• Cases	Target: 100%
• Reviews	Target: 100%
Revenue and compliance assurance activity:	
• Imports – Percentage of audits where revenue was adjusted by \$1,000 or more	*
• Exports – Percentage of audits where FOB was adjusted by \$5,000 or more	*
<b>Quantity</b> Number of customs import declarations lodged	Forecast: Electronic 3,224,000
Number of export declarations issued	Forecast: 1,322,000
Number of imported air cargo consignments reported	Forecast: 10,300,000
Number of imported sea cargo manifest lines reported	Forecast: 2,350,000
Revenue adjustments:	
• Recoveries	*
• Refunds	*
Significant revenues collected (including Customs Duty and GST)	Forecast: \$9,051m (excluding GST deferred)

<b>Performance indicators for individual outputs</b>	
<i>Output description</i>	<i>Performance indicator</i>
Number of drawback applications	Forecast: 5,500
Number of refund applications	Forecast: 48,000
Duty concessions:	
• Tariff Concession System	Forecast: \$1,300 - \$1,400m
• All other concession schemes**	Forecast: \$450 - \$500m
Country of origin preference schemes:	
• Free Trade Agreement schemes	Forecast: \$700 - \$800m
• All other preference schemes	Forecast: \$340 - \$380m
Volume of cargo subject to Customs intervention:	
• Postal Items	Target: 100%
• Imported air consignments	Target: 6.2 million
• Sea cargo containers	Target: 133,000 TEUs <sup>c</sup>
- inspected	Target: 13,300 TEUs <sup>c</sup>
- examined	
Revenue and compliance assurance activity:	
• Imports – company audits	Target: 400
• Exports – company audits	Target: 50
Number of anti-dumping/countervailing cases:	#
• Carried forward from 2006-07	
• Lodged	
• Rejected	
• Withdrawn/terminated	
• Concluded (approved by Minister)	
• Carried forward to 2007-08	
Number of anti-dumping/countervailing reviews:	#
• Carried forward from 2006-07	
• Initiated	
• Rejected	
• Withdrawn/terminated	
• Concluded (approved by Minister)	
• Carried forward to 2007-08	
Anti-dumping/countervailing appeals to Federal Court	*
<b>Price: \$261.973m</b>	
<b>Output group 3 – Border enforcement</b>	
<b>Quality</b>	
Number of illegal, unregulated and unreported (IUU) vessels sighted and identified in Australia's EEZ in the Southern Ocean	*
Number of IUU vessels boarded in the Southern Ocean	*
Number of IUU vessels apprehended in the Southern Ocean	*
Number of revenue fraud cases adopted for prosecution	Forecast: 18 - 25
Number of Community Protection cases adopted for prosecution	Forecast: 100 - 120
<b>Quantity</b>	
Southern Ocean Surveillance (Patrol days)	Target: 200
National Marine Unit (Patrol days)	Target: 2,400
Number of illegal foreign fishers who were apprehended and processed	Forecast: 1,600
Commercial vessels boarded at first port <sup>e</sup>	Target: 8600 - 9200

<b>Performance indicators for individual outputs</b>	
<i>Output description</i>	<i>Performance indicator</i>
Number of revenue fraud cases adopted for investigation	Forecast: 55 - 75
Number of Community Protection cases adopted for investigation	Forecast: 400 - 500
<b>Price: \$431.992m</b>	
<b>Output group 4 – Civil maritime surveillance and response</b>	
<b>Quality</b>	
Number of detections and interceptions of Suspect Illegal Entry Vessels (SIEVs)	*
Number of suspect unlawful non-citizens (SUNCs) intercepted by sea (including ship's crew)	*
Number of apprehensions of Foreign Fishing Vessels (FFVs) <sup>-</sup>	Forecast: 250
<b>Quantity <sup>**</sup></b>	
Aerial surveillance coverage (square nautical miles)	
• Coastwatch contracted aircraft and RAAF assets <sup>+</sup>	Target: 151 million
• Coastwatch contracted satellite	Target: 5.5 million
<b>Price: \$391.186m<sup>***</sup></b>	

\* Performance cannot be forecast through any reliable statistical or other method. Actual results will be reported in the Annual Report.

< Twenty-foot equivalent unit (TEU) refers to a generic measure for sea cargo containers. A 20-foot container equals 1 TEU and a 40-foot container equals 2 TEUs.

> Target based on 75-80% of 2004-05 volumes.

<> Air cargo consignments cleared by SAC process are consignments that have been Self-Assessed-Cleared (SAC) by the transporter or importer. As such they will be consignments under \$1,000 in value, and do not require further documentation for Customs clearance purposes.

# Workloads against these measures cannot be anticipated, as they are dependent on international trends/ economic circumstances beyond Customs' control. Actual figures will be provided in the Annual Report.

~ Total number of apprehensions by Customs and Australian Defence Force assets.

+ This target is based on the contribution made by both Customs and Defence assets to the civil maritime surveillance program.

\*\* Significant Revenue and Duty Concessions with effect from the 2006-07 financial year are adjusted for the Automotive Competitiveness and Investment Scheme credits, which are treated by Customs as Duty revenue and as an expense by the Department of Industry, Tourism and Resources as recommended by the ANAO.

\*\*\*This includes \$230m as a notional figure based on Defence's civil maritime surveillance and response effort in 2005-06. All Defence's operational contributions to civil maritime surveillance and response are now made under Operation RESOLUTE (activated 17 July 2006) and these assets are provided for the operational control of Commander Border Protection Command as Joint Task Force 639. Defence performance targets are provided in Output one - Command of Operations section of the Defence PBS.

++ Previous PBS incorporated as a performance measure 'Aerial Surveillance (Flying hours)'. The measure has been removed as Aerial Surveillance coverage is the effective surveillance measure.

### **3.2.5 Evaluations for Outcome 1**

Customs is subject to various evaluation activities including internal and external audits, performance audits, and regular reviews of performance information. Results are published in the Annual Report, external reports and internal audit reports.

The internal audit program includes performance auditing, regular compliance audits, risk management and providing better practice advice services. In addition there is provision for evaluations specifically requested by management each year.

Customs collects complaints and compliments information to assist in improving business processes and to judge compliance with our client charter. Customs also participates in informal international benchmarking programs from time to time as an additional means of evaluating performance against specific areas of the business. Where the Customs outcome is shared with other agencies, Customs has attempted to align performance data.

Customs has a corporate reporting and performance framework to enable monitoring and review of performance and to assist in ensuring outcomes are met.

## Section 4: Other reporting requirements

### 4.1 PURCHASER-PROVIDER ARRANGEMENTS

Customs currently has one purchaser-provider arrangement in place. The purchaser-provider arrangement is with the ATO. Customs and the ATO have a Memorandum of Understanding (MOU) whereby the ATO will pay Customs \$51.657m in 2007-08 to fund resourcing relating to the operation of the new tax system, in particular the collection of GST related activities and the payment of refunds under the Tourist Refund Scheme (TRS).

#### 4.1.1 Cross agency overview

##### **Responsibility**

Revenue from the MOU Customs has with the ATO is reported against Sales of Goods and Services. The Australian National Audit Office (ANAO) audits this annually. As part of the MOU with the ATO, Customs must provide to the ATO a letter of comfort at the time of completing the annual financial statements. The letter of comfort contains assurances that Customs has correctly recorded all tax and GST related transactions and that there are no contingencies or commitments that will materially affect the ATO's financial statements.

##### **Control arrangements**

###### **Australian Taxation Office**

Customs and the ATO collaborate to effectively administer Commonwealth indirect taxes on goods. These indirect taxes include: the GST, WET and LCT. The guidelines outlining Customs responsibilities, performance and accountability are in a MOU between the two agencies.

Within the administration of the above taxes Customs is also responsible for performing compliance and auditing functions, collecting and supplying the ATO with tax data and maintaining public confidence in revenue assessment activities.

###### **Resourcing**

Resources for these activities are deployed by Customs in each region as well as central office in the ACT.

## **Performance against outcomes of purchased outputs**

### **Australian Tax Office**

Customs' performance in administering GST, LCT, TRS and WET is measured by the following: year to date cost of administering GST, LCT, TRS and WET, number of transactions against previous years, value of transactions against previous years, and the year to date collection of penalties against previous years. The MOU between the ATO and Customs formally recognises the importance both agencies attach to effective collaboration in the administration of Commonwealth revenue.

Customs provides biannual reports to the ATO. These reports outline performance against measures and costs.

## **4.2 COST RECOVERY ARRANGEMENTS**

Customs has three broad categories of cost recovery. The first category relates to charges for regulated services and was subject to a cost recovery review in 2005-06 as required by the 'Australian Government Cost Recovery Guidelines'.

The second cost recovery category relates to the delivery of GST Administration services for the ATO. This arrangement is subject to independent review and scrutiny by the ATO and the States. As an intra-Government agreement, this category of cost recovery is not subject to Australian Government Cost Recovery Guidelines.

The final category of cost recovery relates to the sale of goods and services of a minor nature completed on commercial terms within a competitive market.

In accordance with the Cost Recovery guidelines, a further review of Customs cost recovery arrangements is proposed to be carried out in the 2011-12 Budget.

### **4.3 AUSTRALIAN GOVERNMENT INDIGENOUS EXPENDITURE (AGIE)**

In 2006-07 Customs will spend \$0.803m to facilitate the development of remote Indigenous communities to help respond to illegal foreign fishing. Customs will contribute \$0.281m funded from appropriations with the remaining \$522m internally funded. Remote Indigenous communities will be engaged to help improve the capacity for inshore surveillance and response to illegal foreign fishing vessel incursions within internal waters. Such activities are intended to be only a trial to assess their effectiveness over a 12 month period.

Customs has two internally funded Indigenous programs, 'Engage and Train Torres Strait Islanders as Marine Crew to serve in the Torres Strait' and 'Indigenous Cadetship Program'.

The Torres Strait Island Marine Trainee Program is an entry-level recruitment program specifically for people in the Torres Strait to join the Customs National Marine Unit for 12 months as sea-going crew in non-ongoing positions. After completion of the 12 months training, the members are given an opportunity to apply for on-going marine unit positions.

Customs actively contributes to the Australian Public Service Indigenous Employment Project and continues to participate in the National Indigenous Cadetship Program to increase overall numbers of indigenous employees and encourage their movement into management positions.

The cadets work part-time and are paid approximately 57 per cent of a full time cadet salary. In addition, the program allows the reimbursement of compulsory fees such as the Higher Education Contribution Scheme (HECS).

## Section 5: Budgeted financial statements

### 5.1: ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

#### Departmental:

##### Income Statement

Total revenue is now estimated to be \$1,290.383m in 2007-08, an increase of \$159.387m from the 2006-07 PBS. The increase is primarily the result of:

- funding impact of new measures in 2007-08 of \$39.899m
- funding impact of past budget measures and decisions and indexation adjustments of \$37.007m, and
- an increase of \$92.963m to \$230.000m as a notional figure based on Defence's civil maritime surveillance and response effort in 2005-06.

##### Balance Sheet

Customs net asset position for 30 June 2008 is estimated to be \$388.483m. This will be an increase of \$36.609m from 2006-07. The increase is attributable to capital equity injections in the 2007-08 Budget process and decisions made previously and already reflected in forward estimates. Refer to Table 2.2 for the list of measures in the 2007-08 Budget impacting on equity.

##### Capital Budget

Customs is estimating capital outlays of \$88.305m in 2007-08. Some of these capital outlays are funded through capital appropriations of \$36.609m, which relate to measures in the 2007-08 Budget, 2006-07 Additional Estimates and measures from prior years. The balance of \$51.696m is funded internally by departmental resources and predominantly relates to an asset replacement program.

## **Administered**

### **Schedule of Budgeted Income and Expenses**

Customs will administer the collection of an estimated \$5.958b in Customs duty in 2007-08. This increase of \$362.000m from the 2006-07 projection is due to a combination of factors. The principal factors are the expected continuation of the strong import growth of Passenger Motor Vehicles and Textiles, Clothing and Footwear experienced in the current year plus an expected continuation of moderate growth in duty collections on excise equivalent and general goods.

Customs will also administer the collection of an estimated \$556.649m in other revenue. The bulk of this revenue is comprised of revenue from the Passenger Movement Charge (PMC) collected from international travellers and cost recovery related services.

In addition, \$387.995m will be made available in 2007-08 for Customs to pay for Customs duty refunds and drawbacks of \$370.000m and indirect tax repayments of \$17.995m primarily associated with GST paid on import entries that are subsequently amended or withdrawn.

### **Schedule of Budgeted Assets and Liabilities**

Total net administered assets are expected to be \$113.765m in 2007-08.

## 5.2: BUDGETED FINANCIAL STATEMENTS TABLES

Table 5.1: Budgeted departmental income statement for the period ended 30 June

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	922,815	999,774	1,001,603	999,507	1,005,707
Goods and services	59,870	59,806	61,203	61,059	60,259
<b>Total revenue</b>	<b>982,685</b>	<b>1,059,580</b>	<b>1,062,806</b>	<b>1,060,566</b>	<b>1,065,966</b>
<b>Gains</b>					
Other	230,792	230,803	230,812	230,820	230,826
<b>Total gains</b>	<b>230,792</b>	<b>230,803</b>	<b>230,812</b>	<b>230,820</b>	<b>230,826</b>
<b>Total income</b>	<b>1,213,477</b>	<b>1,290,383</b>	<b>1,293,618</b>	<b>1,291,386</b>	<b>1,296,792</b>
<b>EXPENSE</b>					
Employees	434,026	435,780	436,695	438,582	441,672
Suppliers	714,907	778,713	770,462	770,300	772,596
Grants	-	-	-	-	-
Depreciation and amortisation	64,544	75,890	86,454	82,497	82,517
<b>Total expenses</b>	<b>1,213,477</b>	<b>1,290,383</b>	<b>1,293,618</b>	<b>1,291,386</b>	<b>1,296,792</b>
<b>Surplus (deficit) attributable to the Australian Government</b>	-	-	-	-	-

Table 5.2: Budgeted departmental balance sheet as at 30 June

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	8,538	7,738	7,738	7,738	7,738
Receivables	158,888	186,077	218,934	229,151	233,499
<b>Total financial assets</b>	<b>167,426</b>	<b>193,815</b>	<b>226,672</b>	<b>236,889</b>	<b>241,237</b>
<b>Non-financial assets</b>					
Land and buildings	63,315	64,106	61,605	61,415	61,415
Infrastructure, plant and equipment	88,246	86,045	77,117	75,236	73,820
Inventories	1,577	1,577	1,577	1,577	1,577
Intangibles	208,981	222,805	223,650	222,813	222,892
Other	3,438	3,438	3,438	3,438	3,438
<b>Total non-financial assets</b>	<b>365,557</b>	<b>377,971</b>	<b>367,387</b>	<b>364,479</b>	<b>363,142</b>
<b>Total assets</b>	<b>532,983</b>	<b>571,786</b>	<b>594,059</b>	<b>601,368</b>	<b>604,379</b>
<b>LIABILITIES</b>					
<b>Provisions</b>					
Employees	124,605	127,969	130,400	133,269	136,201
Other	6,425	6,425	6,425	6,425	6,425
<b>Total provisions</b>	<b>131,030</b>	<b>134,394</b>	<b>136,825</b>	<b>139,694</b>	<b>142,626</b>
<b>Payables</b>					
Suppliers	46,831	45,662	45,661	45,662	45,662
Other Payables	3,247	3,247	3,247	3,247	3,247
<b>Total payables</b>	<b>50,078</b>	<b>48,909</b>	<b>48,908</b>	<b>48,909</b>	<b>48,909</b>
<b>Total liabilities</b>	<b>181,108</b>	<b>183,303</b>	<b>185,733</b>	<b>188,603</b>	<b>191,535</b>
<b>Net assets</b>	<b>351,875</b>	<b>388,483</b>	<b>408,326</b>	<b>412,765</b>	<b>412,844</b>
<b>EQUITY</b>					
Contributed equity	266,878	303,486	323,329	327,768	327,847
Reserves	29,503	29,503	29,503	29,503	29,503
Retained surpluses or accumulated deficits	55,494	55,494	55,494	55,494	55,494
<b>Total equity</b>	<b>351,875</b>	<b>388,483</b>	<b>408,326</b>	<b>412,765</b>	<b>412,844</b>
<b>Current assets</b>	<b>172,441</b>	<b>198,830</b>	<b>231,687</b>	<b>241,904</b>	<b>246,252</b>
<b>Non-current assets</b>	<b>360,542</b>	<b>372,956</b>	<b>362,372</b>	<b>359,464</b>	<b>358,127</b>
<b>Current liabilities</b>	<b>103,420</b>	<b>127,969</b>	<b>130,400</b>	<b>133,269</b>	<b>136,201</b>
<b>Non-current liabilities</b>	<b>77,688</b>	<b>55,334</b>	<b>55,333</b>	<b>55,334</b>	<b>55,334</b>

**Table 5.3: Budgeted departmental statement of cash flows for the period ended 30 June**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	59,398	59,334	61,203	61,059	60,259
Appropriations	902,749	973,057	968,746	988,290	1,001,359
GST	43,869	43,869	43,869	43,869	43,869
<b>Total cash received</b>	<b>1,006,016</b>	<b>1,076,260</b>	<b>1,073,818</b>	<b>1,094,218</b>	<b>1,105,487</b>
<b>Cash used</b>					
Employees	441,182	453,481	457,310	441,664	438,740
Suppliers	469,068	528,014	516,432	533,528	541,770
GST	43,869	43,869	43,869	43,869	43,869
<b>Total cash used</b>	<b>954,119</b>	<b>1,025,364</b>	<b>1,017,611</b>	<b>1,019,061</b>	<b>1,024,379</b>
<b>Net cash from or (used by) operating activities</b>	<b>51,897</b>	<b>50,896</b>	<b>56,207</b>	<b>75,157</b>	<b>81,108</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	-	-	-	-	-
<b>Cash used</b>					
Purchase of property, plant and equipment	90,841	88,305	76,051	79,596	81,187
<b>Total cash used</b>	<b>90,841</b>	<b>88,305</b>	<b>76,051</b>	<b>79,596</b>	<b>81,187</b>
<b>Net cash from or (used by) investing activities</b>	<b>(90,841)</b>	<b>(88,305)</b>	<b>(76,051)</b>	<b>(79,596)</b>	<b>(81,187)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations – contributed equity	38,144	36,609	19,844	4,439	79
<b>Total cash received</b>	<b>38,144</b>	<b>36,609</b>	<b>19,844</b>	<b>4,439</b>	<b>79</b>
<b>Cash used</b>					
<b>Total cash used</b>	-	-	-	-	-
<b>Net cash from or (used by) financing activities</b>	<b>38,144</b>	<b>36,609</b>	<b>19,844</b>	<b>4,439</b>	<b>79</b>
<b>Net increase or (decrease) in cash held</b>	<b>(800)</b>	<b>(800)</b>	-	-	-
Cash at the beginning of the reporting period	9,338	8,538	7,738	7,738	7,738
<b>Cash at the end of the reporting period</b>	<b>8,538</b>	<b>7,738</b>	<b>7,738</b>	<b>7,738</b>	<b>7,738</b>

**Table 5.4: Departmental statement of changes in equity — summary of movement Budget year 2007-08**

	Retained Earnings	Asset Revaluation Reserve	Other Reserves	Contributed Equity/ Capital	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2007</b>					
Balance carried forward from previous period	55,494	29,503		266,878	351,875
<b>Opening balance</b>	<b>55,494</b>	<b>29,503</b>	-	<b>266,878</b>	<b>351,875</b>
<b>Income and expense</b>					
<b>Sub-total income and expense</b>	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	-	-	-	-	-
<b>Transactions with owners</b>					
Appropriation (equity injection)	-	-	-	36,609	36,609
<b>Sub-total transactions with owners</b>	-	-	-	<b>36,609</b>	<b>36,609</b>
<b>Estimated closing balance as at 30 June 2008</b>	<b>55,494</b>	<b>29,503</b>	-	<b>303,487</b>	<b>388,484</b>

**Table 5.5: Departmental capital budget statement**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	38,144	36,609	19,844	4,439	79
<b>Total capital appropriations</b>	<b>38,144</b>	<b>36,609</b>	<b>19,844</b>	<b>4,439</b>	<b>79</b>
<b>Represented by:</b>					
Purchase of non-financial assets	38,144	36,609	19,844	4,439	79
<b>Total represented by</b>	<b>38,144</b>	<b>36,609</b>	<b>19,844</b>	<b>4,439</b>	<b>79</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	38,144	36,609	19,844	4,439	79
Funded internally by departmental resources	52,697	51,696	56,207	75,157	81,108
<b>Total</b>	<b>90,841</b>	<b>88,305</b>	<b>76,051</b>	<b>79,596</b>	<b>81,187</b>

**Table 5.6: Departmental property, plant, equipment and intangibles — summary of movement Budget year 2007-08**

	Land	Buildings	Other Infrastructure Plant and Equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2007</b>					
Gross book value	8,514	62,080	121,275	274,459	467,328
Accumulated depreciation	-	(8,029)	(38,150)	(60,607)	(106,786)
<b>Opening net book value</b>	<b>8,514</b>	<b>55,051</b>	<b>83,125</b>	<b>213,852</b>	<b>360,542</b>
Additions:					
by purchase	-	6,802	46,732	34,771	88,305
Depreciation/amortisation expense	-	(6,261)	(43,812)	(25,818)	(75,891)
Other movements	-	-	-	-	-
<b>As at 30 June 2008</b>					
Gross book value	8,514	69,882	168,007	309,230	555,633
Accumulated depreciation		(14,290)	(81,962)	(86,425)	(182,677)
<b>Estimated closing net book value</b>	<b>8,514</b>	<b>55,592</b>	<b>86,045</b>	<b>222,805</b>	<b>372,956</b>

**Table 5.7: Schedule of budgeted income and expenses administered on behalf of Government for the period ended 30 June**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>INCOME ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Revenue</b>					
<b>Taxation</b>					
Customs Duty	5,596,500	5,958,000	6,298,000	6,018,000	5,668,000
Other taxes, fees and fines	529,999	556,649	575,649	598,674	622,366
<b>Total taxation</b>	<b>6,126,499</b>	<b>6,514,649</b>	<b>6,873,649</b>	<b>6,616,674</b>	<b>6,290,366</b>
<b>Non-taxation</b>					
Other sources of non-taxation	6,085	6,237	6,537	6,362	6,553
<b>Total non-taxation</b>	<b>6,085</b>	<b>6,237</b>	<b>6,537</b>	<b>6,362</b>	<b>6,553</b>
<b>Total revenues administered on behalf of Government</b>	<b>6,132,584</b>	<b>6,520,886</b>	<b>6,880,186</b>	<b>6,623,036</b>	<b>6,296,919</b>
<b>Gains</b>					
<b>Total gains administered on behalf of Government</b>	-	-	-	-	-
<b>Total income administered on behalf of Government</b>	<b>6,132,584</b>	<b>6,520,886</b>	<b>6,880,186</b>	<b>6,623,036</b>	<b>6,296,919</b>
<b>EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
Grants	282	-	-	-	-
Suppliers	280	-	-	-	-
Write down and impairment of assets	2,560	2,636	2,716	2,716	3,172
<b>Total expenses administered on behalf of Government</b>	<b>3,122</b>	<b>2,636</b>	<b>2,716</b>	<b>2,716</b>	<b>3,172</b>

**Table 5.8: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Financial assets</b>					
Cash	3,582	3,582	3,582	3,582	3,582
Receivables	108,155	118,125	133,262	148,599	155,427
Other Receivables	10,706	8,070	5,354	2,638	2,638
<b>Total financial assets</b>	<b>122,443</b>	<b>129,777</b>	<b>142,198</b>	<b>154,819</b>	<b>161,647</b>
<b>Non-financial assets</b>					
Inventories	215	215	215	215	215
<b>Total non-financial assets</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>
<b>Total assets administered on behalf of Government</b>	<b>122,658</b>	<b>129,992</b>	<b>142,413</b>	<b>155,034</b>	<b>161,862</b>
<b>LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT</b>					
<b>Interest bearing liabilities</b>					
Other	3,078	3,078	3,078	3,078	3,078
<b>Total interest bearing liabilities</b>	<b>3,078</b>	<b>3,078</b>	<b>3,078</b>	<b>3,078</b>	<b>3,078</b>
<b>Provisions</b>					
Australian currency on issue	-	-	-	-	-
Other provisions	-	-	-	-	-
<b>Total provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Payables</b>					
Other payables	13,149	13,149	13,149	13,149	13,149
<b>Total payables</b>	<b>13,149</b>	<b>13,149</b>	<b>13,149</b>	<b>13,149</b>	<b>13,149</b>
<b>Total liabilities administered on behalf of Government</b>	<b>16,227</b>	<b>16,227</b>	<b>16,227</b>	<b>16,227</b>	<b>16,227</b>

**Table 5.9: Schedule of budgeted administered cash flows for the period ended 30 June**

	Estimated Actual 2006-07 \$'000	Budget Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000	Forward Estimate 2009-10 \$'000	Forward Estimate 2010-11 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Taxes	5,540,889	5,964,679	6,318,512	6,131,337	5,910,366
Fees	6,085	6,237	6,537	6,362	6,553
Appropriation Receipts	562	-	-	-	-
Cash from the Official Public Account	370,000	370,000	370,000	370,000	370,000
<b>Total cash received</b>	<b>5,917,536</b>	<b>6,340,916</b>	<b>6,695,049</b>	<b>6,507,699</b>	<b>6,286,919</b>
<b>Cash used</b>					
Grant payments	282	-	-	-	-
Suppliers	280	-	-	-	-
Cash to the Official Public Account	5,916,974	6,340,916	6,695,049	6,507,699	6,286,919
<b>Total cash used</b>	<b>5,917,536</b>	<b>6,340,916</b>	<b>6,695,049</b>	<b>6,507,699</b>	<b>6,286,919</b>
<b>Net cash from or (used by) operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at beginning of reporting period	3,582	3,582	3,582	3,582	3,582
Cash from Official Public Account for:					
– special appropriations	370,000	370,000	370,000	370,000	370,000
– appropriations	562	-	-	-	-
Transfers from other entities	5,546,974	5,970,916	6,325,049	6,137,699	5,916,919
Cash to Official Public Account	5,916,974	6,340,916	6,695,049	6,507,699	6,286,919
Transfers to other entities	562	-	-	-	-
<b>Cash at end of reporting period</b>	<b>3,582</b>	<b>3,582</b>	<b>3,582</b>	<b>3,582</b>	<b>3,582</b>

## **5.3 NOTES TO THE FINANCIAL STATEMENTS**

### **Basis of accounting**

Customs' budgeted financial statements have been prepared on an accrual basis, in accordance with historical cost convention and consistent with Australian Accounting Standards.

### **Revenue from Government**

Amounts appropriated for Customs' outputs are recognised as revenue, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

### **Employee expenses**

Employee expenses consist of salaries, leave entitlements, redundancy expenses, superannuation and non-salary benefits.

### **Suppliers**

Supplier expenses consist of administrative costs, consultants, travel expenses and property operating expenses.

### **Cash**

Cash includes notes and coins held and any deposits held at call with a bank or financial institutions.

### **Assets**

Customs' assets are made up of cash, receivables, leasehold improvements and plant and equipment. All assets are held at fair value.

### **Liabilities**

Customs' liabilities are made up of employee salary and leave entitlement, property lease make-good provisions and unpaid creditors.