

AUSTRALIAN CUSTOMS SERVICE

Outcomes and Outputs

<p>Australian Customs Service CEO : Mr Lionel Woodward AO</p> <p>Total Price of Outputs \$791.154m (down \$23.310m) Departmental Outcomes Appropriation \$591.554m (up \$4.718m) Total Administered Expenses \$0.248m (down \$0.032m)</p>	
<p>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</p> <p>Total Price \$791.154m (down \$23.310m) Departmental Outputs Appropriation \$591.554m (up \$4.718m) Total Administered Expenses \$0.248m (down \$0.032m)</p>	
<p>Output 1.1 Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports</p> <p>Total Price \$280.829m (up \$0.311m) Appropriation \$277.508m (up \$0.311) Admin Expenses \$0.123m (down \$0.016m)</p>	<p>Output 1.4 Administration of Customs duty and indirect taxes, other border-related revenue collections, and import/export statistics</p> <p>Total Price \$153.372m (up \$3.766m) Appropriation \$114.411m (up \$3.766) Admin Expenses \$0.079m (down \$0.010m)</p>
<p>Output 1.2 Facilitation of the legitimate movement of people across the border, while identifying illegal movements</p> <p>Total Price \$94.191m (up \$0.093m) Appropriation \$92.986m (up \$0.093m) Admin Expenses \$0.046m (down \$0.006m)</p>	<p>Output 1.5 Anti-dumping and countervailing administration</p> <p>Total Price \$7.444m (up \$0.007m) Appropriation \$7.375m (up \$0.007m)</p>
<p>Output 1.3 Civil maritime surveillance and response</p> <p>Total Price \$255.318m (down \$27.487) Appropriation \$99.274m (up \$0.541m)</p>	

Section 1: Overview, 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.

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

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

Departmental

After the 2003-04 Budget, the total price of Customs' outputs increased by \$4.718m. This was made up of an increase in Cost Recovery in trade related services revenue of \$3.605m and an increase in the Customs' Comcover premium of \$0.899m and \$0.214m to implement the changes under the Budget Estimates and Framework Review (BEFR). A reduction in the forecast inflation rate has resulted in a reduction in appropriation in 2004-05 of \$2.818m, \$5.219m in 2005-06 and \$4.357m in 2006-07.

The increase in Cost Recovery revenue affects Output 1.4. Comcover, supplementation for BEFR, and parameter adjustments affect Outputs 1.1, 1.2, 1.3, 1.4 and 1.5.

Measures

	2003-04 (\$'000)	2004-05 (\$'000)	2005-06 (\$'000)	2006-07 (\$'000)
Outcome 1				
Increase in departmental appropriations				
Budget estimates – enhanced quality and timeliness	214	218	223	227
Funding Supplementation*	-	-	-	-
Reduction in revenues administered on behalf of the Government				
Customs duty – textile, clothing and footwear tariff reductions #	-	-	-	-
Import Credit Scheme	-	-	-	(5,000)
Extension of the Expanded Overseas Assembly Provision Scheme	-	-	(5,000)	(5,000)
Australia–Thailand Closer Economic Relations – Free Trade Agreement	-	(90,000)	(100,000)	(100,000)

* Funding Supplementation of \$43.0m in capital in 2003-04 will be provided for this measure.

Reductions in duty tariffs to commence 1 January 2010.

Other variations to appropriations – Departmental

	2003–04 (\$'000)	2004–05 (\$'000)	2005–06 (\$'000)	2006–07 (\$'000)
Outcome 1				
Variations in departmental appropriations				
Adjustment to Cost Recovery	3,605	3,605	3,605	3,605
Adjustment to Comcover Premium	899	-	-	-
Parameter Adjustment	-	(2,818)	(5,219)	(4,357)
Total	4,504	787	(1,614)	(752)

MEASURES — AGENCY SUMMARY

DEPARTMENTAL

Budget estimates – enhanced quality and timeliness

The Government will provide additional funding to agencies of \$88.5m over five years (including \$0.1m in 2007–08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of \$7.4m over four years.

In the 2003–04 Budget the Government made provision for \$78.0m over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra \$10.5m over five years to fund agencies to implement BEFR recommendations.

The Government will provide additional funding of \$1.2m over four years to assist Customs' with complying with the reporting requirements set out under the Budget Estimates and Framework Review (BEFR). The additional funding comprises \$1.1m over four years from 2003–04 for expenses and \$0.1m in 2003–04 for capital.

Customs Funding Supplementation

The Government will provide an equity injection of up to \$43m to the Australian Customs Service to address a funding shortfall in 2003–04. This shortfall results from higher than expected costs in several programs, including the Cargo Management Re-engineering program. The additional resourcing will allow the Australian Customs Service to meet operational requirements in 2003–04.

This funding is an interim measure with any further funding to be decided following the completion of a comprehensive review in 2003–04 of agency activity and resourcing levels.

The provision of a capital injection is a financial transaction within the general government sector and consequently has no direct impact on the fiscal balance. Expenditure of the funds will impact on the fiscal balance.

ADMINISTERED

Due to a weakness in imports in the second half of 2002–03 a lower base has been incorporated into the 2003–04 forecasts. It is expected that the lower rate of imports will be largely offset through increased tariffs on spirits, tobacco and cigarettes. A revision on the non-excise like components of Customs duty has shown a slight increase from 2004–05 onwards. However this is composed of an increase in passenger motor vehicle duty offset by a decrease in textiles clothing and footwear and other imports.

Australia–Thailand Closer Economic Relations – Free trade agreement

On 19 October 2003, the Prime Ministers of Australia and Thailand announced the Australia–Thailand Closer Economic Relations – Free Trade Agreement (CER-FTA). The Agreement is expected to come into force in the second half of 2004. As part of the comprehensive agreement, both nations have agreed to eliminate tariffs on the majority of each other's goods, resulting in a reduction in tariff revenue collected in Australia. The expected reduction in tariff collection is \$90.0m in 2004–05, \$100.0m in 2005–06 and \$100.0m in 2006–07.

Customs duty – textile, clothing and footwear tariff reductions

These measures form part of the post-2005 assistance package for the textile, clothing and footwear industries, which provides \$747m in financial support to the industries over ten years to 2015-16. The combination of positive assistance and a lower tariff environment will encourage firms to become more internationally competitive.

Reduction in Tariffs

The Government will reduce customs duty tariffs for most textile, clothing and footwear products to 5 per cent, with effect from 1 January 2010. Tariffs on clothing and certain finished textiles will be reduced to 10 per cent from 1 January 2010 and then to 5 per cent from 1 January 2015.

Extension of the Expanded Overseas Assembly Provision Scheme

The Government will also extend the Expanded Overseas Assembly Provision scheme for five years, out to 30 June 2010. This scheme allows firms to send Australian fabric and leather overseas for assembly into garments and footwear and then import these back into Australia with customs duty payable only on the overseas processing and content.

Import Credit Scheme

An Import Credit Scheme for the clothing and certain finished textiles sector will also be introduced for ten years, from 1 July 2005. Under this scheme, firms will earn import duty credits that are linked to increases in a firm's production and that are only redeemable on imports of finished clothing or relevant finished textiles.

Table 1.1: Summary of Measures since the 2003–04 Budget

Measure	Outcome	Outputs Affected	Appropriations 2003–04 (\$'000)			Appropriations 2004–05 (\$'000)			Appropriations 2005–06 (\$'000)			Appropriations 2006–07 (\$'000)		
			Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total	Admin Items	Dept Outputs	Total
Budget estimates – enhanced quality and timeliness [^]	1	1.1, 1.2, 1.3, 1.4, 1.5	-	214	214	-	218	218	-	223	223	-	227	227
Customs Funding Supplementation*	1	1.1, 1.2, 1.3, 1.4, 1.5	-	-	-	-	-	-	-	-	-	-	-	-
Australia–Thailand Closer Economic Relations – Free trade Agreement	1	1.4	-	-	-	(90,000)	-	(90,000)	(100,000)	-	(100,000)	(100,000)	-	(100,000)
Customs duty – textile, clothing and footwear tariff reductions	1	1.4	-	-	-	-	-	-	-	-	-	-	-	-
Import Credit Scheme	1	1.4	-	-	-	-	-	-	-	-	-	(5,000)	-	(5,000)
Extension of the Expanded Overseas Assembly Provision Scheme	1	1.4	-	-	-	-	-	-	(5,000)	-	(5,000)	(5,000)	-	(5,000)
Total			-	214	214	(90,000)	218	(89,782)	(105,000)	223	(104,777)	(110,000)	227	(109,773)

[^] Capital funding of \$0.075m in 2003–04 will be provided for this measure.

* Capital funding of \$43.0m in 2003–04 will be provided for this measure.

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No 3) 2003–04

	2002–03 Available \$'000	2003–04 Budget \$'000	2003–04 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	265	280	248	-	(32)
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	547,600	586,836	591,554	4,718	-
Total	547,865	587,116	591,802	4,718	(32)

Table 1.3: Appropriation Bill (No 4) 2003–04

	2002–03 Available \$'000	2003–04 Budget \$'000	2003–04 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
Non-Operating					
Equity injections	37,449	20,489	63,564	43,075	-
Total	37,449	20,489	63,564	43,075	-

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to Net Annotated Appropriations (Section 31) Receipts

	Total Approp 2003-04 Budget \$'000	Total Approp 2003-04 Revised \$'000	Receipts from Independent Sources Budget 2003-04 \$'000	Receipts from Independent Sources Revised 2003-04 \$'000	Variation in Non-Govt Revenue 2003-04 \$'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	586,836	591,554	71,035	71,035	-
Total	586,836	591,554	71,035	71,035	-

REVENUE FROM INDEPENDENT SOURCES

Table 1.6: Revenue from Independent Sources

	Budget Estimate 2003-04 \$'000	Revised Estimate 2003-04 \$'000
DEPARTMENTAL REVENUE		
Sales of goods and services	71,035	71,035
Resources received free of charge	156,593	128,565
Total non-appropriation departmental revenue	227,628	199,600
ADMINISTERED REVENUE		
Customs Duty	5,350,000	5,350,000
Taxes, fees and fines	422,956	415,835
Total non-appropriation administered revenue	5,772,956	5,765,835

ESTIMATES OF EXPENSES FROM SPECIAL ACCOUNTS

Table 1.7: Estimates of Expenses from Special Appropriations

	Budget Estimate 2003–04 \$'000	Revised Estimate 2003–04 \$'000
Estimated expenses		
Other Trust Monies Reserve (Australians Customs Service) – s20 FMA Act	5,941	7,275
TradeGate Fees Reserve (Australian Customs Service) – s20 FMA Act	283	339
Security Deposits Reserve (Australian Customs Service) – s20 FMA Act	7,640	8,613
Industry Related Systems Development Fund- s20 FMA Act	2,677	2,682
Total estimated expenses	16,541	18,909

(D) = Departmental (A) = Administered

FMA Act = *Financial Management and Accountability Act, 1997*

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUTS

There are no changes to the outcome and output.

Revised performance information and level of achievement – 2003–04

The performance information that the Australian Customs Service will use to assess the level of its achievement against Outcome 1: Effective border management during 2003–04 has been revised from that reported in the 2003–04 Portfolio Budget Statement as follows:

Table 2.1: Performance Information for Outputs affected by Additional Estimates – Outcome 1

Output		Performance Information 2003–04 Budget		Performance Information 2003–04 Revised
Output 1				
Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports	<i>Quality:</i>	Proportion of electronic lodged entries 97%	<i>Quality:</i>	Proportion of electronic lodged entries 97%
		Air cargo automation 99.7% Sea cargo automation 99.7%		Air cargo automation 99.7% Sea cargo automation 99.7%
	<i>Quantity:</i>	No. of airway bills 4,400,000 No. of sea cargo manifest lines 1,570,000 No. of export entries 1,310,000	<i>Quantity:</i>	No. of airway bills 4,400,000 No. of sea cargo manifest lines 1,570,000 No. of export entries 1,310,000
	<i>Price:</i>	\$280.518m	<i>Price:</i>	\$280.829m
Output 2				
Facilitation of the legitimate movement of people across the border, while identifying illegal movements.	<i>Quality:</i>	Proportion of passengers processed via Entry Control Point 95%	<i>Quality:</i>	Proportion of passengers processed via Entry Control Point 95%
		% of passengers processed via advance passenger clearance processes 90%		% of passengers processed via advance passenger clearance processes 90%
	<i>Quantity:</i>	No. of int'l passengers Arriving 9,180,000 Departures 9,120,000 No. of int'l crew Arriving 780,000 Departures 795,000	<i>Quantity:</i>	No. of int'l passengers Arriving 9,180,000 Departures 9,120,000 No. of int'l crew Arriving 780,000 Departures 795,000
	<i>Price:</i>	\$94.098m	<i>Price:</i>	\$94.191m

Table 2.1: Performance Information for Outputs affected by Additional Estimates – Outcome 1 (continued)

Output	Performance Information 2003–04 Budget		Performance Information 2003–04 Revised	
Output 3				
Civil maritime surveillance and response.	<i>Quality:</i>	Performance cannot be forecast through any reliable statistical or other method	<i>Quality:</i>	Performance cannot be forecast through any reliable statistical or other method
	<i>Quantity:</i>	Aerial surveillance coverage 147.5m sq nautical miles Aerial Surveillance (flying hours) 21,145 Marine surveillance (flying hours) Coastwatch contracted aircraft 21,145 - RAAF P3 Orion 250 Marine surveillance and response (Sea Days) - RAN Fremantle Class Patrol Boat 1,800 - Customs ocean-going vessels greater than 12 metres 2,400	<i>Quantity:</i>	Aerial surveillance coverage 147.5m sq nautical miles Aerial Surveillance (flying hours) 21,145 Marine surveillance (flying hours) Coastwatch contracted aircraft 21,145 - RAAF P3 Orion 250 Marine surveillance and response (Sea Days) - RAN Fremantle Class Patrol Boat 1,800 - Customs ocean-going vessels greater than 12 metres 2,400
	<i>Price:</i>	\$282.805m	<i>Price:</i>	\$255.318m

Table 2.1: Performance Information for Outputs affected by Additional Estimates – Outcome 1 (continued)

Output	Performance Information 2003–04 Budget		Performance Information 2003–04 Revised	
Output 4				
Administration of Customs duty and indirect taxes, other border-related revenue collections, and import/exports statistics	<i>Quality:</i>	Electronic systems 99% No. of external appeals against decisions: - Granting to TCO 10–15 - Eligibility for 4 th Schedule By-law 1–5	<i>Quality:</i>	Electronic systems 99% No. of external appeals against decisions: - Granting to TCO 10–15 Eligibility for 4 th Schedule By-law 1–5
	<i>Quantity:</i>	Significant revenues collected - \$7.994m No. of customs import entries lodged - Electronic 2,975,000 - Manual 19,000 No. of drawback applications 10,000–12,000 No. of refund application 27,000 No. of air cargo screened free consignments 1,710,000 Major duty concessions - Tariff Concession System \$440-\$480m - Cheese and Curd Quota \$9 - \$11m Revenue compliance verification Proportion of drawback and refunds delivered in accordance with standards - Drawback 90% - Refunds 100% Proportion of concessional arrangements for importers and exporters delivered in accordance with standards 100% Average number of unacquitted export clearance numbers at the end of each month 3,000 No. of fraud/evasion cases adopted for prosecution 18–25 No. of fraud/evasion cases adopted for investigation 55–75	<i>Quantity:</i>	Significant revenues collected - \$7.994m No. of customs import entries lodged - Electronic 2,975,000 - Manual 19,000 No. of drawback applications 10,000–12,000 No. of refund application 27,000 No. of air cargo screened free consignments 1,710,000 Major duty concessions - Tariff Concession System \$440-\$480m - Cheese and Curd Quota \$9 - \$11m Revenue compliance verification Proportion of drawback and refunds delivered in accordance with standards - Drawback 90% - Refunds 100% Proportion of concessional arrangements for importers and exporters delivered in accordance with standards 100% Average number of unacquitted export clearance numbers at the end of each month 3,000 No. of fraud/evasion cases adopted for prosecution 18–25 No. of fraud/evasion cases adopted for investigation 55–75
	<i>Price:</i>	\$149.606m	<i>Price:</i>	\$153.372m

Table 2.1: Performance Information for Outputs affected by Additional Estimates – Outcome 1 (continued)

Output	Performance Information 2003–04 Budget		Performance Information 2003–04 Revised	
Output 5				
Anti-dumping and countervailing administration	<i>Quality:</i>	Proportion of anti-dumping/countervailing cases and reviews completed within 155 days - Cases 100% - Reviews 100%	<i>Quality:</i>	Proportion of anti-dumping/countervailing cases and reviews completed within 155 days - Cases 100% - Reviews 100%
	<i>Quantity:</i>	Workloads against these cannot be anticipated as they are dependent on international trends/economic circumstances beyond Custom's control	<i>Quantity:</i>	Workloads against these cannot be anticipated as they are dependent on international trends/economic circumstances beyond Custom's control
	<i>Price:</i>	\$7.437m	<i>Price:</i>	\$7.444m

Section 3: Budgeted financial statements

Revisions to the budgeted departmental and administered financial statements for the department since the 2003–04 Portfolio Budget Statements are presented in this section.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

Departmental financial statements

Budgeted departmental statement of financial performance

Total revenue is now estimated to be \$791.154m in 2003–04, a decrease of \$23.310m from budget. The decrease is primarily the result of:

- Downwards adjustment by the Department of Defence in resources provided free of charge (\$28.028m) for the civil maritime surveillance program, and
- Offset by increases for cost recovery from trade related services (\$3.605m), supplementation for increased Comcover premiums (\$0.899m) and BEFR (\$0.214m).

Supplier expenses have moved in line with the changes in revenue from cost recovery for trade related services and supplementation for Comcover. Employee expenses increased by \$0.199m due to BEFR.

Budgeted departmental statement of financial position

The agency's estimated net asset position for 2003–04 has increased by \$29.478m to \$201.962m. This is principally the result of a cash injection of \$43.0m.

Customs was granted a conditional cash injection of up to \$43.0m to meet a number of identified pressures and commitments. Due to the conditional nature of the Government's decision, the cash injection is reflected against cash and equity. Customs will also receive \$0.075m for capital related commitments from BEFR.

The other adjustment since budget has been the reflection of a classification change in non-financial assets where work in progress or assets under construction has moved from recognition against Other Non-financial Assets to Intangibles and Infrastructure, Plant and Equipment.

Schedule of administered activity

Schedule of budgeted revenues and expenses administered on behalf of government

The estimated collection of \$5,651m in gross Customs duty has not changed since budget. However, the introduction of a free trade agreement with Thailand is expected to have a negative impact on Customs duty revenue projections from 2004–05.

Estimated collection of customs duty is expected to fall by \$5.0m a year from 2005-06 due to the extension of the Expanded Overseas Assembly Provision Scheme. From 2006-07 the Import Credit Scheme is estimated to reduce customs duty by a further \$5.0m a year.

The collection of other revenue which comprises the Passenger Movement Charge (PMC) and cost recovery related services is projected to decrease by \$7.121m to \$415.835m since budget. The decrease is primarily the result of reduced PMC revenue due to revised passenger numbers as provided by the Department of Industry, Tourism and Resources.

Administered expenses have decreased by \$0.032m to \$0.248m. This is due to payment in September to the World Customs Organisation contribution for 2003-04.

Schedule of budgeted assets and liabilities administered on behalf of government

Total net administered assets are expected to be \$58.423m in 2003-04. The change in net administered assets is the result of the flow-on effect of closing balances from 2002-03.

Table 3.1: Budgeted Departmental Statement of Financial Performance for the period ended 30 June

	Note	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
Revenues from ordinary activities						
Revenue from Government	1	547,600	591,554	612,935	629,427	610,861
Goods and Services		71,970	71,035	72,426	73,843	73,843
Revenue from sales of assets		691	-	-	-	-
Interest		603	-	-	-	-
Other	2	64,811	128,565	128,565	128,565	128,565
Revenues from ordinary activities		685,675	791,154	813,926	831,835	813,269
Expenses from ordinary activities (excluding borrowing costs expense)						
Employees	3	310,396	326,671	329,985	344,245	343,928
Suppliers	4	335,384	429,308	447,201	450,269	432,889
Depreciation and amortisation		26,211	34,580	36,456	37,283	36,452
Write-down of assets		3,738	-	-	-	-
Value of assets sold		482	-	-	-	-
Other		42	-	-	-	-
Expenses from ordinary activities (excluding borrowing costs expense)		676,253	790,559	813,642	831,797	813,269
Borrowing cost expense		847	595	284	38	-
Operating surplus or deficit from ordinary activities		8,575	-	-	-	-
Net surplus or deficit		8,575	-	-	-	-
Capital Use Charge*		16,800	-	-	-	-
Net surplus or deficit attributable to Commonwealth		(8,225)	-	-	-	-

* The Capital Use Charge was discontinued from 1 July 2003.

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June**

	Note	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
ASSETS						
Financial Assets						
Cash	5	11,784	61,028	62,073	62,577	62,577
Receivables	6	24,456	24,450	24,450	24,450	24,450
Total financial assets		36,240	85,478	86,523	87,027	87,027
Non-financial assets						
Land and buildings		43,128	43,755	43,705	43,444	43,444
Infrastructure, plant and equipment	7	82,454	83,039	91,252	94,302	94,302
Inventories		1,396	1,396	1,396	1,396	1,396
Intangibles	8	102,711	112,977	117,977	114,977	114,977
Other	9	19,051	24,429	19,051	19,051	19,051
Total non-financial assets		248,740	265,596	273,381	273,170	273,170
Total assets		284,980	351,074	359,904	360,197	360,197
LIABILITIES						
Interest bearing liabilities						
Leases		12,770	7,928	2,775	-	-
Total interest bearing liabilities		12,770	7,928	2,775	-	-
Provisions						
Employees	10	100,749	108,128	112,453	116,950	116,950
Total provisions		100,749	108,128	112,453	116,950	116,950
Payables						
Suppliers		26,437	26,430	23,900	19,403	19,403
Other		6,626	6,626	6,626	6,626	6,626
Total payables		33,063	33,056	30,526	26,029	26,029
Total liabilities		146,582	149,112	145,754	142,979	142,979
EQUITY						
Parent equity interest						
Contributed equity	11	103,659	167,223	179,411	182,478	182,478
Reserves		17,886	17,886	17,886	17,886	17,886
Retained surpluses or accumulated deficits		16,853	16,853	16,853	16,854	16,854
Total parent equity interest		138,398	201,962	214,150	217,218	217,218
Total equity		138,398	201,962	214,150	217,218	217,218

Table 3.3: Budgeted Departmental Statement of Cash Flows for the period ended 30 June

	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash Received					
Appropriations	557,895	591,654	612,935	629,427	610,860
Goods and services	76,354	70,941	72,426	73,843	73,843
Interest	603	-	-	-	-
Other	38,153	12,856	12,856	12,857	12,857
Total cash received	673,005	675,451	698,217	716,126	697,560
Cash used					
Employees	299,623	319,292	325,660	339,748	343,928
Suppliers	250,823	318,984	328,644	339,057	317,180
Borrowing costs	847	595	284	38	-
Other	36,233	-	-	-	-
Total cash used	587,526	638,871	654,588	678,843	661,108
Net cash from/(used by) operating activities	85,479	36,580	43,629	37,283	36,452
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	691	1,372	-	-	-
Total cash received	691	1,372	-	-	-
Cash used					
Purchase of property, plant and equipment	105,327	47,430	49,619	37,072	36,452
Total cash used	105,327	47,430	49,619	37,072	36,452
Net cash from/(used by) investing activities	(104,636)	(46,058)	(49,619)	(37,072)	(36,452)
FINANCIAL ACTIVITIES					
Cash Received					
Appropriations – contributed equity	37,449	63,489	12,188	3,067	-
Total cash received	37,449	63,489	12,188	3,067	-
Cash used					
Repayments of debt	4,553	4,842	5,153	2,775	-
Capital use charge paid	13,114	-	-	-	-
Other	7,558	-	-	-	-
Total cash used	25,225	4,842	5,153	2,775	-
Net cash from/(used by) financing activities	12,224	58,722	7,035	292	-
Net increase in cash held	(6,933)	49,244	1,045	504	-
Cash at the beginning of the reporting period	18,718	11,784	61,028	62,073	62,577
Cash at end of reporting period	11,785	61,028	62,073	62,577	62,577

Table 3.4: Departmental Capital Budget Statement

	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	37,449	63,489	12,188	3,067	-
Total	37,449	63,489	12,188	3,067	-
Represented by					
Purchase of non-financial assets	33,328	59,617	8,550	-	-
Other	4,121	3,872	3,638	3,067	-
Total	37,449	63,489	12,188	3,067	-
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	33,328	16,992	8,550	-	-
Funded internally by departmental resources	71,999	30,738	41,069	37,072	36,452
Total	105,327	47,430	49,619	37,072	36,452

Table 3.5: Departmental Non-financial Assets – Summary of Movement (Budget Year 2003-04)

	Land \$'000	Buildings \$'000	Other Infrastructure Plant and Equipment \$'000	Other Intangibles \$'000	Total \$'000
Carrying amount at the start of year	3,764	39,364	82,454	102,711	228,293
Additions	-	6,883	21,656	18,891	47,430
Disposals	-	-	(1,372)	-	(1,372)
Depreciation/amortisation expense	-	(6,256)	(19,699)	(8,625)	(34,580)
Carrying amount at the end of year	3,764	39,991	83,039	112,977	239,771
Total additions					
Self funded	-	6,883	14,264	9,591	30,738
Appropriations	-	-	7,392	9,300	16,692
Total	-	6,883	21,656	18,891	47,430

Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government for the period ended 30 June

	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
REVENUES					
Taxation					
Other taxes, fees and fines	393,693	415,835	438,648	455,675	473,342
Total taxation	393,693	415,835	438,648	455,675	473,342
Non-taxation					
Customs Duty	5,552,575	5,350,000	5,260,000	5,290,000	5,350,000
Interest	20	-	-	-	-
Total non-taxation	5,552,595	5,350,000	5,260,000	5,290,000	5,350,000
Total revenues administered on behalf of the Government	5,946,288	5,765,835	5,698,648	5,745,675	5,823,342
EXPENSES					
Write-down and impairment of assets	1,854	-	-	-	-
Subsidies	555,560	-	-	-	-
Other	265	248	280	280	280
Total expenses administered on behalf of the Government	557,679	248	280	280	280

**Table 3.7: Schedule of Budgeted Assets and Liabilities
Administered on behalf of Government as at 30 June**

	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	2,697	-	-	-	-
Receivables	76,665	76,655	76,655	76,655	76,655
Total financial assets	79,362	76,655	76,655	76,655	76,655
Non-financial assets					
Inventories	200	200	200	200	200
Total non-financial assets	200	200	200	200	200
Total assets administered on behalf of the Government	79,562	76,855	76,855	76,855	76,855
LIABILITIES					
Interest bearing liabilities					
Other	2,677	-	-	-	-
Total interest bearing liabilities	2,677	-	-	-	-
Provisions					
Other provisions	18,452	18,432	18,432	18,432	18,432
Total provisions	18,452	18,432	18,432	18,432	18,432
Total liabilities administered on behalf of the Government	21,129	18,432	18,432	18,432	18,432

**Table 3.8: Schedule of Budgeted Administered Cash Flows
for the period ended 30 June**

	Actual 2002-03 \$'000	Revised Budget 2003-04 \$'000	Forward Estimate 2004-05 \$'000	Forward Estimate 2005-06 \$'000	Forward Estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash Received					
Customs Duty	5,007,426	5,350,000	5,260,000	5,290,000	5,350,000
Taxes, fees and fines	395,729	415,835	438,648	455,675	473,342
Rendering of services Interest	20	-	-	-	-
Cash from Official Public Account	310,687	301,245	306,172	311,202	311,811
Total cash received	5,713,862	6,067,080	6,004,820	6,056,877	6,135,153
Cash used					
Suppliers	265	248	280	280	280
Other	22,400	-	-	-	-
Cash to Official Public Account	5,690,648	6,069,529	6,004,540	6,056,597	6,134,873
Total cash used	5,713,313	6,069,777	6,004,820	6,056,877	6,135,153
Net cash from operating activities	549	(2,697)	-	-	-
FINANCING ACTIVITIES					
Cash received					
Cash received from reclassification of special account	2,549	-	-	-	-
Non operating interest credit to special account	128	-	-	-	-
Total cash received	2,677	-	-	-	-
Cash used					
Net cash used in financing activities	2,677	-	-	-	-
Total cash used	2,677	-	-	-	-
Net cash from financing activities	-	-	-	-	-
Net increase/decrease in cash held	3,226	(2,697)	-	-	-
Cash at beginning of reporting period	(528)	-	-	-	-
Cash at end of reporting period	2,698	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The budgeted financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Accounting Standards Board (Accounting Guidance Releases), and having regard to Statements of Accounting Concepts.

Departmental

1. Revenues from Government

The 2003-04 appropriation revenue from government increased by \$4.718m to \$591.554m from \$586.836m since budget. The increase is a result of funding for cost recovery for trade related services (\$3.605m), supplementation funding for increases to Comcover premiums in 2003-04 (\$0.899m) and BEFR (\$0.214m).

2. Other Revenue

Other comprises revenue received free of charge from the Department of Defence. Defence revised their estimates downwards from budget by \$28.028m based on a revised level of support they expected to provide for the civil maritime surveillance program.

3. Employee Expenses

Employee expenses for 2003-04 have increased by \$0.199m to \$326.671m from \$326.472m since budget. The increase is the result of extra costs from BEFR. Decreases to the forward estimate employee expenses since budget are the result of parameter adjustment changes offset by slight increases for BEFR.

4. Supplier Expenses

Supplier expenses have decreased by \$23.524m to \$429.308m from \$452.832m since budget. The decrease is mainly attributable to the reduced level of resources provided by the Department of Defence for the civil maritime surveillance program (\$28.028m) offset by increases for costs recovery for trade related services (\$3.605m) and supplementation for increased Comcover premiums (\$0.899m). Changes to forward estimates since budget have also decreased due to parameter adjustment changes.

5. Cash

Estimated closing cash balance has increased by \$35.900m to \$61.028m from \$25.128m since budget. The increase is associated with the conditional cash injection of up to \$43.0m granted by Government. This is offset by a reduction of \$7.100m resulting from changed cash management processes from the Budget Estimates and Framework Review recommendations.

6. Receivables

Estimated closing receivables have increased by \$11.480m to \$24.450m from \$12.970m since budget. The increase is primarily a result of the changed cash management processes from the Budget Estimates and Framework review recommendations. Customs processes Section 31 revenue receipts by forwarding the cash to the Official Public Account and recording a corresponding receivable. Timing differences from this process are expected to increase the overall projected closing balance of receivables.

7. Infrastructure, plant and equipment

Refer to Departmental Non-Financial Assets – Summary of Movement (Table 3.5).

The estimated closing balance of infrastructure, plant and equipment has decreased by \$16.252m to \$83.039m from \$99.291m. This is a result of a lower than expected closing balance from 2002–03.

8. Intangibles

Refer to Departmental Non-Financial Assets – Summary of Movement (Table 3.5).

The estimated closing balance of intangibles increased by \$49.158m to \$112.977m from \$63.819m. This is a result of a higher than originally budgeted closing balance from 2002–03; which was greater due to a change in the accounting treatment and classification of assets under construction.

9. Other Non-Financial Assets

Other Non-Financial assets comprise of an estimate for prepayments. The estimated closing balance of other non-financial assets has decreased by \$28.824m to \$24.429m from \$53.253m. This is due to the reclassification of work in progress as assets under construction and the change in accounting treatment whereby assets under construction are now reported against specifically related non-financial assets. Refer also note 8.

10. Employee provisions

The estimated closing balance for employee provisions increased by \$3.525m to \$108.128m from \$104.603m. This is a result of a higher than originally budgeted closing balance from 2002–03, which was greater due to actuarial adjustments made for the 2002–03 annual financial statements.

11. Contributed Equity

The estimated closing balance of contributed equity increased by \$43.1m to \$167.148m from \$124.148m. The increase is associated with the conditional cash injection of up to \$43.0m granted by Government and a capital injection of \$0.075m from BEFR.

