

# **AUSTRALIAN CUSTOMS SERVICE**



## **Section 1: Overview, Appropriations and Budget Measures Summary**

### **Overview**

The goal of the Australian Customs Service is to provide the nation with effective border management.

In line with the Government's commitment to combat the importation and use of illicit drugs and the emerging trend in people smuggling, 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. To provide effective border management Customs aims to achieve this in a way that facilitates legitimate movements of goods and people into and out of Australia.

In addition, Customs protects Australia's revenue base through the effective collection of revenue and the administration of certain Government industry schemes and trade measures.

In 2000–2001, as part of its role in the implementation of the Government's Tax Reform Initiatives, Customs' revenue responsibility will be increased by the collection of GST on imported goods and, in some circumstances, Wine Equalisation Tax (WET) and Luxury Car Tax (LCT). Customs will also commence the administration of the Tourist Refund Scheme (TRS) and compliance activity with the Australian Taxation Office (ATO) on GST, WET and LCT for both imported and exported goods.

Customs will continue its strategic role in the fight against illicit drugs. Under the Government's Tough on Drugs initiatives, additional resources will be injected into technology to further improve Customs capacity for drug detection at Australia's border.

### **Appropriations**

The total appropriations for Customs in the 2000–01 Budget is \$427.516m. Table 1.1 shows appropriations (2000–01) and other revenue by outcome.

#### ***Administered capital and departmental equity injections and loans***

The Australian Customs Service will receive an equity injection of \$2.369m as indicated in Table 1.1 for the purchase of x-ray equipment.

In September 1998 the Prime Minister announced measures to continue the Government's efforts to combat the problem of illicit drugs, under the Coalition's *Tough on Drugs: Strengthening the Fight* election policy. The measures included the purchase of state of the art x-ray technology to enhance capacity for drug detection at our borders.

The equity injection will be used to complete the purchase of the x-ray technology. In addition to the initial capital cost, additional expenditure will be incurred for depreciation, maintenance and other running costs. The new technology will supplement a range of existing tools that Customs will continue to use.

Customs has not received any administered capital or agency loans for 2000–2001.

## **Budget Measures Summary**

Table 1.2 details summary of measures disclosed in the 2000–01 Budget.

## Australian Customs Service – Appropriations 2000–01

**Table 1.1 Appropriations and other revenue (\$'000)**

Outcome	Departmental (price of outputs)					Administered				Total appropriations
	Revenue from government (appropriations)			Revenue from other sources	Price of outputs	Annual appropriations		Special approps	Total administered appropriations	
	Bill 1	Special approps	Total			Bill 1	Bill 2 (SPPs & NAOs)			
	(A)	(B)	(C=A+B)	(D)	(E= C+D)	(F)	(G)	(H)	(I=F+G+H)	
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 2 4  8 8 7	–	424 887  65.8%	220 815	645 702	260	–	–	260	425 147
<b>Total</b>	<b>42 4 88 7</b>	<b>–</b>	<b>424 887</b>	<b>220 815</b>	<b>645 702</b>	<b>260</b>	<b>–</b>	<b>–</b>	<b>260</b>	<b>425 147</b>
Departmental capital (equity injections and loans)									2 369	
Administered capital									–	
<b>Total appropriations</b>									<b>427 516</b>	

**Notes:**

- Columns C, D, E and I refer to information provided in Table 2.1.
- Under the appropriation structure, Bill 2 includes Specific Purpose Payments (SPP)'s, New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.
- Refer to Budgeted Departmental Operating Statement for application of agency revenue.
- Revenue from other sources includes other revenue from government (eg resources free of charge) and revenue from other sources (eg sales of goods and services). Non-appropriated departmental and administered revenues are detailed in Appendix 1. Resources received free of charge totals \$138.954m. Revenue from other sources totals \$81.861.
- Percentage figure indicates the percentage contribution of revenue from government (departmental appropriations) to the total price of outputs, by outcome.

## Australian Customs Service – Budget Measures Summary

**Table 1.2 Summary of Measures disclosed in the 2000–01 Budget**

Measure	Outcome	Output groups affected	Appropriations Budget			Appropriations Forward Estimate			Appropriations Forward Estimate			Appropriations Forward Estimate		
			2000–01 (\$'000)			2001–02 (\$'000)			2002–03 (\$'000)			2003–04 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Pricing review of departmental resourcing.	1	1.1	–	(2 500)	(2 500)	–	(5 000)	(5 000)	–	(5 000)	(5 000)	–	(5 000)	(5 000)
Unauthorised Arrivals in Australia – additional resourcing to investigate and detect organised people smuggling.	1	1.1	–	(nfp)	(nfp)	–	(nfp)	(nfp)	–	(nfp)	(nfp)	–	(nfp)	(nfp)

Note: Administered revenue measures are not attributed to agencies and are reported in Budget paper 2.

## Section 2: Outcome and Outputs Information

### Outcome and outputs

The Australian Customs Service has one outcome:

*Effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics.*

There are five outputs for the Australian Customs Service outcome:

- *Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports*
- *Facilitation of the legitimate movement of people across the border, while identifying illegal movements*
- *Coastal and offshore surveillance and response*
- *Administration of customs duty and indirect taxes, other border related revenue collections, and import/export taxes*
- *Anti-dumping and countervailing administration*

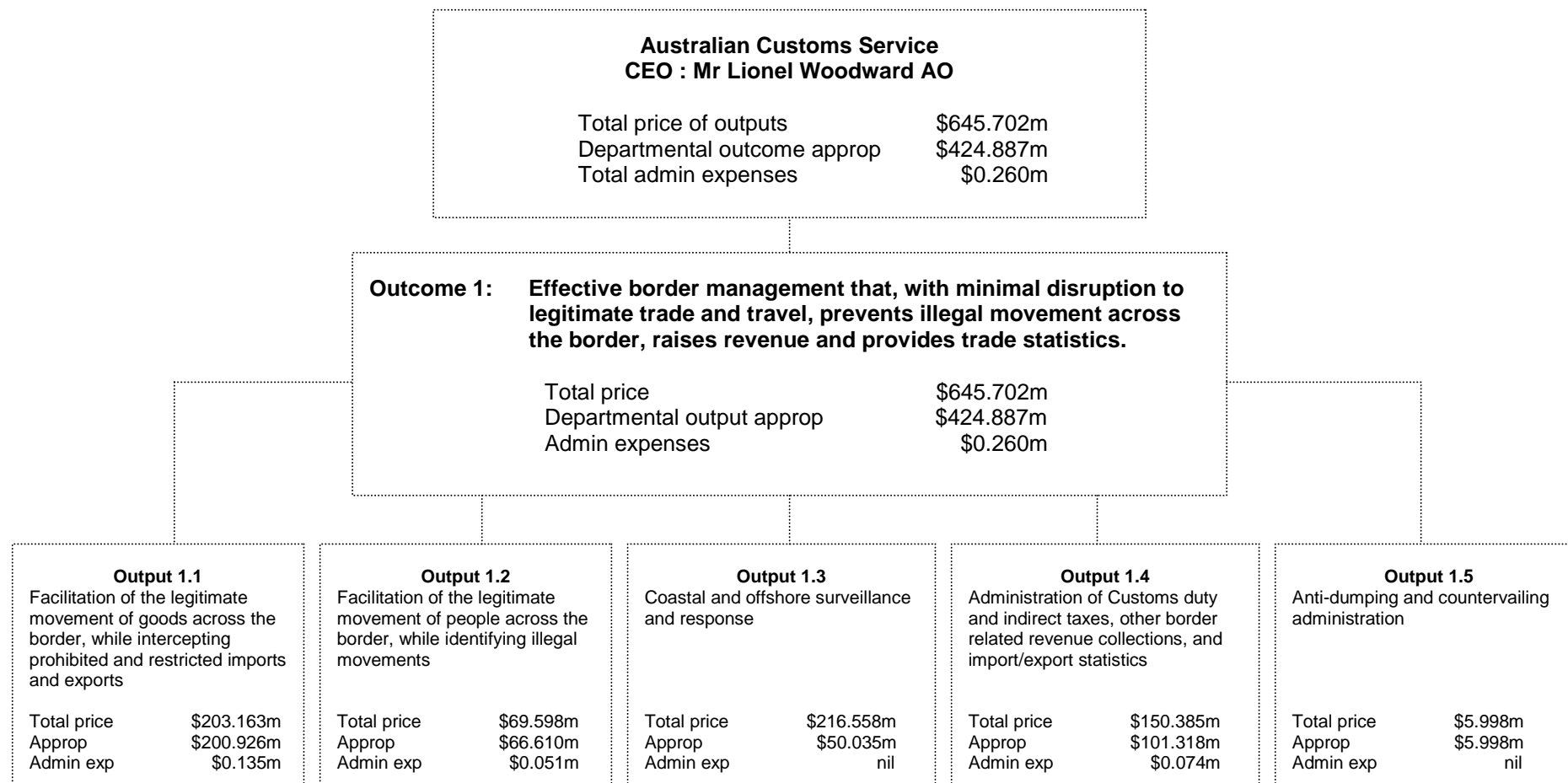
Financial and non-financial information is provided as follows:

- Map 2.1 - details outcome and output resourcing and illustrates the relationship between the outcome and contributing outputs.
- Table 2.1 - details financial information for outcome 1.
- Table 2.2 - details non-financial information for outcome 1.

### Changes to outcome and outputs

Customs outcome and output structure has not been changed. However, the wording of output four has been amended to take account of the additional Customs' responsibilities associated with the introduction of a GST, LCT and WET on imported goods, and Customs' role in the administration of the TRS.

## Map 2.1 Outcome and 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.**

Effectiveness in the context of border management is described through the performance measures Table 2.2.

***Budget measures***

- Pricing Review of Departmental Resourcing - reduction in funding of \$2.5m in 2000–01 and \$5m ongoing.
- Unauthorised arrivals in Australia - additional resourcing to investigate and detect organised people smuggling - lease of a charter vessel.

**Pricing Review of Departmental Resourcing**

Savings Measure Purpose: To anticipate savings flowing from planned competitive tendering and contracting (CTC).

Impact of Measure: The savings are in anticipation of the efficiencies expected from planned CTC. Consequently, the savings measure should not impact Customs' ability to carry out required functions.

During 1999–2000, an output price review was conducted by Customs in conjunction with the Department of Finance and Administration. The review examined the cost, quality, efficiency and effectiveness of Customs outputs in order to inform Ministers about appropriate output prices in the context of their contribution to overall funding for Customs.

The review found that Customs provides good value for money, and that its output prices are reasonable. Risk management and technology-based strategies are in place to manage costs and effectiveness into the future. Services are typically of very high quality, but are increasingly stretched by workload growth.

The review also examined the potential to achieve savings in anticipation of the efficiencies expected from Customs plans for CTC. It was agreed that savings of \$2.5m in 2000–2001 and \$5m per annum thereafter would be anticipated. The savings will be credited against the actual CTC savings achieved by Customs in subsequent years.

**Unauthorised arrivals in Australia - additional resourcing to investigate and detect organised people smuggling**

Lease a charter vessel to transport unauthorised arrivals intercepted at sea or at islands off the mainland.

Budget Measure Purpose: To lease a charter vessel for the purpose of transporting suspected unlawful non-citizens from the point of their interception to the Australian mainland.

Impact of Measure: Leasing the charter vessel will release existing Customs and Defence vessels to focus on initial interception of suspect illegal entrant vessels and on handling situations where the use of force may be necessary.

The Government will provide funding for Customs to lease a charter vessel for the purpose of transporting unauthorised arrivals from their point of interception to the Australian mainland. The engagement of a dedicated vessel will allow more cost-effective use of Customs and defence vessels by focusing on the initial interception of unauthorised boat arrivals and for handling situations where the use of force may be necessary.

Customs will manage the contract and provide the necessary security arrangements to ensure that unauthorised arrivals are delivered to appropriate immigration detention arrangements. The ongoing requirement for this arrangement will be reviewed after two years.

This measure forms a part of the package of measures implemented in response to the report on *Unauthorised Arrivals in Australia*, commissioned to address the rapid growth of unauthorised arrivals in Australia and to reduce outlays on detention and processing. See related measures under the Immigration and Multicultural Affairs and Attorney-General's Departments.

#### *A New Tax System*

An amount of \$432m for 2000–2001 was allocated to the (ATO) for A New Tax System (ANTS) as part of the funding provided in the context of the 1998–99 Mid Year Economic and Fiscal Outlook. The funding was for both the ATO and Customs components of ANTS. Customs has estimated a funding requirement of \$154.7m over the next four years, including \$43 million for 2000–2001, and this funding will be provided to Customs through a purchaser provider agreement. This additional funding has been included in the cost of Customs outputs and in the Financial Statements.

The additional funding, supporting output 4, will enable Customs to maintain effective administration of border related revenue collection while facilitating the introduction of a new tax system.

**Resourcing**

Table 2.1 shows how the 2000–01 appropriations translate to total resourcing for Customs' outcome: revenue from government (appropriations), revenue from other sources and the total price of the output.

**Table 2.1 Total resources for outcome 1 (\$'000)**

	Estimated Actual 1999–2000 (\$'000)	Budget Estimate 2000–01 (\$'000)
<b>Administered appropriations</b>		
World Customs Organisation – Contribution	260	260
<b>Total administered expenses</b>	<b>260</b>	<b>260</b>
<b>Departmental appropriations</b>		
Output 1.1 – Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports	186 671	200 926
Output 1.2 – Facilitation of the legitimate movement of people across the border, while identifying illegal movements	61 922	66 610
Output 1.3 – Coastal and offshore surveillance and response	45 751	50 035
Output 1.4 – Administration of Customs duty and indirect tax, other border related revenue collections, and import/export statistics	123 963	101 318
Output 1.5 – Anti-dumping and countervailing	5 653	5 998
<b>Total revenue from government (appropriations) contributing to price of departmental outputs</b>	<b>423 960</b>	<b>424 887</b>
	73.9%	65.8%
<b>Revenue from other sources</b>		
Output 1.1 – Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports	1 933	2 237
Output 1.2 – Facilitation of the legitimate movement of people across the border, while identifying illegal movements	2 908	2 988
Output 1.3 – Coastal and offshore surveillance and response	140 279	166 523
Output 1.4 – Administration of Customs duty and indirect tax, other border related revenue collections, and import/export statistics	4 484	49 067
Output 1.5 – Anti-dumping and countervailing	–	–
<b>Total revenue from other sources</b>	<b>149 604</b>	<b>220 815</b>
<b>Total price of departmental outputs</b> <i>(Total revenue from government and other sources)</i>	<b>573 564</b>	<b>645 702</b>
<b>Total estimated resourcing for outcome 1</b> <i>(Total price of outputs and administered expenses)</i>	<b>573 824</b>	<b>645 962</b>
<b>Average Staffing Level (number)</b>	3 883	4 354

### *Discussion of resources for Customs outcome*

Customs has an administered expense which contributes to the Customs outcome – Australia's contribution to the World Customs Organisation (\$0.260m in 2000–2001).

The total price of Customs' outputs increases by \$72.1m in 2000–2001. The main variations over the two years are increases in revenue from other sources for the provision of additional Coastal Surveillance to DIMA and for Customs aspects of the Government's tax reform initiatives. This additional funding significantly increases the total price of outputs three and four.

Revenue from other sources is expected to increase in actual terms from \$149.604m in 1999–2000 to \$220.815m in 2000–2001.

The percentage figure in the Revenue from Government (Appropriation) for outputs in Table 2.1 shows the percentage contribution Revenue from Government makes to the total price of outputs for Customs' outcome. This percentage figure reduces from 73.9% in 1999–2000 to 65.8% in 2000–2001 as a result of the change in the source of Customs' funding from appropriation to purchaser/provider arrangement.

The price of output 1 under Departmental appropriations increases due to full year funding for the Tough on Drugs initiatives, additional funding for the Olympics and increases in depreciation and the capital use charge.

Variations in the price of the other outputs is also due mainly to increases in depreciation and the capital use charge. Other minor variations occur across all outputs due to the conclusion of set up funding for some programs (eg NIDS), and variations in other measures from previous budgets (eg Whole of Government efficiency measure).

### *Contribution of outputs*

#### **Output 1.1 Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports.**

In order to prevent the import or export of prohibited items, and to control the movement of restricted items this output covers the processing of goods across the border, including:

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

Prohibited and restricted items include illicit drugs, weapons, pornography, unsafe products, therapeutic goods, wildlife, quarantine items and intellectual property rights breaches.

This output also covers the investigation and prosecution of non-narcotic prohibited import and export offences.

**Output 1.2 Facilitation of the legitimate movement of people across the border, while identifying illegal movements.**

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

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

**Output 1.3 Coastal and offshore surveillance and response.**

This output covers the provision of air and marine based civil 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 and offshore regions.

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

**Output 1.4 Administration of Customs duty and indirect taxes, other border-related revenue collections, and import/export statistics.**

In order to assess and collect Customs duties and indirect taxes this output covers processing of :

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

Related activity covered under this output includes:

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

This output also includes:

- Customs revenue collections associated with craft movements, and collection of the Passenger Movement Charge;
- processing and compliance activity related to imported and exported goods, in order to collect and validate import and export statistics;
- development and implementation of the Customs aspects of the Government's taxation reforms, including the GST, LCT, WET and the TRS.

From 1 July 2000, this output will include:

- the assessment and collection of GST, LCT and WET;
- compliance activity associated with these taxes; and
- administration of the TRS.

### Output 1.5 Anti-dumping and countervailing administration.

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

### Performance information

Table 2.2 provides information on the strategies chosen to deliver the outcome, and shows the links between the output and the outcome.

**Table 2.2 Performance information for outcome 1**

Effectiveness — overall achievement of the outcome	
Effectiveness indicators	Measures
Cargo facilitation	Proportion of electronically lodged entries where an authority to deal is transmitted within 15 minutes of receipt of a complete and accurate entry <i>Target:</i> 97%
Passenger facilitation	National proportion of arriving international passengers processed through the entry control point within 30 minutes of joining the queue (standard agreed with the Government is 95%). <i>Target:</i> 95%
Trends in the number and weight of seizures	The number and weight of drug seizures, 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
Trends in the number of detection's and/or seizures of other prohibited imports and exports from international air passengers	No target is set as appropriate but actual levels will be reported in the Annual Report
Undetected vessels subsequently found to have breached the Australian border	
Significant revenues collected including Customs duty and GST	<i>Target:</i> \$4 516 million (nett)
Total duty forgone	<i>Target:</i> Tariff concession \$380–400m Cheese and curd quota \$9m Drawbacks \$93m
Revenue adjustments as a result of compliance activity	<i>Target:</i> Recoveries \$20m Refunds \$2m
Rates of appeal against decisions where the original decision by Customs is upheld	The number of appeals beyond 1998–99 cannot be estimated through any reliable statistical or other method but actual levels achieved will be reported in the Annual Report

**Table 2.2 Performance information for outcome 1 (continued)**

<b>Performance information for administered items</b>	
World Customs Organisation – contribution	N/A
<b>Performance information for departmental outputs</b>	
<b>Output 1.1</b> – Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports.	
<i>Quality:</i>	<i>Target</i>
Proportion of electronically lodged import entries where an authority to deal is transmitted within 15 minutes of receipt of a complete and accurate entry	97%
Electronic cargo systems – availability to Customs clients (availability against typical work day)	Air cargo automation – 99.7% Sea cargo automatic – 99.7%
Percentage of electronically reported consignments subject to electronic risk assessment for community protection purposes	100%
Weight and number of drug seizures by significance of offence	*
Weight of drug seizures by mode of importation	*
Number of detections and/or seizures of other prohibited imports	*
<i>Quantity:</i>	
Number of airway bills reported	4 321 545
Number of sea cargo manifest lines reported	1 430 000
Number of international aircraft	122 300
Number of vessel arrivals	First ports 11 900 All ports 20 600
Number of overseas postal articles arriving	Parcels 2 540 000 Letter class and other article bags 1 540 000
Number of customs import entries lodged	Electronic 2 640 000 Manual 20 000
Number of export entries lodged	1 330 000
<i>Price</i> \$203.163m	
<b>Output 1.2</b> – Facilitation of the legitimate movement of people across the border, while identifying illegal movements.	
Proportion of arriving international air passengers processed through the Entry Control Point within 30 minutes	95%
Percentage of arriving passengers processed via Advance Passenger Clearance Processes	45%
Average number of seconds per arriving passenger at the Entry control point	maximum of 40 seconds
Number of air passenger referrals to Immigration and Health	*
Number of suspected unlawful non-citizens (SUNCs) intercepted - by sea (including ships crew)	*

**Table 2.2 Performance information for outcome 1 (continued)***(Output 1.2 continued)**Quantity:*

Number of international passengers	Arrivals	9 183 532
	Departures	9 012 820
Number of international crew (arrivals plus departures)		1 047 000

*Price:* \$69.598m**Output 1.3 – Coastal and offshore surveillance and response.**

Number of aerial surveillance sightings of interest to Customs and client agencies \*

Number of apprehensions of Suspect Illegal Entry Vessels (SIEVs) and Foreign Fishing Vessels (FFVs).

*Quantity:*

Aerial surveillance coverage – square nautical miles patrolled	123 952 000
Aerial surveillance Flying Hours	19 750
RAAF P3 Orion hours	250
Marine surveillance coverage – number of Fremantle Class Patrol Boat days	1 800/annum
Number of marine taskings requested by external clients	300
Number of vessel sea days for Customs ocean-going vessels greater than 12 metres	1 125

*Price:* \$216.558m**Output 1.4 – Administration of Customs duty and indirect tax, other border related revenue collections, and import/export statistics.**Electronic systems availability to Customs clients (availability as a proportion of prime time) COMPILE, EDIFICE, EFT, JEMS & Reference – 99%  
Drawbacks, EXIT & TAPIN – 99.7%

Proportion of total cargo entries subjected to revenue protection processes 100%

Total revenue subjected to compliance audit activity as a proportion of total revenue responsibility 10%

Proportion of drawback, refunds and concessional arrangements for importers and exporters delivered in accordance with standards 100%

Average number of unacquitted export clearance numbers at the end of the month 3 500 – 4 500

Number of fraud/evasion cases adopted for prosecution 18-32

*Quantity:*

Number of customs import entries lodged	2 660 000	
Number of export entries lodged	1 330 000	
Number of air cargo screened free consignments	1 900 000	
Number of requests for licences	Warehouse	
	- new	40 – 50
	- renewals	500–560
	Brokers	
- new	50 – 100	
- renewals	2 000 – 2 500	

**Table 2.2 Performance information for outcome 1 (continued)***(Output 1.4 continued)*

Number of external appeals against decisions	Granting of TCO 10–20 Eligibility for 4th Schedule By-law 2–6
Number of drawback applications	10 000
Number of refund applications	20 000
Number of fraud/evasion cases adopted for investigation	85–110
Tourist refund scheme:	
Refund claims processed within 15 minutes	95%
Mail back claims processed within 30 days	99%
<i>Price:</i>	\$150.385m

**Output 1.5 – Anti-dumping and countervailing.***Quality:*

Proportion of anti-dumping/countervailing cases & reviews completed within 155 days	100%
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*Quantity:*

Number of anti-dumping/countervailing	#
- new cases	
- reviews initiated	
- cases terminated	
- cases withdrawn	
- cases rejected	
- appeals to the Federal Court	

*Price:* \$5.998m**Notes:**

\* Performance targets cannot be estimated through any reliable statistical or other method. Actual results will be reported 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.

In Table 2.2 targets for effectiveness, where they are appropriate, have been included as they are applicable and appropriate for performance information for the Customs outcome. In some instances target performance, such as for drug seizures and air passenger referrals to immigration and health, etc, cannot be estimated through any reliable statistical or other method. Where possible actual performance for such indicators will be published in the Annual Report.

**Evaluations**

Customs undertakes a number of evaluation activities including:

- Internal Audits;
- Internal and External surveys;
- Regular review of performance information.

Results are published in the Annual Report, whole of government reports, formal survey reports and in Customs statistical bulletin called *Customs Figures*.

The internal audit program include performance audits, which examine internal outcomes and inputs, as well as the regular compliance audits. In addition there is provision for evaluations specifically requested by management each year. Audits planned for 2000–2001 include reviews of investigations case management, contract management of outsourced legal services, and wharf security.

As part of the Customs National Survey Program, the organisation undertakes a program of external evaluation and review. The program includes surveys of passengers, industry clients and staff; organisational self assessment against the Australian Business Excellence Framework; and collection and analysis of complaints and compliments data. Customs also participates in international benchmarking programs as an additional means of evaluating performance against specific areas of the business.

Customs also evaluates its performance on an ongoing basis through analysis of performance information articulated in the Corporate Plan. This includes the reporting of critical performance measures in a monthly Executive Management Report.

### ***Competitive tendering and contracting***

Customs has previously outsourced five major functions with a total annual cost of \$89.5m or 21% of its annual Departmental appropriation. Numerous smaller activities have also been outsourced in one or more locations.

Technical support functions such as the installation and maintenance of CCTV and radio communications infrastructure are being progressively outsourced as new technologies are introduced.

Customs has made considerable progress with CTC beyond the corporate and technical support areas, and is continuing to look carefully for CTC opportunities of this nature.

In response to the Government's decision to accelerate CTC implementation, Customs is now developing a program for the market testing of corporate support functions not already outsourced. These functions will include elements of the HR, Finance and General Services activities - with a particular focus on processing aspects. Internal structures required to manage the program are being put in place, including a Steering Committee chaired by the CEO, a team led by an SES officer and the involvement of a probity auditor and business adviser. The timing of this CTC program will be the subject of consultation between DOFA and Customs but will be designed to minimise disruption to Customs in the lead up to the Olympics and introduction of the GST.

### Section 3: Budgeted Financial Statements

**Table 3.1 Departmental Operating Statement (for the year ended 30 June)**

	Notes	Estimated Actual 1999–00 \$'000	Budget Estimate 2000–01 \$'000	Forward Estimate 2001–02 \$'000	Forward Estimate 2002–03 \$'000	Forward Estimate 2003–04 \$'000
<b>OPERATING REVENUE</b>						
Revenues from government						
Ordinary annual appropriation	1	421 460	422 340	422 475	429 368	433 765
Other services		2 500	2 547	2 593	2 640	2 677
RRFOC		138 408	138 954	141 455	144 001	146 593
Sales of goods and services	2	10 617	81 282	76 422	76 774	77 286
Interest		579	579	579	579	579
<b>Total operating revenues (before abnormal items)</b>		<b>573 564</b>	<b>645 702</b>	<b>643 524</b>	<b>653 362</b>	<b>660 900</b>
<b>OPERATING EXPENSES</b>						
Employees	3	228 896	255 488	259 422	265 436	269 821
Suppliers	4	332 622	345 581	346 455	352 641	354 348
Depreciation and amortisation	5	20 824	25 087	25 400	23 331	24 829
Other		38	38	38	38	38
<b>Total operating expenses</b>		<b>582 380</b>	<b>626 194</b>	<b>631 315</b>	<b>641 446</b>	<b>649 036</b>
<b>Operating surplus or (deficit) before abnormal and extraordinary items</b>		<b>(8 816)</b>	<b>19 508</b>	<b>12 209</b>	<b>11 916</b>	<b>11 864</b>
Abnormal and extraordinary items		–	–	–	–	–
<b>Operating surplus or (deficit) after abnormal and extraordinary items</b>		<b>(8 816)</b>	<b>19 508</b>	<b>12 209</b>	<b>11 916</b>	<b>11 864</b>
Capital use charge paid		5 358	11 747	11 389	11 031	10 981
<b>Operating surplus or (deficit) after abnormal and extraordinary items and CUC</b>		<b>(14 174)</b>	<b>7 761</b>	<b>820</b>	<b>885</b>	<b>883</b>

**Table 3.2 Departmental Balance Sheet (as at 30 June)**

	Notes	Estimated Actual 1999–00 \$'000	Budget Estimate 2000–01 \$'000	Forward Estimate 2001–02 \$'000	Forward Estimate 2002–03 \$'000	Forward Estimate 2003–04 \$'000
<b>ASSETS</b>						
<b>Financial assets</b>						
Cash		38 155	55 900	79 543	100 212	115 316
Receivables		4 998	4 998	4 998	4 998	4 998
Other receivables – GST		–	1 464	1 452	1 478	1 472
<b>Total financial assets</b>		<b>43 153</b>	<b>62 362</b>	<b>85 993</b>	<b>106 688</b>	<b>121 786</b>
<b>Non-financial assets</b>						
Land and buildings		11 921	12 478	13 091	13 769	14 445
Infrastructure, plant and equipment	6	104 107	110 864	98 008	85 992	73 679
Inventories		2 084	2 084	2 084	2 084	2 084
Intangibles	7	20 217	23 978	15 718	9 717	9 763
Other		4 000	4 000	4 000	4 000	4 000
<b>Total non-financial assets</b>		<b>142 329</b>	<b>153 404</b>	<b>132 901</b>	<b>115 562</b>	<b>103 971</b>
<b>Total Assets</b>		<b>185 482</b>	<b>215 766</b>	<b>218 894</b>	<b>222 250</b>	<b>225 757</b>
<b>LIABILITIES</b>						
<b>Debt</b>						
Leases	8	20 543	32 186	27 330	22 526	17 778
<b>Total debt</b>		<b>20 543</b>	<b>32 186</b>	<b>27 330</b>	<b>22 526</b>	<b>17 778</b>
<b>Provisions and payables</b>						
Employees		71 000	77 994	85 114	92 362	99 741
Suppliers		5 086	6 603	6 647	6 674	6 667
Other		529	529	529	529	529
<b>Total provisions and payables</b>		<b>76 615</b>	<b>85 126</b>	<b>92 290</b>	<b>99 565</b>	<b>106 937</b>
<b>Total liabilities</b>		<b>97 158</b>	<b>117 312</b>	<b>119 620</b>	<b>122 091</b>	<b>124 715</b>
<b>EQUITY</b>						
Capital		65 773	68 142	68 142	68 142	68 142
Reserves		20 849	20 849	20 849	20 849	20 849
Accumulated surpluses or (deficits)		1 702	9 463	10 283	11 168	12 051
<b>Total equity</b>		<b>88 324</b>	<b>98 454</b>	<b>99 274</b>	<b>100 159</b>	<b>101 042</b>
<b>Current liabilities</b>		<b>22 310</b>	<b>26 229</b>	<b>27 521</b>	<b>28 815</b>	<b>30 156</b>
<b>Non-current liabilities</b>		<b>74 848</b>	<b>91 083</b>	<b>92 099</b>	<b>93 276</b>	<b>94 559</b>
<b>Current assets</b>		<b>49 237</b>	<b>68 446</b>	<b>92 077</b>	<b>112 772</b>	<b>127 870</b>
<b>Non-current assets</b>		<b>136 245</b>	<b>147 320</b>	<b>126 817</b>	<b>109 478</b>	<b>97 887</b>

**Table 3.3 Departmental Statement of Cash Flows (for the year ended 30 June)**

	<b>Estimated Actual 1999–00 \$'000</b>	<b>Budget Estimate 2000–01 \$'000</b>	<b>Forward Estimate 2001–02 \$'000</b>	<b>Forward Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations for outputs	423 960	424 887	425 068	432 008	436 442
Sales of goods and services	11 227	79 818	76 434	76 748	77 280
Other	35 405	–	–	–	–
<b>Total cash received</b>	<b>470 592</b>	<b>504 705</b>	<b>501 502</b>	<b>508 756</b>	<b>513 722</b>
<b>Cash used</b>					
Employees	222 032	248 494	252 302	258 188	262 442
Suppliers	194 797	204 569	204 415	208 072	207 207
<b>Total cash used</b>	<b>416 829</b>	<b>453 063</b>	<b>456 717</b>	<b>466 260</b>	<b>469 649</b>
<b>Net cash from operating activities</b>	<b>53 763</b>	<b>51 642</b>	<b>44 785</b>	<b>42 496</b>	<b>44 073</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	1 648	1 854	1 922	2 035	1 372
<b>Total cash received</b>	<b>1 648</b>	<b>1 854</b>	<b>1 922</b>	<b>2 035</b>	<b>1 372</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	42 889	20 924	6 226	7 382	13 911
<b>Total cash used</b>	<b>42 889</b>	<b>20 924</b>	<b>6 226</b>	<b>7 382</b>	<b>13 911</b>
<b>Net cash from investing activities</b>	<b>(41 241)</b>	<b>(19 070)</b>	<b>(4 304)</b>	<b>(5 347)</b>	<b>(12 539)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash Received</b>					
Cash from Consolidated Revenue Fund	30 368	2 369	–	–	–
Other	579	579	579	579	579
<b>Total cash received</b>	<b>30 947</b>	<b>2 948</b>	<b>579</b>	<b>579</b>	<b>579</b>
<b>Cash used</b>					
Capital use and dividends paid	5 358	11 747	11 389	11 031	10 981
Other	579	6 028	6 028	6 028	6 028
<b>Total cash used</b>	<b>5 937</b>	<b>17 775</b>	<b>17 417</b>	<b>17 059</b>	<b>17 009</b>
<b>Net cash from financing activities</b>	<b>25 010</b>	<b>(14 827)</b>	<b>(16 838)</b>	<b>(16 480)</b>	<b>(16 430)</b>
<b>Net increase in cash held</b>	<b>37 532</b>	<b>17 745</b>	<b>23 643</b>	<b>20 669</b>	<b>15 104</b>
Cash at the beginning of the reporting period	623	38 155	55 900	79 543	100 212
<b>Cash at the end of the reporting period</b>	<b>38 155</b>	<b>55 900</b>	<b>79 543</b>	<b>100 212</b>	<b>115 316</b>

**Table 3.4 Departmental Capital Budget Statement**

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	30 368	2 369	—	—	—
Total loans	—	—	—	—	—
Appropriation of previous year's carryover	35 405	—	—	—	—
<b>Represented by:</b>					
Purchase of non-current assets	48 031	2 369	—	—	—
Other	17 742	—	—	—	—
Total	65 773	2 369	—	—	—
<b>PURCHASE OF NON-CURRENT ASSETS</b>					
Funded by capital appropriations	48 031	2 369	—	—	—
Funded internally by departmental resources	34 002	35 647	6 819	8 027	14 610

**Table 3.5 Departmental Non-Financial Assets — Summary of Movement for Budget Year 2000–01**

	Land	Buildings	Total land and buildings	Other infrastructure plant and equipment	Total infrastructure plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Gross value</b>							
<i>As at 1 July 2000 (opening)</i>	4 108	8 263	12 371	117 518	117 518	25 275	155 164
Additions	—	764	764	24 378	24 378	12 874	38 016
Disposals	—	—	—	(4 029)	(4 029)	—	(4 029)
Other movements	—	—	—	—	—	—	—
<i>As at 30 June 2001 (closing)</i>	4 108	9 027	13 135	137 867	137 867	38 149	189 151
<b>ACCUMULATED DEPRECIATION</b>							
<i>As at 1 July 2000 (opening)</i>	—	450	450	13 411	13 411	5 058	18 919
Disposals	—	—	—	(2 175)	(2 175)	—	(2 175)
Charge for the reporting period	—	207	207	15 767	15 767	9 113	25 087
Other movements	—	—	—	—	—	—	—
<i>As at 30 June 2001 (closing)</i>	—	657	657	27 003	27 003	14 171	41 831
<b>Net book value as at 30 June 2001 (closing book value)</b>	4 108	8 370	12 478	110 864	110 864	23 978	147 321
<b>Net book value as at 1 July 2000 (opening book value)</b>	4 108	7 813	11 921	104 107	104 107	20 217	136 245
<b>TOTAL ADDITIONS</b>							
Self funded	—	764	764	24 378	24 378	10 505	35 647
Appropriations	—	—	—	—	—	2 369	2 369
<b>Total</b>	—	764	764	24 378	24 378	12 874	38 016

**Table 3.6 Statement of Administered Revenues and Expenses (for the year ended 30 June)**

	<b>Estimated Actual 1999–00 \$'000</b>	<b>Budget Estimate 2000–01 \$'000</b>	<b>Forward Estimate 2001–02 \$'000</b>	<b>Forward Estimate 2002–03 \$'000</b>	<b>Forward Estimate 2003–04 \$'000</b>
<b>OPERATING REVENUE</b>					
<b>Taxation</b>					
Customs Duty	3 939 455	4 416 595	4 821 848	5 313 381	5 845 580
Other taxes, fees and fines	309 042	328 756	342 320	356 805	363 227
<b>Total taxation</b>	<b>4 248 497</b>	<b>4 745 351</b>	<b>5 164 168</b>	<b>5 670 186</b>	<b>6 208 807</b>
<b>Non-taxation</b>					
Revenues from government	260	260	260	260	260
Other sources of non-taxation revenues	1 450	866	728	763	777
<b>Total non-taxation</b>	<b>1 710</b>	<b>1 126</b>	<b>988</b>	<b>1 023</b>	<b>1 037</b>
<b>Total operating revenues</b>	<b>4 250 207</b>	<b>4 746 477</b>	<b>5 165 156</b>	<b>5 671 209</b>	<b>6 209 844</b>
<b>OPERATING EXPENSES</b>					
Goods and services expenses	260	260	260	260	260
<b>Total operating expenses</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>260</b>
Abnormal and extraordinary items	–	–	–	–	–
<b>Net contribution or cost to the budget outcome</b>	<b>4 249 947</b>	<b>4 746 217</b>	<b>5 164 896</b>	<b>5 670 949</b>	<b>6 209 584</b>
<b>Transfers to the official public account</b>					
Amount remitted from administered revenues	4 249 947	4 746 217	5 164 896	5 670 949	6 209 584
<b>Net surplus or deficit</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Table 3.7 Statement of Administered Assets and Liabilities (as at 30 June)

	Estimated Actual 1999–00 \$'000	Budget Estimate 2000–01 \$'000	Forward Estimate 2001–02 \$'000	Forward Estimate 2002–03 \$'000	Forward Estimate 2003–04 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash	3 635	3 635	3 635	3 635	3 635
Receivables	59 078	59 078	59 078	59 078	59 078
<b>Total financial assets</b>	<b>62 713</b>	<b>62 713</b>	<b>62 713</b>	<b>62 713</b>	<b>62 713</b>
<b>Non-financial assets</b>					
Inventories	361	361	361	361	361
<b>Total non-financial assets</b>	<b>361</b>	<b>361</b>	<b>361</b>	<b>361</b>	<b>361</b>
<b>Total assets</b>	<b>63 074</b>	<b>63 074</b>	<b>63 074</b>	<b>63 074</b>	<b>63 074</b>
<b>LIABILITIES</b>					
<b>Debt</b>					
Deposits	368	368	368	368	368
<b>Total debt</b>	<b>368</b>	<b>368</b>	<b>368</b>	<b>368</b>	<b>368</b>
<b>Provisions and payables</b>					
Other	31 326	31 326	31 326	31 326	31 326
<b>Total provisions and payables</b>	<b>31 326</b>	<b>31 326</b>	<b>31 326</b>	<b>31 326</b>	<b>31 326</b>
<b>Total liabilities</b>	<b>31 694</b>	<b>31 694</b>	<b>31 694</b>	<b>31 694</b>	<b>31 694</b>
<b>EQUITY</b>					
Accumulated surpluses or (deficits)	31 380	31 380	31 380	31 380	31 380
<b>Total equity</b>	<b>31 380</b>	<b>31 380</b>	<b>31 380</b>	<b>31 380</b>	<b>31 380</b>
<b>Current liabilities</b>	<b>31 694</b>	<b>31 694</b>	<b>31 694</b>	<b>31 694</b>	<b>31 694</b>
<b>Non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Current assets</b>	<b>63 074</b>	<b>63 074</b>	<b>63 074</b>	<b>63 074</b>	<b>63 074</b>
<b>Non-current assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Table 3.8 Administered Cash Flows (for the year ended 30 June)

	Estimated Actual 1999-00 \$'000	Budget Estimate 2000-01 \$'000	Forward Estimate 2001-02 \$'000	Forward Estimate 2002-03 \$'000	Forward Estimate 2003-04 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Other taxes, fees and fines	4 356 650	4 881 810	5 310 755	5 783 815	6 247 981
Appropriations	260	260	260	260	260
Sale of goods and services	3 247	5 786	3 149	3 228	3 228
<b>Total cash received</b>	<b>4 360 157</b>	<b>4 887 856</b>	<b>5 314 164</b>	<b>5 787 303</b>	<b>6 251 469</b>
<b>Cash used</b>					
Cash to Official Public Account	4 359 897	4 887 596	5 313 904	5 787 043	6 251 209
Other	260	260	260	260	260
<b>Total cash used</b>	<b>4 360 157</b>	<b>4 887 856</b>	<b>5 314 164</b>	<b>5 787 303</b>	<b>6 251 469</b>
<b>Net cash from operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Cash received from borrowings	-	-	-	-	-
<b>Total cash received</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash used</b>					
Repayment of borrowings	-	-	-	-	-
<b>Total cash used</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash from investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Other	8 995	9 220	9 450	9 686	9 860
<b>Total cash received</b>	<b>8 995</b>	<b>9 220</b>	<b>9 450</b>	<b>9 686</b>	<b>9 860</b>
<b>Cash used</b>					
Other	8 995	9 220	9 450	9 686	9 860
<b>Total cash used</b>	<b>8 995</b>	<b>9 220</b>	<b>9 450</b>	<b>9 686</b>	<b>9 860</b>
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash held</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash at the beginning of the reporting period	3 635	3 635	3 635	3 635	3 635
<b>Cash at the end of the reporting period</b>	<b>3 635</b>	<b>3 635</b>	<b>3 635</b>	<b>3 635</b>	<b>3 635</b>

## Notes to the Financial Statements

### Departmental

1. The net increase in appropriation for 2000–2001 is due to an increase in funding from the budget measure for unauthorised arrivals, the PAX Workload Growth agreement, the employee entitlement adjustment for 27 pays in 2004–2005 and an allowance for parameter adjustments. The savings measure from the Output Pricing review and an adjustment for Wholesale Sales Tax had a reducing impact on appropriations.
2. Sales of goods and services increased significantly due to funding for the introduction of ANTS and the TRS being treated under purchaser/provider arrangements from the ATO and also includes Section 31 sales of goods and services which saw an increase related to the Coastwatch Review.
3. Employee expenses increased due to the cost implementation of ANTS and TRS. The PAX Workload Growth agreement also increased employee expenses by \$3.74m and an allowance was made in relation to the year 2004–2005 which has 27 pay periods.
4. Supplier expenses increased due to the cost implementation of ANTS and TRS. The budget measure for unauthorised arrivals also increased supplier expenses.
5. Refer to Asset Movement Summary, Table 3.5.
6. Refer to Asset Movement Summary, Table 3.5.
7. Refer to Asset Movement Summary, Table 3.5.
8. The upgrade to the Marine Fleet was undertaken as a finance lease.

## **Section 4: Purchaser/Provider Arrangements**

### **Cross Agency Overview**

In 2000–2001 Customs will have cross agency arrangements with the ATO, DIMA, and the Australian Quarantine and Inspection Service (AQIS).

In addition to the existing arrangement with the ATO for the provision of information technology services related to the Diesel Fuel Rebate Scheme (DFRS), Customs has now entered into an arrangement with the ATO, as part of the introduction of ANTS, to administer the TRS and provide a range of services related to the GST, WET and LCT on imported and exported goods.

As a result of the Task Force on Coastal Surveillance, established by the Prime Minister, Customs entered into an arrangement with DIMA for the provision of additional Coastwatch surveillance services was established in 1999–2000. This service will be extended in 2000–2001.

Customs provides to AQIS a collection service for AQIS cost recovery charges imposed on all House Airway Bills and cargo reports.

### **Resourcing**

Resourcing for these cross agency arrangements is provided through the government appropriations to the ATO, DIMA and AQIS. The resources required for the provision of these services in 2000–2001 will be \$0.528m for DFRS, \$43.0m for ANTS \$25.650m for Coastal Surveillance and \$1.797m for AQIS cost recovery collection.

### **Performance against outcomes and outputs**

Refer to Table 2.2.

## Appendix 1

### Non-appropriation departmental and administered revenue

	Estimated Revenue 1999–2000 \$'000	Estimated Revenue 2000–01 \$'000
<b>Departmental revenue</b>		
Resources received free of charge	138 408	138 954
Sales of goods and services	10 617	81 282
Interest and dividends	579	579
<b>Administered revenue</b>		
Customs duty	3 939 455	4 416 595
Taxes, fees and fines	309 042	328 756
Sale of goods and services	1 450	866
<b>Total Estimated Revenue</b>	<b>4 399 551</b>	<b>4 967 032</b>