

AUSTRALIAN CUSTOMS SERVICE

Section 1: Agency overview and resources; variations and measures

OVERVIEW

There are no changes to Australian Customs Service’s role, mission or its outcomes and outputs structures as a result of Additional Estimates.

Table 1.1: Agency outcomes and output groups

AUSTRALIAN CUSTOMS SERVICE	
CEO: Mr Michael Carmody	
Total Price of Outputs	\$1025.6m
Departmental Outcome Appropriation	\$830.4m
Total Administered Expenses	\$0.28m
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	
Total Price	\$1025.6m
Departmental Output Appropriation	\$830.4m
Total Administered Expenses	\$0.28m
Output 1: Passenger movement and intelligence	
Total Price	\$280.5m
Appropriation	\$259.0m
Output 2: Border compliance and enforcement	
Total Price	\$397.1m
Appropriation	\$376.5m
Output 3: Cargo regulation, trade facilitation and revenue collection	
Total Price	\$111.4m
Appropriation	\$95.4m
Output 4: Civil maritime surveillance and response	
Total Price	\$236.6m
Appropriation	\$99.5m

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

Additional appropriations have been allocated for estimates variations through the Additional Estimates process. Details of these additional appropriations and their impact on the achievement of the agency's outcomes and outputs are explained below.

Departmental

The total price of Customs outputs has increased by \$47.2m since the 2005-06 Budget.

Variations — Measures

Table 1.2: Additional estimates and variations to outcomes – measures

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Outcome 1				
Change in departmental appropriations				
Aviation security measures:				
- strengthening international air cargo security arrangements in Australia	1,067	1,037	1,046	1,058
- improving closed circuit television at airports	1,328	1,117	1,112	1,125
- establishing Joint Airport Investigations Teams	977	1,135	1,145	1,158
- increasing air-side Customs patrols	10,415	11,719	11,825	11,962
- providing additional closed circuit television cameras and upgrading capabilities	2,001	2,308	2,278	2,295
- establishing Joint Airport Intelligence Group	-	1,737	1,757	1,593
Illegal foreign fishing in Australia's northern waters - increased enforcement	13,525	13,017	13,133	14,068
Customs duty - alignment of import entry level thresholds for courier and postal imports	(2,000)	(2,000)	(2,100)	(2,100)
National security - introducing a maritime crew visa	451	3,760	8,953	9,408
Total changes in Departmental appropriations	27,764	33,830	39,149	40,567

Note 1: Revenue measures provided in Table 1.4.3

Note 2: Figures in this table are fiscal balance consistent with MYEFO and Budget Paper No. 2 presentation.

Other variations to appropriations

Table 1.3: Additional estimates and variations to outcomes – other variations

	2005-06 \$'000	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000
Outcome 1				
Change in departmental appropriations				
Coastwatch Civil Maritime Surveillance Contract Increase	-	-	2,900	2,900
Additional Pax Workload Growth Funding	3,966	5,287	4,256	4,362
Container Examination Facilities (CEF) Receivable	7,100	-	-	-
Adjustment for 2004-05 Import Processing Charge (IPC) Revenue	6,991	-	-	-
Parameter Adjustment	-	785	1,578	2,399
Total changes in Departmental appropriations	18,057	6,072	8,734	9,661

MEASURES — AGENCY SUMMARY

A detailed summary of measures and funding affecting Customs is set out in Tables 1.4.1, 1.4.2 and 1.4.3. A number of the measures are cross-portfolio budget measures. These include Aviation Security - Establishing Joint Airport Investigations Teams (JAIT) (Lead agency Australian Federal Police), Establishing Joint Airport Intelligence Group (JAIG) (Lead agency Australian Federal Police), National Security - introducing a maritime crew visa (Lead agency Department of Immigration and Multicultural Affairs) and Illegal foreign fishing in Australia's northern waters - increased enforcement (Lead agency Customs).

Table 1.4.1: Summary of expense measures since the 2005-06 Budget

Measure	Outcome	Outputs Affected	Appropriations 2005-06 \$'000			Appropriations 2006-07 \$'000			Appropriations 2007-08 \$'000			Appropriations 2008-09 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
EXPENSE MEASURES														
Aviation security - strengthening international air cargo security arrangements in Australia	1	1.2	-	1,067	1,067	-	1,037	1,037	-	1,046	1,046	-	1,058	1,058
Aviation security - improving closed circuit television at airports	1	1.1	-	1,328	1,328	-	1,117	1,117	-	1,112	1,112	-	1,125	1,125
Aviation security - establishing Joint Airport Investigations Teams	1	1.1	-	977	977	-	1,135	1,135	-	1,145	1,145	-	1,158	1,158
Aviation security - increasing air-side Customs patrols	1	1.1	-	10,415	10,415	-	11,719	11,719	-	11,825	11,825	-	11,962	11,962
Aviation security - providing additional closed circuit television cameras and upgrading capabilities	1	1.1	-	2,001	2,001	-	2,308	2,308	-	2,278	2,278	-	2,295	2,295
Aviation security - establishing Joint Airport Intelligence Group	1	1.1	-	-	-	-	1,737	1,737	-	1,757	1,757	-	1,593	1,593
Illegal foreign fishing in Australia's northern waters - increased enforcement	1	1.2	-	13,525	13,525	-	13,017	13,017	-	13,133	13,133	-	14,068	14,068
Customs duty - alignment of import entry level thresholds for courier and postal imports	1	1.2	-	(2,000)	(2,000)	-	(2,000)	(2,000)	-	(2,100)	(2,100)	-	(2,100)	(2,100)
National security - introducing a maritime crew visa	1	1.1	-	451	451	-	3,760	3,760	-	8,953	8,953	-	9,408	9,408
Total Expense Measures			-	27,764	27,764	-	33,830	33,830	-	39,149	39,149	-	40,567	40,567

Note: Figures in this table are fiscal balance consistent with MYEFO and Budget Paper No. 2 presentation.

Table 1.4.2: Summary of capital measures since the 2005-06 Budget

Measure	Outcome	Outputs Affected	Appropriations 2005-06 \$'000			Appropriations 2006-07 \$'000			Appropriations 2007-08 \$'000			Appropriations 2008-09 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
CAPITAL MEASURES														
Aviation security - strengthening international air cargo security arrangements in Australia	1	1.2	-	264	264	-	-	-	-	-	-	-	-	-
Aviation security - improving closed circuit television at airports	1	1.1	-	99	99	-	86	86	-	-	-	-	-	-
Aviation security - increasing air-side Customs patrols	1	1.1	-	2,401	2,401	-	424	424	-	-	-	-	-	-
Aviation security - providing additional closed circuit television cameras and upgrading capabilities	1	1.1	-	5,064	5,064	-	34	34	-	-	-	-	-	-
Aviation security - establishing Joint Airport Intelligence Group	1	1.1	-	-	-	-	224	224	-	155	155	-	-	-
Illegal foreign fishing in Australia's northern waters - increased enforcement	1	1.2	-	3,075	3,075	-	422	422	-	-	-	-	-	-
National security - introducing a maritime crew visa	1	1.1	-	473	473	-	4,808	4,808	-	6,241	6,241	-	-	-
Total Capital Measures			-	11,376	11,376	-	5,998	5,998	-	6,396	6,396	-	-	-

Table 1.4.3: Summary of revenue measures since the 2005-06 Budget

Measure	Outcome	Outputs Affected	Appropriations 2005-06 \$'000			Appropriations 2006-07 \$'000			Appropriations 2007-08 \$'000			Appropriations 2008-09 \$'000		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
REVENUE MEASURES														
Customs duty - alignment of import entry level thresholds for courier and postal imports	1	n/a	(8,000)	-	(8,000)	(12,000)	-	(12,000)	(13,000)	-	(13,000)	(13,000)	-	(13,000)
Taxation of imported wine-based beverages - alignment with locally produced wine based beverages	1	n/a	-	-	-	-	-	-	-	-	-	-	-	-
Tariff concessions - abolishing the three per cent tariff on certain machinery	1	n/a	(2,000)	-	(2,000)	(2,000)	-	(2,000)	(2,000)	-	(2,000)	(2,000)	-	(2,000)
Indirect tax - Customs duty concession for the Melbourne 2006 Commonwealth Games	1	n/a	(1,000)	-	(1,000)	-	-	-	-	-	-	-	-	-
Total Revenue Measures			(11,000)	-	(11,000)	(14,000)	-	(14,000)	(15,000)	-	(15,000)	(15,000)	-	(15,000)

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5: Appropriation Bill (No. 3) 2005-06

	2004-05 Available \$'000	2005-06 Budget \$'000	2005-06 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
ADMINISTERED ITEMS					
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	255	280	280	-	-
Total Administered	255	280	280	-	-
DEPARTMENTAL OUTPUTS					
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	758,296	783,265	830,402	47,137	-
Total Departmental	758,296	783,265	830,402	47,137	-
Total Australian Customs Service	758,551	783,545	830,682	47,137	-

Table 1.6: Appropriation Bill (No. 4) 2005-06

	2004-05 Available \$'000	2005-06 Budget \$'000	2005-06 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-operating					
Equity injections	42,143	16,452	27,828	11,376	-
Total Capital Australian Customs Service	42,143	16,452	27,828	11,376	-

SUMMARY OF STAFFING CHANGES

Table 1.7: Average Staffing Level (ASL)

	2005-06 Budget	2005-06 Revised	Variation
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	4,902	5,076	174
Total	4,902	5,076	174

OTHER RECEIPTS AVAILABLE TO BE USED

Table 1.9 provides details of other receipts available to be used and include FMA s.31 receipts, special accounts (non-appropriation receipts) and resources received free of charge.

Table 1.9: Other receipts available to be used

	Budget Estimate 2005-06 \$'000	Revised Estimate 2005-06 \$'000
Outcome		
Departmental other receipts		
Resources received free of charge	137,037	137,037
Sales of goods and services	58,144	58,177
Total Departmental other receipts available to be used	195,181	195,214

ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS

Table 1.10: Estimates of expenses from special appropriations

	Budget Estimate 2005-06 \$'000	Revised Estimate 2005-06 \$'000
Estimated Expenses		
Compensation for Acquisition of Property s4AB, <i>Customs Act 1901</i> (A)	-	-
Investment of Public Money s39(9) Investment of Public Money, <i>Financial Management and Accountability Act 1997</i> (A)	-	-
Customs Duty and Other Repayments s28 Repayments Required or Permitted by Law, <i>Financial Management and Accountability Act 1997</i> (A)	311,202	311,202
Total Estimated Expenses	311,202	311,202

A = Administered

ESTIMATES OF SPECIAL ACCOUNT FLOWS

Table 1.11: Estimates of special account flows

	Opening Balance	Receipts	Payments	Closing Balance
	2005-06 ⁽¹⁾	2005-06	2005-06	2005-06
	2004-05 ⁽¹⁾	2004-05	2004-05	2004-05
	\$'000	\$'000	\$'000	\$'000
Other Trust Moneys Reserve (Australian Customs Service) - <i>Financial Management and Accountability Act 1997</i> ; s20 (A)	3,032	744	1,301	2,475
	5,933	467	3,368	3,032
Tradegate Fees Reserve (Australian Customs Service) - <i>Financial Management and Accountability Act 1997</i> ; s20 (A)	176	2,299	2,475	-
	387	18,486	18,697	176
Security Deposits Reserve (Australian Customs Service) - <i>Financial Management and Accountability Act 1997</i> ; s20 (A)	6,304	7,316	7,304	6,316
	6,362	7,430	7,488	6,304
Industry Related Systems (Australian Customs Service) - <i>Financial Management and Accountability Act 1997</i> ; s20 (A)	2,926	-	2,926	-
	2,785	141	-	2,926
Total Special Accounts	12,438	10,359	14,006	8,791
	15,467	26,524	29,553	12,438

A= Administered

Note 1 The revised Opening Balance for 2005-06 is the same as the final closing balance for 2004-05. This balance may have changed from that shown in the 2005-2006 PBS as the actual for 2004-05 may have been updated to reflect the final budget outcome for that year

Section 2: Revisions to agency outcomes

OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Customs outcomes and outputs groups' lists the outcome statements and output groups for the Agency.

There are no changes to the outcome and outputs.

Outcome 1

Revised performance information — 2005-06

The performance information that the Australian Customs Service will use to assess the level of its achievement against 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 during 2005-06 has been revised from that reported in the 2005-06 Portfolio Budget Statements as follows:

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1

Output	Performance Information 2005-06 Budget	Performance Information 2005-06 Revised
Output Group 1		
Passenger movement and intelligence	Quality:	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 *
		Customs staff and contractors are security cleared Target: 100%
	Quantity:	Number of international passengers (air and sea) Forecast: Arrivals 11,050,000 Forecast: Departures 11,030,000
		Number of international crew (air and sea) Forecast: Arrivals 918,500 Forecast: Departures 918,500
	Price: \$261.6m	Price: \$280.5m
Output Group 2		
Border compliance and enforcement	Quality:	Number of fraud/evasion cases adopted for prosecution Forecast: 18 - 25
		Number of other fraud cases adopted for prosecution Forecast: 100 - 120
		Number of POCA cases adopted by DPP for recovery of criminal assets Forecast: 2 - 4
	Weight and number of drug detections by significance of offence *	Weight and number of drug detections by significance of offence *
	Weight of drug detections by mode of importation *	Weight of drug detections by mode of importation *

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1 (continued)

Output Group 2 (continued) Border compliance and enforcement	Number of detections and/or seizures of other prohibited imports and exports *	Number of detections and/or seizures of other prohibited imports and exports *
	Number of illegal, unregulated and unreported (IUU) vessels sighted and identified in Australia's EEZ in the Southern Ocean *	Number of illegal, unregulated and unreported (IUU) vessels sighted and identified in the Southern Ocean *
	Number of IUU vessels boarded in the Southern Ocean *	Number of IUU vessels boarded in the Southern Ocean *
	Number of IUU vessels apprehended in the Southern Ocean *	Number of IUU vessels apprehended in the Southern Ocean *
	Percentage of vessels boarded at first port Target: 75%-80%	Percentage of vessels boarded at first port Target: 75%-80%
	Amount of cargo physically and electronically screened:	Amount of cargo physically and electronically screened:
	Imported HVLV documents and postal items Target: 100%	Imported HVLV documents and postal items Target: 100%
	Imported air cargo consignments Target: 2,500,000 - 3,000,000	Imported air cargo consignments Target: 2,500,000 - 3,000,000
	Number of containers physically examined at Container Examination Facilities *	Number of containers physically examined at Container Examination Facilities *
	Number of complaints formally received about Container Examination Facility operations *	Number of complaints formally received about Container Examination Facility operations *
	Revenue and compliance assurance activity:	Revenue and compliance assurance activity:
	Imports – The customs value of goods imported by companies subject to compliance activity as a proportion of total customs value reported Target: 10%	Imports – The customs value of goods imported by companies subject to compliance activity as a proportion of total customs value reported Target: 10%
	Exports – The FOB of goods exported by companies subject to compliance activity as a proportion of total FOB reported Target: 10%	Exports – The FOB of goods exported by companies subject to compliance activity as a proportion of total FOB reported Target: 10%

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1 (continued)

<p>Output Group 2 (continued) Border compliance and enforcement</p>	<p>Quantity:</p>	<p>Number of fraud/evasion cases adopted for investigation Forecast: 55 - 75</p>	<p>Quantity:</p>	<p>Number of fraud on the revenue cases adopted for investigation Forecast: 55 - 75</p>
				<p>Number of other fraud cases adopted for investigation Forecast: 400 - 500</p>
		<p>Southern Ocean Surveillance (patrol days) Target: 200</p>		<p>Number of POCA cases adopted for investigation Forecast: 5 - 10</p>
		<p>National Marine Unit (patrol days) Target: 2,400</p>		<p>Southern Ocean Surveillance (patrol days) Target: 200</p>
		<p>Number of containers inspected (x-rayed) at Container Examination Facilities Target: 133,000 teus</p>		<p>National Marine Unit (patrol days) Target: 2,400</p>
				<p>Number of twenty-foot equivalent units (TEU**) inspected (X-rayed) by Container Examination Facilities Target: 133,000 TEUs</p>
				<p>Number of TEUs physically examined at Container Examination Facilities *</p>
	<p>Price:</p>	<p>\$375.8m</p>	<p>Price:</p>	<p>\$397.1m</p>
<p>Output Group 3</p>				
<p>Cargo regulation, trade facilitation and revenue collection</p>	<p>Quality:</p>	<p>Proportion of electronically lodged import declarations where an authority to deal is transmitted within 15 minutes of finalisation of details Target: 97%</p>	<p>Quality:</p>	<p>Proportion of electronically lodged import declarations where an authority to deal is transmitted within 15 minutes of finalisation of details Target: 97%</p>
		<p>Electronic cargo systems – availability to Customs clients (availability against typical work day) Target: 99.7%</p>		<p>Electronic cargo systems – availability to Customs clients (availability against typical work day) Target: 99.7%</p>
		<p>Rates of appeal against decisions where the original decision by Customs is overturned *</p>		<p>Rates of appeal against decisions where the original decision by Customs is overturned *</p>
		<p>Number of external appeals against decisions: Granting of Tariff Concession Orders Forecast: 10 - 15</p>		<p>Number of external appeals against decisions: Granting of Tariff Concession Orders Forecast: 15 - 20</p>

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1 (continued)

Output Group 3 (continued)	Eligibility for 4th Schedule By-law Forecast: 1 - 5	Eligibility for 4th Schedule By-law Forecast: 1 - 5
Cargo regulation, trade facilitation and revenue collection	Proportion of drawbacks and refunds delivered in accordance with standards Drawbacks 90% Refunds 100%	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 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:	Proportion of anti-dumping/ countervailing cases and reviews completed within 155 days:
	Cases Target: 100%	Cases Target: 100%
	Reviews Target: 100%	Reviews Target: 100%
	Number of customs import declarations lodged^ Forecast: Electronic 3,822,000 Forecast: Manual 24,800	Number of customs import declarations lodged^ Forecast: Electronic 3,000,000 Forecast: Manual 24,800
Quantity:		Quantity:
	Number of air cargo screened free consignments^ Forecast: 2,645,000	Number of air cargo screened free consignments^ Forecast: 3,180,000
	Number of imported air waybills reported Forecast: 6,015,000	Number of imported air waybills reported Forecast: 6,015,000
	Number of imported sea cargo manifest lines reported Forecast: 2,075,000	Number of imported sea cargo manifest lines reported Forecast: 2,075,000
	Number of export declarations issued^ Forecast: 1,320,000	Number of export declarations issued^ Forecast: 1,320,000
	Revenue adjustments: Recoveries *	Revenue adjustments: Recoveries *
	Refunds Forecast: \$311 million	Refunds Forecast: \$311 million

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1 (continued)

Output Group 3 (continued) Cargo regulation, trade facilitation and revenue collection	Significant revenues collected (including Customs Duty, GST and Passenger Movement Charge) Forecast: \$7,393 million (net of GST deferred)	Significant revenues collected (including Customs Duty, GST and Passenger Movement Charge) Forecast: \$7,510 million (net of GST deferred)
	Number of drawback applications Forecast: 10,500 - 11,500	Number of drawback applications Forecast: 10,500 - 11,500
	Number of refund applications Forecast: 23,000	Number of refund applications Forecast: 23,000
	Major duty concessions: Tariff Concession System Forecast: \$770- \$790 million	Major duty concessions: Tariff Concession System Forecast: \$850- \$900 million
	Cheese and Curd Quota Forecast: \$10 - \$11 million	Cheese and Curd Quota Forecast: \$12.5 - \$13 million
	Number of anti-dumping/ countervailing cases #	Number of anti-dumping/ countervailing cases #
	Carried forward from 2004-05	Carried forward from 2004-05
	Lodged	Lodged
	Rejected	Rejected
	Withdrawn/terminated	Withdrawn/terminated
	Concluded (approved by Minister)	Concluded (approved by Minister)
	Carried forward to 2006-07	Carried forward to 2006-07
	Number of anti-dumping/ countervailing reviews #	Number of anti-dumping/ countervailing reviews #
	Carried forward from 2004-05	Carried forward from 2004-05
	Initiated	Initiated
	Rejected	Rejected
	Withdrawn/terminated	Withdrawn/terminated
	Concluded (approved by Minister)	Concluded (approved by Minister)
	Carried forward to 2006-07	Carried forward to 2006-07
	Appeals to Federal Court *	Appeals to Federal Court *
Price: \$104.4m	Price: \$111.4m	

Table 2.1: Performance information for outputs affected by additional estimates — outcome 1 (continued)

Output Group 4				
Civil maritime surveillance and response	Quality:	Number of detections and interceptions of Suspect Illegal Entry Vessels (SIEVs)~ *	Quality:	Number of detections and interceptions of Suspect Illegal Entry Vessels (SIEVs)~ *
		Number of apprehensions of Foreign Fishing Vessels (FFVs)~ *		Number of apprehensions of Foreign Fishing Vessels (FFVs)~ *
		Number of suspect unlawful non-citizens (SUNCs) intercepted by sea (including ship's crew)~ *		Number of suspect unlawful non-citizens (SUNCs) intercepted by sea (including ship's crew)~ *
	Quantity:	Aerial surveillance coverage (square nautical miles)>	Quantity:	Aerial surveillance coverage (square nautical miles)>
		Coastwatch contracted aircraft and RAAF assets+ Forecast: 147.5 million		Coastwatch contracted aircraft and RAAF assets+ Forecast: 147.5 million
		Coastwatch contracted satellite (square nautical miles) Forecast: 5.6 million		Coastwatch contracted satellite (square nautical miles) Forecast: 5.6 million
		Sorties flown by Coastwatch contracted aircraft *		Sorties flown by Coastwatch contracted aircraft *
		Aerial Surveillance (flying hours)		Aerial Surveillance (flying hours)
		Coastwatch contracted aircraft Forecast: 21,145		Coastwatch contracted aircraft Forecast: 21,145
		RAAF P3 Orion+ Target: 250		RAAF P3 Orion+ Target: 250
		Marine surveillance and response (sea days)		Marine surveillance and response (sea days)
		RAN Fremantle Class Patrol Boat+ Target: 1,800		RAN Fremantle Class Patrol Boat+ Target: 1,800
		Price: \$236.6m		Price: \$236.6m

^ The introduction of new Customs import reporting systems during the coming financial year will change the nature and volume of existing Customs clearance documents. A break-up showing results under both old and new arrangements will be provided in the Annual Report.

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.

+ This target is based on a longstanding Defence commitment to Customs for the civil maritime surveillance program. Resources for Australia's civil maritime surveillance program are also provided by Defence through Operation Relax II. The hours/sea days are costed in accordance with rates provided by Defence. Actual figures will be provided in the Annual Report.

> In addition, it is expected that the High Frequency Surface Wave Radio (HFSWR) trial will provide on-going surveillance coverage of a discrete vector in the approach to the Torres Strait measuring some 10,000 square nautical miles.

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

** 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.

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

Section 3: Budgeted financial statements

Revisions to the budgeted departmental and administered financial statements for the department since the 2005-06 Portfolio Budget Statements are presented in this section.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental income statement

Total revenue is now estimated to be \$1.025bn in 2005-06, an increase of \$47.2m from Budget. The increase can be attributed to funding related to the introduction of a number of new measures in 2005-06 including Aviation Security Measure - Increasing Air-side Customs Patrols arising from *An Independent Review of Airport Security and Policing for the Government of Australia* (Wheeler Review) and Illegal Foreign Fishing in Australia's Northern Waters - Increased Enforcement.

Total expenses have increased by \$47.2m in line with the revenue impact of the measures listed in Table 1.4.1. Additionally, a revision was made to the split between employee and supplier expenses to bring forward estimates in line with internal projections and results from the previous financial year.

Budgeted departmental balance sheet

Funding for new measures in 2005-06 of a capital nature has resulted in an increase in equity from 2004-05 actual results. The new capital measures in 2005-06 include funding for Aviation Security Measure – Providing Additional Closed Circuit Television Cameras and Upgrading Capabilities, Illegal Foreign Fishing in Australia's Northern Waters – Increased Enforcement and Aviation Security Measure – Increasing Air-side Customs Patrols.

Budgeted departmental statement of cash flows

Changes to the statement of cash flows are the result of adjustments from the various new Budget measures approved as part of the Additional Estimates process.

Departmental statement of changes in equity — summary of movement

Changes to the equity statement are the result of adjustments from the various new Budget measures approved as part of the Additional Estimates process.

Departmental capital budget statement

Changes to the capital Budget statement are the result of capital injections from new Budget measures such as funding for Aviation Security Measure – Providing Additional Closed Circuit Television Cameras and Upgrading Capabilities, Illegal Foreign Fishing in Australia’s Northern Waters – Increased Enforcement and Aviation Security Measure – Increasing Air-side Customs Patrols .

Departmental property, plant, equipment and intangibles — summary of movement

Changes to the PP&E movement table are the result of capital injections from new Budget measures such as funding for Aviation Security Measure – Providing Additional Closed Circuit Television Cameras and Upgrading Capabilities, Illegal Foreign Fishing in Australia’s Northern Waters – Increased Enforcement and Aviation Security Measure – Increasing Air-side Customs Patrols.

Schedule of administered activity

Schedule of budgeted income and expenses administered on behalf of Government

The only significant adjustments to the Budget and forward estimates of administered income and expenditure related to the alignment of Customs Duty thresholds across the postal and cargo environments (reduction of \$8m in revenue in 2005-06). In addition, there were a number of offsetting adjustments to Customs Duty, including Amendments to Duty Drawbacks (increase of \$2m in revenue in 2005-06), Removal of 3 Per Cent Tariff on Item 47 Goods (reduction of \$1m in revenue in 2005-06) and Exemption of Duty for M2006 Commonwealth Games (reduction of \$1m in revenue in 2005-06).

Schedule of budgeted assets and liabilities administered on behalf of Government

There were no major adjustments to the budgeted assets and liabilities administered on behalf of government.

Schedule of budgeted administered cash flows

There were no major adjustments to the budgeted administered cash flows.

Table 3.1: Budgeted departmental income statement for the period ended 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
INCOME					
Revenue					
Revenues from Government	758,296	830,402	842,751	856,983	870,030
Goods and services	57,188	58,177	58,570	59,006	60,403
Interest	1	-	-	-	-
Other	8,367	-	-	-	-
Total revenue	823,852	888,579	901,321	915,989	930,433
Gains					
Reversals of previous assets write downs	746	-	-	-	-
Other	137,617	137,037	137,037	137,037	137,037
Total gains	138,363	137,037	137,037	137,037	137,037
Total income	962,215	1,025,616	1,038,358	1,053,026	1,067,470
EXPENSE					
Employees	355,534	396,140	400,246	404,347	404,744
Suppliers	537,345	575,692	575,162	579,089	584,518
Depreciation and amortisation	29,880	53,746	62,950	69,590	78,208
Write-down of assets and impairment of assets	675	-	-	-	-
Net losses from sale of assets	592	-	-	-	-
Other	861	-	-	-	-
Borrowing Costs	246	38	-	-	-
Total expenses	925,133	1,025,616	1,038,358	1,053,026	1,067,470
Operating result					
Net credit to asset revaluation reserve	31	-	-	-	-
Net surplus or (deficit) attributable to the Australian Government	37,113	-	-	-	-

Table 3.2: Budgeted departmental balance sheet as at 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
ASSETS					
Financial assets					
Cash	18,024	17,877	17,077	16,277	18,277
Receivables	93,021	51,184	65,237	83,931	104,103
Total financial assets	111,045	69,061	82,314	100,208	122,380
Non-financial assets					
Land and buildings	49,860	47,913	47,913	47,913	47,913
Infrastructure, plant and equipment	70,658	120,083	132,644	133,366	127,075
Inventories	1,040	1,040	1,040	1,040	1,040
Intangibles	197,521	190,394	187,362	183,315	177,501
Other	4,185	14,185	14,185	14,185	14,185
Total non-financial assets	323,264	373,615	383,144	379,819	367,714
Total assets	434,309	442,676	465,458	480,027	490,094
LIABILITIES					
Interest bearing liabilities					
Leases	2,775	-	-	-	-
Total interest bearing liabilities	2,775	-	-	-	-
Provisions					
Employees	104,960	109,346	109,346	110,516	110,516
Other	45,894	26,397	26,397	25,227	25,225
Total provisions	150,854	135,743	135,743	135,743	135,741
Payables					
Other	4,075	4,075	4,075	4,075	4,075
Total payables	4,075	4,075	4,075	4,075	4,075
Total liabilities	157,704	139,818	139,818	139,818	139,816
EQUITY*					
Outside equity interest					
Contributed equity	200,905	228,733	251,515	266,084	276,153
Reserves	15,430	15,430	15,430	15,430	15,430
Retained surpluses or accumulated deficits	60,270	58,695	58,695	58,695	58,695
Total outside equity interest	276,605	302,858	325,640	340,209	350,278
Total equity	276,605	302,858	325,640	340,209	350,278
Current assets	116,270	83,246	96,499	114,393	136,565
Non-current assets	318,039	359,430	368,959	365,634	353,529
Current liabilities	82,142	109,346	109,346	110,516	110,516
Non-current liabilities	75,562	30,472	30,472	29,302	29,300

*Note: 'equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Budgeted departmental statement of cash flows for the period ended 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	51,381	100,014	44,559	40,384	40,303
Appropriations	715,858	830,402	842,751	856,983	870,030
Interest	1	-	-	-	-
GST input credit receipts	43,869	-	-	-	-
GST receipts from customers	1,013	12,856	12,856	12,856	12,856
Other	152	-	-	-	-
Total cash received	812,274	943,272	900,166	910,223	923,189
Cash used					
GST payments to suppliers	43,821	-	-	-	-
Employees	359,836	391,643	400,246	403,177	404,744
Suppliers	364,365	475,007	451,497	459,547	460,238
Financing costs	246	38	-	-	-
Other	861	-	-	-	-
Total cash used	769,129	866,688	851,743	862,724	864,982
Net cash from or (used by) operating activities	43,145	76,584	48,423	47,499	58,207
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	746	-	-	-	-
Total cash received	746	-	-	-	-
Cash used					
Purchase of property, plant and equipment	63,425	95,784	72,478	66,265	66,276
Other	-	6,000	-	-	-
Total cash used	63,425	101,784	72,478	66,265	66,276
Net cash from or (used by) investing activities	(62,679)	(101,784)	(72,478)	(66,265)	(66,276)
FINANCING ACTIVITIES					
Cash received					
Cash from capital injections	18,614	27,828	23,255	17,966	10,069
Total cash received	18,614	27,828	23,255	17,966	10,069
Cash used					
Repayments of debt	5,153	2,775	-	-	-
Total cash used	5,153	2,775	-	-	-
Net cash from or (used by) financing activities	13,461	25,053	23,255	17,966	10,069
Net increase or (decrease) in cash held	(6,073)	(147)	(800)	(800)	2,000
Cash at the beginning of the reporting period	24,097	18,024	17,877	17,077	16,277
Cash at the end of the reporting period	18,024	17,877	17,077	16,277	18,277

Table 3.4: Departmental statement of changes in equity — summary of movement Budget year 2005-06

	Accumulated Results \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	Contributed Equity/ Capital \$'000	Total Equity \$'000
Opening balance as at 1 July 2005	58,695	15,430	-	200,905	275,030
Balance carried forward from previous period	-	-	-	-	-
Adjustment for changes in accounting policies	-	-	-	-	-
Adjusted opening balance	58,695	15,430	-	200,905	275,030
Income and expense	-	-	-	-	-
Net Operating Result	-	-	-	-	-
Total income and expenses recognised directly in equity	-	-	-	-	-
Transactions with owners					
Contribution by owners	-	-	-	27,828	27,828
Sub-total transactions with owners	-	-	-	27,828	27,828
Closing balance as at 30 June 2006	58,695	15,430	-	228,733	302,858

Table 3.5: Departmental capital budget statement

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	42,143	27,828	23,255	17,966	10,069
Total capital appropriations	42,143	27,828	23,255	17,966	10,069
Represented by:					
Purchase of non-financial assets	-	24,761	23,255	17,966	10,069
Other	-	3,067	-	-	-
Total represented by	-	27,828	23,255	17,966	10,069
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation	-	51,118	23,255	17,966	10,069
Funded internally by Departmental resources	-	44,666	49,223	48,299	56,207
Total	-	95,784	72,478	66,265	66,276

Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement Budget year 2005-06

	Land	Buildings	Other Infrastructure Plant and Equipment	Computer Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2005					
Gross book value	4,385	55,212	104,130	224,302	388,029
Accumulated depreciation	-	11,423	33,472	26,781	71,676
Opening net book value	4,385	43,789	70,658	197,521	316,353
Additions:					
by purchase	-	-	81,007	14,777	95,784
from acquisitions of entities or operations (including restructuring)	-	6,000	(3,000)	(3,000)	-
Depreciation/amortisation expense	-	6,261	28,581	18,904	53,746
Other movements	-	-	(1)	-	(1)
As at 30 June 2006					
Gross book value	4,385	61,212	182,136	236,079	483,812
Accumulated depreciation	-	17,684	62,053	45,685	125,422
Closing net book value	4,385	43,528	120,083	190,394	358,390

Table 3.7: Schedule of budgeted income and expenses administered on behalf of Government for the period ended 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Customs Duty	5,560,803	4,451,800	4,558,000	4,828,000	5,108,000
Other taxes, fees and fines	492,401	523,943	549,375	574,399	595,870
Total taxation	6,053,204	4,975,743	5,107,375	5,402,399	5,703,870
Non-taxation					
Goods and services	-	5,978	6,085	6,237	6,537
Interest	212	-	-	-	-
Other sources of non-taxation revenues	11,049	-	-	-	-
Total non-taxation	11,261	5,978	6,085	6,237	6,537
Total revenues administered on behalf of Government	6,064,465	4,981,721	5,113,460	5,408,636	5,710,407
Total income administered on behalf of Government	6,064,465	4,981,721	5,113,460	5,408,636	5,710,407
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Subsidies	531,083	-	-	-	-
Suppliers	255	280	280	280	280
Write down and impairment of assets	4,357	2,485	2,560	2,636	2,716
Total expenses administered on behalf of Government	535,695	2,765	2,840	2,916	2,996

Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of Government as at 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash	3,441	3,441	3,441	3,441	3,441
Receivables	76,938	84,438	93,038	94,138	95,338
Total financial assets	80,379	87,879	96,479	97,579	98,779
Non-financial assets					
Inventories	69	69	69	69	69
Total non-financial assets	69	69	69	69	69
Total assets administered on behalf of Government	80,448	87,948	96,548	97,648	98,848
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest bearing liabilities					
Other	2,926	2,926	2,926	2,926	2,926
Total interest bearing liabilities	2,926	2,926	2,926	2,926	2,926
Payables					
Other payables	12,402	12,402	12,402	12,402	12,402
Total payables	12,402	12,402	12,402	12,402	12,402
Total liabilities administered on behalf of Government	15,328	15,328	15,328	15,328	15,328

Table 3.9: Schedule of budgeted administered cash flows for the period ended 30 June

	Actual 2004-05 \$'000	Revised Budget 2005-06 \$'000	Forward Estimate 2006-07 \$'000	Forward Estimate 2007-08 \$'000	Forward Estimate 2008-09 \$'000
OPERATING ACTIVITIES					
Cash received					
Customs Duty	5,337,412	4,444,300	4,549,400	4,826,900	5,106,800
Sale of goods and services	489,256	527,436	552,900	578,000	599,691
Interest	212	-	-	-	-
Cash from the Official Public Account	431,000	311,202	311,811	318,047	318,047
Other	2,115	-	-	-	-
Total cash received	6,259,995	5,282,938	5,414,111	5,722,947	6,024,538
Cash used					
Suppliers	255	280	280	280	280
Cash to the Official Public Account	5,889,684	5,282,658	5,413,831	5,722,667	6,024,258
Other	369,633	-	-	-	-
Total cash used	6,259,572	5,282,938	5,414,111	5,722,947	6,024,538
Net cash from or (used by) operating activities	423	-	-	-	-
INVESTING ACTIVITIES					
Net cash from or (used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Other	(56)	-	-	-	-
Total cash received	(56)	-	-	-	-
Cash used					
Total cash used	-	-	-	-	-
Net cash from or (used by) financing activities	(56)	-	-	-	-
Net increase or (decrease) in cash held	367	-	-	-	-
Cash at beginning of reporting period	3,074	3,441	3,441	3,441	3,441
Cash at end of reporting period	3,441	3,441	3,441	3,441	3,441

NOTES TO THE FINANCIAL STATEMENTS

Departmental

1. Revenues from Government

The 2005-06 appropriation revenue from government increased from \$783.3m to \$830.4m since Budget. The increase of \$47.2m is mainly due to additional funding related to the introduction of new measures in 2005-06 including funding for Illegal Foreign Fishing in Australia's Northern Waters - Increased Enforcement and Aviation Security Measure - Increasing Air-side Customs Patrols.

2. Goods and Services

No significant movements occurred in revenue from goods and services.

3. Other Gains

Other gains are comprised of revenue for resources received free of charge from the Department of Defence (\$137m). There is no significant movement from the 2005-06 Budget estimates.

4. Employee Expenses

Employee expenses for 2005-06 have increased from \$352.6m to \$396.1m. The increase of \$43.6m is a combination of the flow-on effect from the new measures introduced since the 2005-06 budget such as Aviation Security Measure - Increasing Air-side Customs Patrols and the realignment of the budget and forward estimate split of employee and supplier costs to bring figures into line with internal projections.

5. Supplier Expenses

Supplier expenses have increased marginally from \$573.4m to \$575.7m since the 2005-06 Budget. The \$2.3m increase is a combination of the flow-on effect from the new measures introduced since the 2005-06 budget such as Illegal Foreign Fishing in Australia's Northern Waters - Increased Enforcement and the realignment of the budget and forward estimate split of employee and supplier costs to bring figures into line with internal projections.

6. Infrastructure, Plant and Equipment

Refer to Departmental Non-Financial Assets - Summary of Movement (Table 3.6).

7. Intangibles

Refer to Departmental Non-Financial Assets – Summary of Movement (Table 3.6).

8. Contributed Equity

The estimated closing balance of contributed equity increased from \$200.9m to \$228.7m. The increase in the equity compared to the 2004-05 actual results can be attributed to capital funding received for new measures introduced in 2005-06 including Aviation Security Measure – Providing Additional Closed Circuit Television Cameras and Upgrading Capabilities, Illegal Foreign Fishing in Australia’s Northern Waters – Increased Enforcement and Aviation Security Measure – Increasing Air-side Customs Patrols.

Administered

1. Subsidies

The actual figure represents the Automotive Competitiveness and Investment Scheme (ACIS) credits applied on Customs Duty. The ACIS scheme is applied against Customs Duty but is not administered by Customs so projections are not currently published in Customs forward estimates.