

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

The Australian Customs and Border Protection Service (Customs and Border Protection) performs a vital role in preventing the illegal movement of people and harmful goods across Australia's borders. Customs and Border Protection protects the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure the collection of border revenue and trade statistics.

Recognising its important border protection role, the Prime Minister announced in December 2008 that the then Australian Customs Service would be re-named the Australian Customs and Border Protection Service and that it would be given additional capabilities to respond to the resurgent threat to our borders of people smuggling by boat. A number of activities associated with the response to the rise in people smuggling by sea were transferred to Customs and Border Protection from the Department of Immigration and Citizenship as a machinery of government change.

This new arrangement has created in the Australian Customs and Border Protection Service an integrated capability to task and analyse intelligence, where appropriate, coordinate surveillance and on-water response, and engage internationally with source and transit countries to address and deter people smuggling throughout the operating pipeline from source countries to our shores. Much of this capability is being embedded in the Border Protection Command. The Prime Minister's announcement, as well as an enhancement of the agency's capabilities, supports its role as the key agency in protecting Australia's borders.

The Australian Government has provided Customs and Border Protection with additional funding of \$63.810m (\$26.828m in 2009-10) to support the commitment to respond to the rise in maritime people smuggling activities and to take a coordinated approach when dealing with a broader range of maritime threats. Customs and Border Protection has received funding through five measures to enhance its capability to address maritime people smuggling through post-interdiction activity related to the disposal of vessels, strengthening international engagement, including opening a new post in Sri Lanka and additional positions in Malaysia and Indonesia, a multi-faceted communications strategy aimed at discouraging the attractiveness of Australia for potential illegal immigrants and maritime people smugglers, and increased maritime response capability and increased aerial surveillance of Australia's northern waters.

Customs and Border Protection has been provided with \$54.3m over two years from 2009–10 to continue its civil maritime capability requirements by extending the current contract for the ACV Triton which patrols the northern waters and the retention of the Maritime surveillance – Southern Ocean Maritime Patrol and Response Program at a cost of \$180.4m over three years from 2010–11. In addition the government has provided \$39.1m over four years to maintain on-land capability and support of on-water surveillance and response of illegal foreign fishing in the northern waters. These measures will ensure that Customs and Border Protection will continue to perform a pivotal role in patrolling both the Southern Ocean and our northern waters to protect our environmental and economic interests.

A major challenge for Customs and Border Protection in 2009–10 will be how it continues to deliver effective and efficient border protection operations while positioning the organisation for the future. It is likely that the long-term trends identified in the agency's *Strategic Outlook 2015* remain valid, notwithstanding the impact of the current economic climate. The complexity of the future risks that Customs and Border Protection manages will continue to increase.

Customs and Border Protection's strategies in 2009–10 will be further influenced by the work it is leading in the development of a cross-government strategic plan for border security and management. A clearly articulated plan will provide a solid base for Customs and Border Protection to adjust to new developments in meeting its responsibilities to the community.

A key focus in 2009–10 is to optimise front-line operations and deploy resources based on the assessment of risk and priorities. By directing its activities on a risk basis, Customs and Border Protection will continue to minimise the impact on legitimate trade and travel while contributing to efficiencies within the agency and to the delivery of ongoing efficiencies for government.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and by administered and departmental classification.

Table 1.1: Agency resource statement—Budget estimates for 2009–10 as at Budget, May 2009

	Estimate of prior year amounts available in 2009–10 (\$'000)	+ Proposed at Budget 2009–10 (\$'000)	= Total estimate 2009–10 (\$'000)	Actual available appropriation 2008–09 (\$'000)
ORDINARY ANNUAL SERVICES				
Departmental				
Prior year departmental appropriation	161,232 ⁴	–	161,232	–
Departmental appropriation*	–	1,020,490 ¹	1,020,490	1,011,165
S 31 relevant agency receipts	–	64,059 ³	64,059	65,278
Total	161,232	1,084,549	1,245,781	1,076,443
Administered expenses				
Outcome 1 [†]	–	831 ¹	831	–
Total	–	831	831	–
Total ordinary annual services A	161,232	1,085,380	1,246,612	1,076,443
OTHER SERVICES				
Departmental non-operating				
Equity injections	–	5,239 ²	5,239	23,241
Previous years' outputs	–	–	–	1,375
Total other services B	–	5,239	5,239	24,616
Total available annual appropriations	161,232	1,090,619	1,251,851	1,101,059
SPECIAL APPROPRIATIONS				
Special appropriations limited by criteria/entitlement				
Customs duty and other repayments ⁶	–	380,000	380,000	380,000
Total special appropriations C	–	380,000	380,000	380,000
Total appropriations excluding special accounts	161,232	1,470,619	1,631,851	1,481,059
SPECIAL ACCOUNTS				
Opening balance	5,152 ⁵	–	5,152	5,152
Non-appropriation receipts to special accounts	–	4,040	4,040	4,540
Total special accounts D	5,152	4,040	9,192	9,692
Total net resourcing for agency (A+B+C+D)	166,384	1,474,659	1,641,043	1,490,751

All figures are GST exclusive.

1. Appropriation Bill (No. 1) 2009–10.
 2. Appropriation Bill (No. 2) 2009–10.
 3. Section 31 relevant agency receipts—estimate.
 4. Estimated adjusted balance carried forward from previous year for annual appropriations.
 5. Estimated opening balance for special accounts. For further information on special accounts see Table 3.1.2.
 6. *Financial Management and Accountability Act 1997*, section 28—Repayments required or permitted by law.
- * The actual available 2008–09 departmental appropriation presented in this table of \$1,011.165m includes a \$2.527m variance to the amount presented in Table 3.2.1 as a result of anticipated adjustments.
- † Includes a transfer of activities associated with the response to people smuggling by sea from the Department of Immigration and Citizenship.

1.3 BUDGET MEASURES

Budget measures relating to Customs and Border Protection are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Agency 2009–10 Budget measures

	Program	2008–09 (\$'000)	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
REVENUE MEASURES						
Changing the taxation definition of beer and wine	1.5					
Administered revenues		–	10,000	10,000	10,000	10,000
Migration Program—reduction in skill stream places for 2008–09	1.5					
Administered revenues		–	(3,400)	(3,400)	(3,400)	(3,400)
Migration Program—allocation of places for 2009–10	1.5					
Administered revenues		–	(4,300)	(7,700)	(12,000)	(15,500)
Total revenue measures						
Administered	Total	–	2,300	(1,100)	(5,400)	(8,900)
EXPENSE MEASURES						
Customs—risk-based approach to air cargo inspections	1.2					
Departmental expenses		–	(4,182)	(4,236)	(4,293)	(4,352)
Customs—risk-based approach to sea cargo inspections	1.2					
Departmental expenses		–	(8,168)	(8,178)	(8,090)	(8,002)
Customs—risk-based approach to first port boarding inspections	1.3					
Departmental expenses		–	(2,118)	(2,137)	(2,167)	(2,187)
Automated border processing (SmartGate)—maintenance	1.1					
Departmental expenses		–	–	–	–	–
China – Australian Customs and Border Protection Service—continuation	1.2					
Departmental expenses		–	–	–	–	–
Overseas development assistance—Regional Assistance Mission to Solomon Islands—continuation[#]	1.2					
Departmental expenses ¹		–	611	767	819	60
Quarantine border security—continuation^{2 #}	1.1, 1.2					
Departmental expenses		–	–	–	–	–

Table 1.2: Agency 2009–10 Budget measures (continued)

	Program	2008–09 (\$'000)	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
International counter-terror-ism—South-East Asia border security program^^	1.3					
Departmental expenses ³		–	(2,247)	(1,820)	(1,767)	(2,314)
Maritime surveillance—Bay class vessel replacement project#	1.4					
Departmental expenses		–	1,000	–	–	–
Illegal foreign fishing in northern waters—continuation of funding for on-land support services	1.4					
Departmental expenses		–	–	–	–	–
Maritime surveillance—Southern Ocean Maritime Patrol and Response Program#	1.4					
Departmental expenses		–	–	60,508	59,632	60,281
Border protection—combating people smuggling—post-interdiction management of illegal entry vessels#	1.3					
Departmental expenses		–	8,028	8,111	2,920	2,955
Border protection—combating people smuggling—international engagement to prevent and disrupt maritime people smuggling#	1.3					
Departmental expenses		–	5,715	5,145	2,122	2,119
Border protection—combating people smuggling—communications campaign#	1.3					
Departmental expenses		–	1,505	2,531	–	–
Border protection—combating people smuggling—maritime surveillance—extension of contract for ACV Triton#	1.4					
Departmental expenses		–	26,846	26,610	–	–
Border protection—combating people smuggling—increased maritime response capability#	1.4					
Departmental expenses		–	3,380	2,879	–	–

Table 1.2: Agency 2009–10 Budget measures (continued)

Program	2008–09 (\$'000)	2009–10 (\$'000)	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)
Border protection —combating people smuggling—increased aerial surveillance of Australia’s northern waters**	1.4				
Departmental expenses	–	8,200	8,200	–	–
Total expense measures					
Departmental	Total	–	38,570	98,380	49,176
CAPITAL MEASURES					
Border protection— comating people smuggling—maritime surveillance—extension of contract for ACV Triton(b)#	1.4				
Departmental capital	–	800	–	–	–
Total	–	800	–	–	–
Total capital measures					
Departmental	Total	–	800	–	–

Prepared on a Government Finance Statistics (fiscal) basis.

1. The lead agency for measure Overseas development assistance—Regional Assistance Mission to Solomon Islands—continuation is the Department of Foreign Affairs and Trade (DFAT). The full measure description and package details appear in Budget Paper No. 2 under the DFAT portfolio.
 2. The lead agency for the measure Quarantine border security—continuation is the Department of Agriculture, Fisheries and Forestry (DAFF). The full measure description and package details appear in Budget Paper No. 2 under the DAFF portfolio.
 3. The lead agency for the measure International counter-terrorism South-East Asia border security program is DFAT. The full measure description and package details appear in Budget Paper No. 2 under the DFAT portfolio.
- ^^ This is a lapsing measure.
 # This is a terminating measure.
 * This is a combination of a terminating and lapsing measure (Border Protection Northern Waters).

1.4 TRANSITION FROM OUTCOMES AND OUTPUTS TO OUTCOMES AND PROGRAMS

From the 2009–10 Budget, all General Government Sector (GGS) entities will be reporting on a program basis. Figure 2 outlines the transition from the 2008–09 Budget year (as at Additional Estimates), which was presented in administered items, outputs and output groups, to the program reporting framework used for the 2009–10 Budget. The table also captures revisions made to Customs and Border Protection’s outcome statement under the Operation Sunlight Outcome Statements Review.

The revised outcome and five programs against which Customs and Border Protection will report from 2009–10 are identified below.

Figure 2: Transition table

2008–09 Budget year	2009–10 Budget year										
<table border="1"> <tr> <td colspan="2">Outcome 1: Effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides statistics</td> </tr> </table>	Outcome 1: Effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides statistics		<table border="1"> <tr> <td colspan="2">Outcome 1: The protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border revenue and trade statistics</td> </tr> </table>	Outcome 1: The protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border revenue and trade statistics							
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<table border="1"> <tr> <td>Output Group 1.1: Passenger facilitation</td> <td style="text-align: right;">Split*</td> </tr> <tr> <td>Passenger facilitation</td> <td style="text-align: right;">P1.1</td> </tr> <tr> <td>Border related revenue collection</td> <td style="text-align: right;">P1.5</td> </tr> </table>	Output Group 1.1: Passenger facilitation	Split*	Passenger facilitation	P1.1	Border related revenue collection	P1.5	<table border="1"> <tr> <td colspan="2">Program 1.1: Passenger facilitation</td> </tr> <tr> <td>Passenger facilitation</td> <td style="text-align: right;">OG1.1</td> </tr> </table>	Program 1.1: Passenger facilitation		Passenger facilitation	OG1.1
Output Group 1.1: Passenger facilitation	Split*										
Passenger facilitation	P1.1										
Border related revenue collection	P1.5										
Program 1.1: Passenger facilitation											
Passenger facilitation	OG1.1										
<table border="1"> <tr> <td>Output Group 1.2: Trade facilitation and revenue collection</td> <td style="text-align: right;">Split*</td> </tr> <tr> <td>Trade facilitation</td> <td style="text-align: right;">P1.2</td> </tr> <tr> <td>Border related revenue collection</td> <td style="text-align: right;">P1.5</td> </tr> </table>	Output Group 1.2: Trade facilitation and revenue collection	Split*	Trade facilitation	P1.2	Border related revenue collection	P1.5	<table border="1"> <tr> <td colspan="2">Program 1.2: Trade facilitation</td> </tr> <tr> <td>Trade facilitation and revenue collection</td> <td style="text-align: right;">OG1.2</td> </tr> </table>	Program 1.2: Trade facilitation		Trade facilitation and revenue collection	OG1.2
Output Group 1.2: Trade facilitation and revenue collection	Split*										
Trade facilitation	P1.2										
Border related revenue collection	P1.5										
Program 1.2: Trade facilitation											
Trade facilitation and revenue collection	OG1.2										
<table border="1"> <tr> <td>Output Group 1.3: Border enforcement</td> <td style="text-align: right;">Split^</td> </tr> <tr> <td>Border protection and enforcement</td> <td style="text-align: right;">P1.3</td> </tr> <tr> <td>Civil maritime surveillance and response</td> <td style="text-align: right;">P1.4</td> </tr> </table>	Output Group 1.3: Border enforcement	Split^	Border protection and enforcement	P1.3	Civil maritime surveillance and response	P1.4	<table border="1"> <tr> <td colspan="2">Program 1.3: Border protection and enforcement</td> </tr> <tr> <td>Border enforcement</td> <td style="text-align: right;">OG1.3^</td> </tr> </table>	Program 1.3: Border protection and enforcement		Border enforcement	OG1.3^
Output Group 1.3: Border enforcement	Split^										
Border protection and enforcement	P1.3										
Civil maritime surveillance and response	P1.4										
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Output Group 1.4: Civil maritime surveillance and response											
Civil maritime surveillance and response	P1.4										
Program 1.4: Civil maritime surveillance and response											
Border enforcement	OG1.3^										
Civil maritime surveillance and response	OG1.4^										
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Program 1.5: Border related revenue collection	New										
Passenger facilitation	OG1.1*										
Trade facilitation and revenue collection	OG1.2*										

Note: P = Program, OG = Output Group.

* The revenue collection functions previously reported under Output Group 1.1: Passenger facilitation and Output Group 1.2: Trade facilitation and revenue collection have moved to Program 1.5.

^ The maritime operations support function previously reported under Output Group 1.3: Border enforcement has moved to Program 1.4.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

Government outcomes are the intended results, impacts or consequences of actions by the government on the Australian community. Agencies deliver programs, which are the government actions taken to deliver the stated outcomes. Agencies are required to identify the programs that contribute to government outcomes over the Budget and forward years.

Customs and Border Protection's outcome is described below together with its related programs, specifying the performance indicators and targets used to assess and monitor its performance in achieving government outcomes.

Outcome 1: The protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border revenue and trade statistics

Outcome 1 strategy

The key strategies towards achieving Outcome 1 are to:

- manage border risks through intelligence-led risk-based interventions that place an increasing emphasis on working ahead of the border as part of a layered approach to border management
- support cross-agency activities to deter and detect the illegal movement of people across Australia's borders including intelligence analysis, coordinated surveillance and on-water response and engagement internationally with source and transit countries
- lead at the border by supporting the development of the Australian Government's Strategic Border Management Plan, delivering results through effective partnerships with other border agencies and ensuring border management requirements are embedded in our service and infrastructure design
- facilitate legitimate trade and travel by co-designing our services in a way that optimises the trade and travel experience, identifying and developing new business opportunities to maximise service delivery and enhancing our business intelligence capability
- operate efficiently and effectively to achieve a sustainable three-year budget by continuing to develop risk-based priority setting to align with resource allocation, strengthening our operational capacity and developing our leaders
- ensure that appropriate systems are in place to enable the accurate collection of border related revenue and trade statistics, and
- be agile, flexible and able to adapt to new and emerging threats through the accelerated development and implementation of new capabilities.

Outcome 1 budgeted expenses and resources

Table 2.1 provides an overview of the total expenses for Outcome 1, by program.

Table 2.1: Budgeted expenses and resources for Outcome 1

	2008–09 Estimated actual expenses (\$'000)	2009–10 Estimated expenses (\$'000)
Outcome 1: The protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border revenue and trade statistics		
Program 1.1: Passenger facilitation		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	183,626	173,982
Revenues from independent sources	12,121	11,889
Expenses not requiring appropriation in the Budget year ^{^^}	4,800	–
Total for Program 1.1	200,547	185,871
Program 1.2: Trade facilitation		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	214,407	197,723
Revenues from independent sources	14,106	13,671
Expenses not requiring appropriation in the Budget year ^{^^}	2,150	–
Total for Program 1.2	230,663	211,394
Program 1.3: Border protection and enforcement		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1) ^{^#}	238,367	235,636
Revenues from independent sources	15,686	15,368
Expenses not requiring appropriation in the Budget year ^{^^}	4,203	–
Total for Program 1.3	258,256	251,004
Program 1.4: Civil maritime surveillance and response		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	214,780	253,822
Revenues from independent sources	18,914	18,659
Expenses not requiring appropriation in the Budget year ^{^^}	1,897	–
Total for Program 1.4	235,591	272,481
Program 1.5: Border related revenue collection		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1)	157,458	159,327
Revenues from independent sources	10,191	10,212
Expenses not requiring appropriation in the Budget year ^{^^}	2,150	–
Total for Program 1.5	169,799	169,539
Outcome 1 totals by appropriation type		
Departmental expenses		
Ordinary annual services (Appropriation Bill No. 1) ^{^**}	1,008,638	1,020,490
Revenues from independent sources	71,018	69,799
Expenses not requiring appropriation in the Budget year ^{^^}	15,200	–
Total expenses for Outcome 1^{** ^^ #}	1,094,856	1,090,289
	2008–09	2009–10
Average staffing level (number)	5,720	5,500

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the Budget year as government priorities change.

* Ordinary annual services (Appropriation Bill No. 1) do not match the appropriation presented in 2008–09 Appropriation Bill No. 1 in Budget Paper No. 4. Refer to table 3.2.1.

Table 2.1: Notes (continued)

** Revenue from independent sources includes resources received free of charge of \$5.740m, which is attributed across all programs.

In 2008–09, Customs and Border Protection reported resources received free of charge of \$225.072m for border protection activities provided by the Department of Defence. The accounting treatment for resources received free of charge has been reviewed and it has been determined that the working relationship between Customs and Border Protection and Defence is a joint operation rather than a service provided by Defence. The expenses (and associated revenue) of this activity do not meet the definition of resources received free of charge as defined in the Finance Minister's Orders and are therefore no longer reported in Customs and Border Protection's accounts.

^ Includes transfer of activities associated with the response to people smuggling by sea from the Department of Immigration and Citizenship.

^^ Includes an operating loss of \$15.2m in 2008–09.

Contributions to Outcome 1

Program 1.1: Passenger facilitation

Program objective

End-to-end passenger and crew processing that supports legitimate travel and the interventions needed to prevent illegal movement of people and the goods they bring across the border.

Linked to:

- Department of Foreign Affairs and Trade – Security of Australian passport data.
- Australian Quarantine and Inspection Service – Prohibited and restricted goods.
- Department of Infrastructure, Transport, Regional Development and Local Government – Aviation security.
- Department of Immigration and Citizenship – Immigration function (Identity – face to passport check).
- Australian Federal Police – Crimes Act – Illicit drugs, counterfeit credit cards.
- Department of Defence – Counter proliferation.
- Australian Competition and Consumer Commission – Prohibited and restricted goods.
- Attorney-General’s Department – Information of national security value, firearms and weapons, IP infringement under the Copyright Act, and other prohibited and restricted goods.
- Australian Taxation Office – Tourist Refund Scheme, GST and other revenue.
- Australian Crime Commission – Intelligence relating to prohibited goods.
- Therapeutic Goods Administration – Therapeutic drugs and substances (Pharmaceutical Benefits Scheme).
- AUSTRAC – Declarations for carrying greater than \$10,000 in currency, BNI (bearer negotiable instruments).
- Department of Health and Ageing – Referral of travellers who meet certain criteria.

Program 1.1 expenses

In 2009–10, passenger facilitation is budgeted to incur expenses of \$186m, a decrease of \$15m from the 2008–09 revised actual. This reduction is primarily due to the application of the wage cost index, adjustment to the Passenger Workload Growth funding and the reduction in expenditure for Automated border processing (SmartGate – maintenance). Forward year estimates remain consistent.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
(\$'000)					
Annual departmental expenses					
Departmental item	183,626	173,982	174,887	177,206	182,800
Revenue from other sources*	12,121	11,889	11,762	12,115	12,509
Expenses not requiring appropriation in the Budget year	4,800	–	–	–	–
Total program expenses	200,547	185,871	186,649	189,321	195,309

* Includes an attribution for revenue received for GST administration and other revenue.

Program 1.1 deliverables

Regulate and facilitate international passengers through:

- pre-arrival and pre-departure risk assessment based on advance passenger data, information and intelligence to identify potential persons of interest (from a whole-of-government perspective)
- pre-arrival and pre-departure traveller information to provide advice about regulatory requirements and to support the traveller’s positive entry and exit experience
- primary interventions at the primary line on arrival and departure for identity verification, for legislative entry and exit processing and to activate secondary assessment of persons of interest
- assessment of passengers and crew on arrival, including through deployment of detector dogs and real-time officer assessment and response activities, and
- secondary interventions on arrival and pre-departure for the assessment of persons of interest (questioning, baggage examination and personal search) and related follow-on activities (formal interviews and referral to Investigations Branch or other agencies such as the Australian Federal Police) and on arrival for the collection of border related revenue.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Deliverables					
Processing of international passengers (air and sea)					
arrivals	12.738m	12.530m	13.340m	14.129m	14.792m
departures	12.718m	11.947m	12.654m	13.341m	13.967m
Processing of international crew (air and sea)					
arrivals	1.006m	1.044m	1.072m	1.100m	1.128m
departures	0.996m	1.013m	1.040m	1.067m	1.095m

Program 1.1 key performance indicators					
<ul style="list-style-type: none"> • Respond to all externally and internally generated referrals for persons of interest. • Passengers understand their obligations, entitlements and processes for entry and exit. • Passenger clearance to agreed service standards. • Number of passengers referred internally and to other agencies. 					
Key performance indicators	2008–09 Revised budget	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Percentage of passengers processed within 30 minutes of joining the inwards queue	95%	95%	95%	95%	95%
Number of arriving international air passenger referrals to the Department of Immigration and Citizenship and to the Department of Health and Ageing	*	*	*	*	*

* Performance cannot be forecast reliably. Actual results will be included in the annual report.

Program 1.2: Trade facilitation

Program objective

Effective border protection for the Australian community by regulating and facilitating legitimate trade and undertaking risk-based interventions to prevent the illegal movement of goods across the border.

Linked to:

- Department of Agriculture, Fisheries and Forestry – Prohibited and restricted goods (e.g. quarantine and bio-diversity), industry assistance schemes.
- Department of Innovation, Industry, Science and Research – Intellectual property rights, patents, trade marks, design, anti-dumping, preferential and non-preferential trade schemes, industry assistance schemes, regulated goods.
- Department of Foreign Affairs and Trade – Preferential and non-preferential trade schemes and agreements, prohibited and restricted goods (e.g. counter proliferation goods).
- Department of Defence – Prohibited and restricted goods (e.g. strategic weapons), concessions.
- Australian Bureau of Statistics – Statistics.
- Department of Health and Ageing – Prohibited and restricted goods (e.g. Pharmaceutical Benefits Scheme medicines), concessions.
- Department of the Environment, Water, Heritage and the Arts – Prohibited and restricted goods (e.g. Convention on International Trade in Endangered Species of Wild Fauna and Flora).
- Attorney-General’s Department – Drug interdiction and money laundering, prohibited and restricted goods (e.g. firearms and weapons).
- Department of Infrastructure, Transport, Regional Development and Local Government – Imported vehicles and port security.
- Department of Broadband, Communications and the Digital Economy – Imports/exports through the international postal stream.
- Australian Competition and Consumer Commission – Prohibited and restricted goods (e.g. cosmetic products).
- Department of Resources, Energy and Tourism – Prohibited and restricted goods (e.g. diamonds).
- Department of Education, Employment and Workplace Relations – Prohibited and restricted goods (e.g. asbestos).

Program 1.2 expenses

In 2009-10, trade facilitation is budgeted to incur expenses of \$211m, a decrease of \$19m from the 2008-09 revised budget. This reduction is primarily due to the application of the wage cost index and savings from a refined risk-based approach to the processing of air and sea cargo. Forward year estimates remain consistent.

(\$'000)	2008-09 Revised budget	2009-10 Budget	2010-11 Forward year 1	2011-12 Forward year 2	2012-13 Forward year 3
Annual departmental expenses					
Departmental item	214,407	197,723	198,012	195,260	194,033
Revenue from other sources	14,106	13,671	13,484	13,735	14,054
Expenses not requiring appropriation in the Budget year	2,150	-	-	-	-
Total program expenses	230,663	211,394	211,496	208,995	208,087

Program 1.2 deliverables

Regulate and facilitate legitimate trade through:

- targeted inspection and examination of goods at the border in order to detect and prevent the import or export of prohibited items and to control the movement of restricted items
- referrals of matters for investigation and potentially prosecution
- effective management of end-to-end cargo management processes and information systems
- provision of advice in relation to classification, valuation and rules of origin services to importers and exporters
- provision of import and export data and statistics
- investigation of anti-dumping and countervailing applications and the determination, implementation, monitoring and review of appropriate measures to address them
- undertaking effective risk-based compliance management that supports traders in understanding and meeting their reporting, revenue, permit and cargo movement obligations at the border, and
- identifying and penalising deliberate non-compliance of regulated goods reporting.

Australian Customs and Border Protection Service

Deliverables	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Number of Customs import declarations finalised	3.4m	2.9m	2.5m	2.4m	2.7m
Number of export declarations finalised	1.3m	1.3m	1.4m	1.5m	1.6m
Number of imported air cargo consignments reported	10.8m	9.1m	8.0m	8.0m	9.0m
Number of imported sea cargo manifest lines reported	2.5m	2.1m	1.9m	1.8m	2.0m
Volume of cargo subject to inspection and examination:~~					
Sea cargo:					
number of TEU~ inspected	134,000	101,500	101,500	101,500	101,500
number of TEU examined	14,300	14,000	14,000	14,000	14,000
Air cargo:					
number of consignments inspected	6.2m	1.5m	1.5m	1.5m	1.5m
number of consignments examined	*	*	*	*	*
Mail:					
number of parcels/EMS/registered items inspected>	18.0m	18.0m	18.0m	18.0m	18.0m
number of letter class mail items inspected>	40.0m	40.0m	40.0m	40.0m	40.0m
number of mail items examined>>	*	*	*	*	*
Licensing of customs brokers and depots	*	*	*	*	*
Number of tariff advices, valuation advices and rules of origin advices completed	*	*	*	*	*
Number of reviews of tariff decisions completed	*	*	*	*	*
Number of reviews of valuation decisions and rules of origin decisions completed	*	*	*	*	*
Number of anti-dumping/ countervailing investigations, reviews, reinvestigations, continuations and duty assessments:	#	#	#	#	#
brought forward from 2008–09	*	*	*	*	*
received	*	*	*	*	*
finalised	*	*	*	*	*
carried forward to 2010–11	*	*	*	*	*
Number of applications for judicial review of anti-dumping/countervailing decision	*	*	*	*	*

* Performance cannot be forecast reliably. Actual results will be included in the annual report.

Workloads against these measures cannot be anticipated, as they are dependent on international trends and/or economic circumstances beyond Customs and Border Protection's control. Actual figures will be included in the annual report.

~ TEU = twenty-foot equivalent units.

~~ All cargo is risk assessed.

> Inspection may include the use of x-ray technology, detector dogs or physical examination.

>> Examination means physically opened by Customs and Border Protection.

Program 1.2 key performance indicators					
Key performance indicators	2008–09 Revised budget	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Availability of electronic cargo systems to Customs and Border Protection clients (excluding scheduled outages)	99.7%	99.7%	99.7%	99.7%	99.7%
Proportion of electronically lodged import declarations where an authority to deal is transmitted within 15 minutes of finalisation of details	97%	97%	97%	97%	97%
Proportion of external appeals against Customs and Border Protection decisions on tariff advices, valuation advices, rules of origin, and refund and drawback applications where a Customs and Border Protection decision was overturned	*	*	*	*	*
Proportion of anti-dumping/ countervailing investigations, reviews, continuations and duty assessments completed within 155 days [^]	100%	100%	100%	100%	100%
Number of non-compliance and penalty records created	*	*	*	*	*
Proportion of applications for judicial review of anti-dumping/countervailing decisions remitted for reconsideration	*	*	*	*	*
Percentage of cargo (total bills) reported in line with legislated timeframes:					
sea cargo	^^	^^	^^	^^	^^
air cargo	^^	^^	^^	^^	^^
Percentage of licensed depots subject to compliance visits/checks	60%	60%	60%	60%	60%
Proportion of broker and depot licence applications processed in accordance with client service standards	100%	100%	100%	100%	100%

* Performance cannot be forecast reliably. Actual results will be included in the annual report.

[^] The Minister may approve an extension to the time in which an investigation must be completed.

^{^^} Actual results will be reported in the annual report.

Program 1.3: Border protection and enforcement

Program objective

Prevent, detect and deter prohibited, harmful or illegal goods or people entering Australia or operating illegally in the Australian Exclusive Economic Zone. This includes:

- preventing, detecting, and deterring the movement of illicit drugs and their precursors
- preventing, detecting, and deterring illicit firearms crossing the border
- in concert with government, industry and international partners, preventing, deterring and disrupting tobacco smuggling, and
- providing on-shore/in-shore capability in relation to illegal foreign fishing and suspected illegal arrivals.

To support:

- whole-of-government efforts to deliver integrated regulatory, transactional and physical security measures that safeguard people, goods, vessels and aircraft against terrorist related threats, and
- cross-jurisdictional efforts at both domestic and international levels to prevent, detect and disrupt the activities of organised crime syndicates.

Customs and Border Protection operates to ensure that it has accurate intelligence and insights about risks and threats necessary to perform its border protection role.

Linked to:

- Australian Federal Police – Movement of harmful or illegal goods operations.
- Australian Crime Commission – Movement of harmful or illegal goods operations.
- Department of Immigration and Citizenship – Suspected illegal arrivals operations/illegal foreign fishing.
- Department of Infrastructure, Transport, Regional Development and Local Government – Aviation security operations/port security and vessel operations.
- Department of Agriculture, Fisheries and Forestry – Illegal foreign fishing operations.
- Attorney-General’s Department – Policy development and advice on law enforcement matters/provision of intelligence (ASIO), counter-terrorism, illegal drugs, firearms.
- Department of Prime Minister and Cabinet (Office of National Assessments) – Counter-terrorism.

Program 1.3 expenses

In 2009–10, border protection and enforcement is budgeted to incur expenses of \$251m, a decrease of \$7m from the 2008–09 revised budget. This reduction is primarily due to the application of the wage cost index, saving measures relating to a refined risk-based approach for first port boarding and a reduction in spending for illegal foreign fishing in northern waters offset by additional funding for measures relating to people smuggling in 2009–10 and 2010–11. Forward year estimates remain consistent.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
((\$'000))					
Annual departmental expenses					
Departmental item*	238,367	235,636	234,876	228,505	229,774
Revenue from other sources	15,686	15,368	15,200	15,646	16,149
Expenses not requiring Appropriation in the Budget year	4,203	–	–	–	–
Total program expenses	258,256	251,004	250,076	244,151	245,923

* Includes transfer of activities associated with the response to people smuggling by sea from the Department of Immigration and Citizenship.

Program 1.3 deliverables

Respond to threats and suspected breaches at the border through:

- land-based surveillance of the coastline, seaports and waterfronts
- processing of apprehended foreign fishers
- risk assessment, boarding, compliance and search activities in relation to passengers, crew, ships and craft entering and departing Australia
- operational activity responding to threats and suspected breaches
- investigations and prosecutions related to breaches of the border involving non-narcotic prohibited goods, import fraud and duty evasion and proceeds of crime under the Customs Act and other relevant Commonwealth legislation
- intelligence and targeting activities for the identification of people and goods of interest consistent with Customs and Border Protection’s requirements, immigration, health, family law and other law enforcement and national security requirements
- evaluation and deployment of a range of detection technologies, and
- working with other government agencies to develop strategies across a range of law enforcement-related topics that impact our activities at the border.

Program 1.3 key performance indicators

- Number of illegal foreign fishers apprehended and processed.
- Percentage of cases accepted for investigation.
- Percentage of prosecution briefs completed which resulted in a conviction.
- Number of commercial vessels boarded.
- Number of commercial vessels boarded at first port.
- Number and weight of illicit drug detections.

Key performance indicators	2008–09 Revised budget	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Number of illegal foreign fishers apprehended and processed	540	540	540	540	540
Number of cases accepted for investigation##	18–25%	18–25%	18–25%	18–25%	18–25%
Percentage of prosecution briefs completed, which resulted in a conviction>>	85–98%	85–98%	85–98%	85–98%	85–98%
Number of commercial vessels boarded at the first port*	8,600 to 9,200	6,450	6,450	6,450	6,450
Number and weight of illicit drug detections	*	*	*	*	*

* Performance cannot be forecast reliably. Actual results will be reported in the annual report.

Investigations of suspected breaches of Australia’s border controls identified by, or referred to, the Investigations Branch.

>> This measure refers to prosecution briefs prepared by the Investigations Branch and dealt with by the courts. ‘Conviction’ includes guilty verdicts where no conviction is recorded.

> Target based on revised 2009–10 figures.

Program 1.4: Civil maritime surveillance and response

Program objective

- To protect Australia’s national interests by generating awareness of activity in Australia’s maritime domain and responding to mitigate, or eliminate, the risks posed by security threats.
- To coordinate whole-of-government efforts in detecting, reporting and responding to potential or actual non-compliance with relevant laws in Australia’s maritime domain, and to provide a maritime domain awareness. This also includes coordinating the whole-of-government effort to respond to the rise in maritime people smuggling.
- Security threats in Australia’s maritime domain include illegal activity in protected areas; illegal exploitation of natural resources; marine pollution; prohibited imports and exports; unauthorised maritime arrivals; compromise to bio-security; piracy, robbery or violence at sea; and maritime terrorism.
- The area of responsibility covers the territorial sea, the contiguous zone, the Exclusive Economic Zone and continental shelf including the Southern Ocean Exclusive Economic Zone and, for responsibilities as Australia’s Security Force Authority, the Australian Search and Rescue Region.
- Maritime security operations are led and coordinated by Border Protection Command. Border Protection Command is a standing multi-agency authority situated in Customs and Border Protection and staffed by officers from Customs and Border Protection, the Australian Defence Force, the Australian Fisheries Management Authority and the Australian Quarantine and Inspection Service.

Linked to:

- Australian Federal Police – Movement of harmful or illegal goods operations.
- Australian Crime Commission – Movement of harmful or illegal goods operations.
- Department of Immigration and Citizenship – Suspected illegal arrivals operations/illegal foreign fishing.
- Department of Infrastructure, Transport, Regional Development and Local Government – Aviation security operations/port security and vessel operations.
- Attorney-General’s Department – Policy development and advice on law enforcement matters/provision of intelligence, counter-terrorism, illegal drugs, firearms.
- Department of Agriculture, Fisheries and Forestry – Illegal foreign fishing operations.

Program 1.4 expenses

In 2009–10, civil maritime surveillance and response is budgeted to incur \$272m of expenses, an increase of \$37m from the 2008–09 revised budget. This increase is primarily due to funding for the people smuggling measures from 2009–10 and 2010–11. Forward estimates show an increase in expenses due to funding of the Maritime surveillance – Southern Ocean Maritime Patrol and Response Program measure from 2010–11 and the movement of maritime operations support from output 1.3 to program 1.4 from 2009–10.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
((\$'000))					
Annual departmental expenses					
Departmental item	214,780	253,822	268,269	223,025	225,606
Revenue from other sources	18,914	18,659	18,509	18,930	19,395
Expenses not requiring appropriation in the Budget year	1,897	–	–	–	–
Total program expenses	235,591	272,481	286,778	241,955	245,001

Program 1.4 deliverables

The whole-of-government efforts in detecting, reporting and responding to potential or actual non-compliance with relevant laws in the Australian maritime domain includes:

- the control and coordination of the Australian Maritime Information System
- the conduct of aerial and commercial satellite surveillance
- coordination of surface response vessels, and
- appropriate threat and risk assessment.

	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Deliverables					
Aerial surveillance coverage (square nautical miles):					
Customs and Border Protection contracted aircraft and RAAF assets* (square nautical miles)	130m ^{**}	153m ^{**}	153m ^{**}	130m ^{**}	130m ^{**}
Commercial contracted satellite (square miles)	5.5m	5.5m	5.5m	5.5m	5.5m
Southern Ocean vessel surveillance (patrol days)	200	280 [^]	280 [^]	200	200
Northern Waters surveillance ACV Triton (patrol days)	240	240	240	-	-
Ashmore Guardian (station and steaming days) ^{***}	330	330	330	-	-
Customs and Border Protection Marine Unit (patrol days)	2,400	2,400	2,400	2,400	2,400

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

- ++ Target based on 130 million square miles for 2008–09, and an additional 23 million square nautical miles for 2009–10 and 2010–11, based on an additional 2,215 surveillance hours funded for two years as part of one of the 2009–10 package of measures to strengthen border protection and to respond to the rise in people smuggling.
- ^ An additional 80 patrol days per year for 2009–10 and 2010–11 included as part of the package of measures to respond to the rise in people smuggling.
- +++ Ashmore Guardian is deployed near-permanently at the Ashmore Reef National Nature Reserve and Cartier Island Marine Reserve.

Program 1.4 key performance indicators					
Key performance indicators	2008–09 Revised budget	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Number of illegal, unregulated and unreported vessels sighted and identified in Australia's Exclusive Economic Zone in the Southern Ocean	*	*	*	*	*
Number of illegal, unregulated and unreported vessels boarded in the Southern Ocean	*	*	*	*	*
Number of illegal, unregulated and unreported vessels apprehended in the Southern Ocean	*	*	*	*	*
Trends in sightings of potentially illegal foreign vessels in Australian northern waters (including illegal foreign fishing vessels)	^^^	^^^	^^^	^^^	^^^
Number of detections and interceptions of suspect illegal entry vessels	*	*	*	*	*
Number of suspect unlawful non-citizens intercepted at sea (including ship's crew)	*	*	*	*	*
Number of apprehensions of illegal foreign fishing vessels~	150	60	60	60	60

- * Performance cannot be forecast reliably. Actual results will be included in the annual report.
- ^^^ Sightings are generated from reports by Border Protection Command surveillance units, including Customs and Border Protection and Defence Force. The number of sightings cannot be forecast through any reliable statistical or other method. Actual sightings and the associated historical trends will be reported in the annual report.
- ~ The total number of apprehensions by Customs and Border and Protection and Defence Force assets.

Program 1.5: Border related revenue collection

Program objective

- To provide assurance that the customs duty, indirect taxes and charges payable on imported goods are correctly assessed, reported and paid, and that revenue concessions, exemptions and refunds are correctly applied.
- To collect revenue from passenger and crew processing and administer the Tourist Refund Scheme.

Linked to:

- Australian Taxation Office – GST, Wine Equalisation Tax, Luxury Car Tax.
- The Treasury – Tourist Refund Scheme, excise equivalent goods and drawbacks.
- Department of Innovation, Industry, Science and Research – All concessions.

Program 1.5 expenses

In 2009–10, border related revenue collection is budgeted to incur expenses of \$170m. There are no significant trends impacting on the forward estimates.

(\$'000)	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Annual departmental expenses					
Departmental item	157,458	159,327	159,069	166,366	171,304
Revenue from other sources	10,191	10,212	10,044	10,850	11,465
Expenses not requiring appropriation in the Budget year	2,150	–	–	–	–
Total program expenses	169,799	169,539	169,113	177,216	182,769

Program 1.5 deliverables

Effectively manage revenue collection by:

- providing assurance that border related revenue administered by Customs and Border Protection and revenue collected on behalf of other agencies is correctly assessed, reported and paid
- providing assurance that refunds, revenue concessions and exemptions are correctly applied
- undertaking effective risk-based compliance management that supports traders in understanding and meeting their revenue reporting and payment obligations
- collecting passenger movement charges and administering the Tourist Refund Scheme, and
- identifying and penalising deliberate non-compliance of revenue and reporting obligations.

Deliverables	2008–09 Revised budget	2009–10 Budget	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
The collection of revenue associated with passenger movements	\$498m	\$522m	\$554m	\$584m	\$611m
Significant revenues collected (including customs duty and GST)	\$9,846m	\$9,243m	\$9,202m	\$9,723m	\$10,410m
Duty concessions:					
	\$1,650m	\$1,840m	\$2,020m	\$2,220m	\$2,410m
Tariff Concessions System (range)	to	to	to	to	to
	\$1,800m	\$2,010m	\$2,220m	\$2,430m	\$2,640m
	\$442m	\$493m	\$547m	\$602m	\$656m
all other concessions schemes** (range)	to	to	to	to	to
	\$518m	\$582m	\$647m	\$712m	\$776m
Administration of the Tourist Refund Scheme:					
number of processed claims	450,449	459,457	468,646	478,019	487,580
value of processed claims	\$75.53m	\$77.06m	\$78.58m	\$80.15m	\$81.75m
number of approved claims	439,187	447,971	456,930	466,069	475,390
value of refunds processed	\$73.65m	\$75.11m	\$76.61m	\$78.14m	\$79.72m
Licensing of Customs warehouses	*	*	*	*	*

* Performance cannot be reliably forecast. Actual results will be included in the annual report.

** Significant revenue and duty concessions are adjusted for the Automotive Competitiveness and Investment Scheme credits, which are treated by Customs and Border Protection as duty revenue and as an expense by the Department of Innovation, Industry, Science and Research.

Program 1.5 key performance indicators					
Key performance indicators	2008–09 Revised budget	2009–10 Budget target	2010–11 Forward year 1	2011–12 Forward year 2	2012–13 Forward year 3
Proportion of drawbacks delivered in accordance with standards	90%	90%	90%	90%	90%
Proportion of refunds delivered in accordance with standards	100%	100%	100%	100%	100%
Proportion of concessional arrangements for imports and exporters delivered in accordance with standards	100%	100%	100%	100%	100%
Number of drawback applications	5,500	5,500	5,500	5,500	5,500
Number of refund applications	55,000	55,000	55,000	55,000	55,000
Number of external appeals against decisions:					
granting of Tariff Concession Orders	*	*	*	*	*
eligibility for 4th Schedule By-law	*	*	*	*	*
Revenue and compliance assurance activity:					
imports—percentage of audits where revenue was adjusted by \$1,000 or more	55%	55%	55%	55%	55%
exports—percentage of audits where free on board was adjusted by \$5,000 or more	75%	75%	75%	75%	75%
Revenue and compliance assurance activity:					
imports—company audit activity	274	274	274	274	274
exports—company audit activity	36	36	36	36	36
Revenue variations identified from compliance activity, audit overstatements and understatements:	*	*	*	*	*
non-audit overstatements and understatements*					
Proportion of warehouse licence applications processed in accordance with client service standards	100%	100%	100%	100%	100%
Percentage of licensed warehouse subject to compliance visits/checks	60%	60%	60%	60%	60%

* Performance cannot be reliably forecast. Actual results will be included in the annual report.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements that provide a comprehensive snapshot of agency finances for the Budget year 2009–10. It explains how Budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and program expenses, movements in administered funds, special accounts and government indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

Customs and Border Protection has had no movement of administered funds between years.

3.1.2 Special accounts

Special accounts provide a means to set aside and record amounts used for specified purposes. Special accounts can be created by a Finance Minister's Determination under the *Financial Management and Accountability Act 1997* or under separate enabling legislation. Table 3.1.2 shows the expected additions (receipts) and reductions (payments) for each account used by Customs and Border Protection.

Table 3.1.2: Estimates of special account cash flows and balances

		Opening balance 2009–10 2008–09	Receipts 2009–10 2008–09	Payments 2009–10 2008–09	Closing balance 2009–10 2008–09
	Outcome	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Other Trust Moneys—FMA Act s20 (A) ¹	1	359	40	40	359
Security Deposits—FMA Act s20 (A)	1	4,793	4,000	4,000	4,793
Service for Other Governments and Non-agency Bodies—FMA Act s20 (A)	1	–	–	–	–
Total special accounts 2009–10 Budget estimate		5,152	4,040	4,040	5,152
Total special accounts 2008–09 estimate actual		5,152	4,540	4,540	5,152

(A) = Administered.

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

- The purpose of the Other Trust Moneys Account is for expenditure of moneys temporarily held in trust for the benefit of a person other than the Australian Government. The account is for recording of unidentified receipts pending investigation and transfer to the correct account or return to the payer.

3.1.3 Australian Government Indigenous Expenditure

Customs and Border Protection has three internally funded Indigenous programs:

- Engage and Train Torres Strait Islanders as Marine Crew to serve in the Torres Strait
- Indigenous Cadetship Program, and
- the continuation of a trial in one Indigenous community to help improve the capacity for in-shore surveillance and response to illegal foreign fishing.

The Torres Strait Island marine trainee program is an entry-level recruitment program specifically for people in the Torres Strait to join the Customs and Border Protection Marine Unit for 12 months as sea-going crew in non-ongoing positions. After completion of the 12-month program, the members are given an opportunity to apply for ongoing Marine Unit positions.

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

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

Table 3.1.3: Australian Government Indigenous Expenditure (AGIE)

Outcome	Appropriations				Program
	Bill No. 1 (\$'000)	Bill No. 2 (\$'000)	Special Appropriation (\$'000)	Total Appropriation (\$'000)	
Outcome 1					
Departmental 2009–10	792	–	–	792	1.4
Departmental 2008–09	521	–	–	521	1.4
Total AGIE 2009–10	792	–	–	792	1.4
Total AGIE 2008–09	521	–	–	521	1.4

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in agency resourcing and financial statements

There is no material difference between the agency resourcing and financial statements.

3.2.2 Analysis of budgeted financial statements

Departmental

Income statement

Customs and Border Protection is budgeting for an operating loss of \$15.2m in 2008–09 due primarily to the impact on expenses of the reduction in the bond rate used to calculate employee leave provisions. The 10-year Treasury bond yield (bond rate) used to calculate leave provisions decreased significantly during 2008–09 from 6.45% at 30 June 2008 to approximately 4.25%. If the 10-year bond rate had remained constant in 2008–09, Customs and Border Protection would be forecasting a balanced budget in 2008–09.

Customs and Border Protection is anticipating a balanced budget result in 2009–10. Total revenue estimated to be received in 2009–10 is \$1,090.289m, an increase of \$10.633m from the estimated actual for 2008–09 of \$1,079.656m.

In 2009–10, Customs and Border Protection is budgeting to receive appropriation revenue of \$1,020.490m, an increase of \$11.852m from the 2008–09 estimated actual. This increase in appropriation is primarily due to the impact of:

- increased appropriation of \$27.115m for the extension to the ACV Triton contract and an additional \$1.000m in funding for the Maritime surveillance – Bay class vessel replacement project
- the total funding in 2009–10 of \$26.828m in measures to strengthen border protection and to respond to the rise in people smuggling activities
- the transfer of appropriation from the Department of Immigration and Citizenship of \$2.096m from 2009–10 due to a transfer of functions to Customs and Border Protection associated with the combating of people smuggling, and
- additional funding of \$0.611m for the Overseas development assistance – Regional Assistance Mission to Solomon Islands measure.

The increase is offset by:

- the impact of savings measures agreed by government as part of the 2009–10 Budget process of \$14.468m. These savings will be realised by a move to an intelligence-led, risk-based approach to the inspection of sea and air cargo as well as first port boarding activities

- savings implemented in 2009–10 of \$6.254m as part of the Gershon Review – savings measure, which requires government agencies that spend in excess of \$20m in relation to IT expenditure to reduce their ongoing information and communications technology business-as-usual budgets by 15%. The savings to be achieved by Customs and Border Protection in the forward years are \$18.984m in 2010–11, \$19.209m in 2011–12 and \$19.436m 2012–13. This represents savings over the forward estimates of \$63.883m in total
- the downward impact of economic parameters of \$3.513m
- decreased funding from adjustments made to workload parameters as part of the Passenger Workload Growth Agreement of \$2.408m. This reduction is due primarily to reduced growth in passenger number throughput through international ports as well as savings realised from the introduction of the SmartGate biometric technology
- reduced funding for the Illegal foreign fishing in northern waters measure of \$4.435m.
- a reduction in funding of \$2.247m in 2009–10 for the International counter-terrorism South-East Asia border security program. This reduction represents an adjustment to the funding in the forward estimates
- a reduction in funding for the Automated Border Processing (SmartGate) – maintenance measure of \$5.164m. This reduction represents an adjustment to the funding in the forward estimates
- a reduction in the funding for the previously lapsing measure, Border Protection Northern Waters, of \$1.367m. This reduction represents an adjustment to the funding in the forward estimates. This measure is now incorporated as part of the new measure Border protection – combating people smuggling – increased aerial surveillance of Australia’s northern waters, and
- total funding impact of other past budget measures and decisions on the forwards estimates in 2009–10 of \$5.942m.

Revenue estimated to be received from the sale of goods and services remains relatively stable between 2008–09 and 2009–10.

Customs and Border Protection will manage a break-even result in the context of reduced funding by implementing a number of savings initiatives while ensuring that front-line operations are optimised. Savings in 2009–10 and the forward years will be achieved by focusing and rationalising discretionary expenditure such as travel expenditure, streamlining the delivery of corporate activities and the possible rationalisation of management layers where appropriate.

Balance sheet

Customs and Border Protection’s net asset (equity) position for 2009–10 is estimated to be \$398.971m, representing an increase of \$5.239m from the 2008–09 position (\$393.732m). This increase in equity is largely attributable to capital appropriations representing funding for biometric activities (\$3.787m) and capital funding for the extension of the ACV Triton charter (\$0.8m).

Budgeted total assets of \$647.994m in 2009–10 represent an increase of \$8.1m from 2008–09 (\$639.885m), comprising an increase in appropriation receivables of \$11.1m and a decrease in non-financial assets of \$3.0m.

There is the potential for the asset and equity levels to reduce from the levels budgeted as a result of a range of adjustments being made to Customs and Border Protection's balance sheet as part of the finalisation of the 2008–09 financial statements.

Administered

Income statement

In 2009–10, Customs and Border Protection will administer the collection of \$5,768.500m in total customs duty. This is a reduction of \$670m from the estimated actual for 2008–09. This reduction is due primarily to the impact of the global economic situation on imports and duty collection and is represented by decreases in the collection of duty for:

- textiles, clothing and footwear of \$310m
- passenger motor vehicles of \$310m, and
- excise equivalent goods of \$70m,

partly offset by:

- moderate growth in general imports of \$20m.

Customs and Border Protection will also administer the collection of \$669.595m in other revenue. This revenue is composed primarily of the Passenger Movement Charge of \$521.921m. The Passenger Movement Charge has been estimated to increase by \$24.335m in 2009–10 over 2008–09 levels. Import processing charges account for \$147.674m of the balance of other administered revenue collected by Customs and Border Protection.

In addition, \$380m will be made available in 2009–10 for Customs and Border Protection to pay for customs duty refunds and drawbacks.

From 2009–10, Customs and Border Protection will receive \$0.831m in administered expenses for functions relating to maritime people smuggling. This is a result of the section 32 transfer from the Department of Immigration and Citizenship.

Schedule of budgeted assets and liabilities

The budgeted net administered asset position for Customs and Border Protection in 2009–10 is \$139.017m, compared to \$125.896m in 2008–09. This is due to an increase in receivables.

Total liabilities administered by Customs and Border Protection remain steady between 2008–09 and 2009–10.

3.2.3 Budgeted financial statements tables

Departmental

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
EXPENSES					
Employee benefits	518,243	505,843	510,253	513,341	523,230
Supplier	492,342	501,036	510,436	465,143	468,875
Grants	–	–	–	–	–
Depreciation and amortisation	84,271	83,410	83,423	83,154	84,984
Total expenses	1,094,856	1,090,289	1,104,112	1,061,638	1,077,089
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	65,278	64,059	63,259	65,536	67,832
Total revenue	65,278	64,059	63,259	65,536	67,832
Gains					
Other gains	5,740	5,740	5,740	5,740	5,740
Total gains	5,740	5,740	5,740	5,740	5,740
Total own-source income	71,018	69,799	68,999	71,276	73,572
Net cost of (contribution by) services	1,023,838	1,020,490	1,035,113	990,362	1,003,517
Appropriation revenue*	1,008,638	1,020,490	1,035,113	990,362	1,003,517
Surplus (deficit)	(15,200)	–	–	–	–
Surplus (deficit) attributable to the Australian Government	(15,200)	–	–	–	–

Prepared on Australian Accounting Standards basis.

* The 2008–09 appropriation presented in this table of \$1,008.638m does not match the appropriation presented in 2008–09 Appropriation Bill No. 1 in Budget Paper No. 4 of \$1,011.165m. Although the 2008–09 estimates reflect a reduction in appropriation, the change to Appropriation Bill No. 1 is still pending.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
ASSETS					
Financial assets					
Cash and cash equivalents	9,219	9,219	9,219	9,219	9,219
Other receivables	11,672	11,672	11,672	11,672	11,672
Appropriation receivables	152,013	163,136	168,383	169,020	170,515
Total financial assets	172,904	184,027	189,274	189,911	191,406
Non-financial assets					
Land and buildings	103,861	103,492	103,313	103,134	102,445
Infrastructure, plant and equipment	114,849	113,041	110,905	110,447	101,256
Inventories	1,933	1,933	1,933	1,933	1,933
Intangibles	234,670	233,833	233,912	233,912	242,297
Other	11,668	11,668	11,668	11,668	11,668
Total non-financial assets	466,981	463,967	461,731	461,094	459,599
Total assets	639,885	647,994	651,005	651,005	651,005
LIABILITIES					
Provisions					
Employees	155,281	158,150	161,082	161,082	161,082
Other	11,226	11,226	11,226	11,226	11,226
Total provisions	166,507	169,376	172,308	172,308	172,308
Payables					
Suppliers	73,290	73,291	73,291	73,291	73,291
Other	6,356	6,356	6,356	6,356	6,356
Total payables	79,646	79,647	79,647	79,647	79,647
Total liabilities	246,153	249,023	251,955	251,955	251,955
Net assets	393,732	398,971	399,050	399,050	399,050
EQUITY*					
Parent entity interest					
Contributed equity	327,658	332,897	332,976	332,976	332,976
Reserves	27,147	27,147	27,147	27,147	27,147
Retained surpluses or accumulated deficits	38,927	38,927	38,927	38,927	38,927
Total parent entity interest	393,732	398,971	399,050	399,050	399,050
Total equity	393,732	398,971	399,050	399,050	399,050
Current assets	186,505	197,628	202,875	203,512	205,007
Non-current assets	453,380	450,366	448,130	447,493	445,998
Current liabilities	209,251	211,686	214,173	214,173	214,173
Non-current liabilities	36,902	37,337	37,782	37,782	37,782

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
OPERATING ACTIVITIES					
Cash received					
Goods and services	65,278	64,059	63,259	65,536	67,832
Appropriations	1,006,011	1,009,367	1,029,866	989,725	1,002,022
Net GST received*	43,869	43,869	43,869	43,869	43,869
Total cash received	1,115,158	1,117,295	1,136,994	1,099,130	1,113,723
Cash used					
Employees	525,360	510,625	509,021	515,035	523,230
Suppliers	461,682	487,644	502,996	457,709	463,135
Net GST paid*	43,869	43,869	43,869	43,869	43,869
Total cash used	1,030,911	1,042,138	1,055,886	1,016,613	1,030,234
Net cash from (used by) operating activities	84,247	75,157	81,108	82,517	83,489
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	108,863	80,396	81,187	82,517	83,489
Total cash used	108,863	80,396	81,187	82,517	83,489
Net cash from (used by) investing activities	(108,863)	(80,396)	(81,187)	(82,517)	(83,489)
FINANCING ACTIVITIES					
Cash received					
Appropriations—contributed equity	23,241	5,239	79	–	–
Previous years' outputs adjustment	1,375	–	–	–	–
Total cash received	24,616	5,239	79	–	–
Net cash from (used by) financing activities	24,616	5,239	79	–	–
Net increase (decrease) in cash held	–	–	–	–	–
Cash at beginning of reporting period	9,219	9,219	9,219	9,219	9,219
Cash at end of reporting period	9,219	9,219	9,219	9,219	9,219

Prepared on Australian Accounting Standards basis.

* The estimates for net GST received and net GST paid for 2011–12 and 2012–13 were not reflected in the Department of Finance and Deregulation's financial management information system – Commonwealth Budget Management Systems (CBMS) – and therefore are not included in these statements. The estimate for these items is \$43.869m for each year. These estimates will be adjusted in CBMS for these financial years at the next estimates update.

Table 3.2.4: Departmental statement of changes in equity—summary of movement (Budget year 2009–10)

	Retained earnings (\$'000)	Asset revaluation reserve (\$'000)	Contributed equity/ capital (\$'000)	Total equity (\$'000)
Opening balance as at 1 July 2009				
Balance carried forward from previous period	38,927	27,147	327,658	393,732
Income and expenses				
Surplus (deficit) for the period	–	–	–	–
Total income and expenses	38,927	27,147	327,658	393,732
Transactions with owners				
Contribution by owners				
Appropriation (equity injection)	–	–	5,239	5,239
Sub-total transactions with owners	–	–	5,239	5,239
Estimated closing balance as at 30 June 2010	38,927	27,147	332,897	398,971

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
CAPITAL APPROPRIATIONS					
Total equity injections	23,241	5,239	79	–	–
Appropriation of previous year accrued revenue	1,375	–	–	–	–
Total capital appropriations	24,616	5,239	79	–	–
Represented by:					
Purchase of non-financial assets	23,241	5,239	79	–	–
Other items	1,375	–	–	–	–
Total represented by	24,616	5,239	79	–	–
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations	23,241	5,239	79	–	–
Funded internally from departmental resources ¹	85,622	75,157	81,108	82,517	83,489
Assets received due to restructure (FMA Act s 32)	–	–	–	–	–
TOTAL	108,863	80,396	81,187	82,517	83,489

Prepared on Australian Accounting Standards basis.

1. Includes the following sources of funding:

- annual and prior year appropriations
- s 31 relevant agency receipts, and
- proceeds from the sale of assets.

Table 3.2.6: Statement of departmental asset movements (2009–10)

	Land (\$'000)	Buildings (\$'000)	Other infrastructure, plant & equipment (\$'000)	Computer Software (\$'000)	Total (\$'000)
As at 1 July 2009					
Gross book value	18,316	114,288	220,821	356,265	709,690
Accumulated depreciation/ amortisation	–	28,743	105,972	121,595	256,310
Opening net book balance	18,316	85,545	114,849	234,670	453,380
CAPITAL ASSET ADDITIONS					
Estimated expenditure on new or replacement assets					
By purchase or internally developed	–	6,424	53,642	20,330	80,396
Sub-total	–	6,424	53,642	20,330	80,396
Other movements					
Depreciation/amortisation expense	–	6,793	55,450	21,167	83,410
As at 30 June 2010					
Gross book value	18,316	120,712	274,463	376,595	790,086
Accumulated depreciation/ amortisation	–	35,536	161,422	142,762	339,720
Closing net book balance	18,316	85,176	113,041	233,833	450,366

Prepared on Australian Accounting Standards basis.

Administered

Table 3.2.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
INCOME ADMINISTERED ON BEHALF OF GOVERNMENT					
Revenue					
Taxation					
Customs duty	6,438,500	5,768,500	5,488,500	5,838,500	6,218,500
Other taxes, fees and fines	642,235	669,595	704,911	739,467	770,840
Total taxation	7,080,735	6,438,095	6,193,411	6,577,967	6,989,340
Non-taxation					
Other sources of non-taxation revenues	6,537	6,362	6,553	8,000	7,000
Total non-taxation	6,537	6,362	6,553	8,000	7,000
Total income administered on behalf of government	7,087,272	6,444,457	6,199,964	6,585,967	6,996,340
EXPENSES ADMINISTERED ON BEHALF OF GOVERNMENT					
Suppliers*	–	831	877	899	921
Write-down and impairment of assets	2,716	2,716	3,172	7,000	5,000
Total expenses administered on behalf of government	2,716	3,547	4,049	7,899	5,921

Prepared on Australian Accounting Standards basis

* Includes administered supplier expenses as part of the transfer of activities associated with the response to people smuggling by sea from the Department of Immigration and Citizenship.

Table 3.2.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
ASSETS ADMINISTERED ON BEHALF OF GOVERNMENT					
Financial assets					
Cash and cash equivalents	766	766	766	766	766
Receivables	28,044	25,328	25,328	25,328	25,328
Taxation receivables	105,733	121,570	128,898	140,398	148,898
Total financial assets	134,543	147,664	154,992	166,492	174,992
Non-financial assets					
Inventories	23	23	23	23	23
Total non-financial assets	23	23	23	23	23
Total assets administered on behalf of government	134,566	147,687	155,015	166,515	175,015
LIABILITIES ADMINISTERED ON BEHALF OF GOVERNMENT					
Interest-bearing liabilities					
Other	3,518	3,518	3,518	3,518	3,518
Total interest-bearing liabilities	3,518	3,518	3,518	3,518	3,518
Payables					
Other payables	5,152	5,152	5,152	5,152	5,152
Total payables	5,152	5,152	5,152	5,152	5,152
Total liabilities administered on behalf of government	8,670	8,670	8,670	8,670	8,670

Prepared on Australian Accounting Standards basis.

**Table 3.2.9: Schedule of budgeted administered cash flows
(for the period ended 30 June)**

	Estimated actual 2008–09 (\$'000)	Budget estimate 2009–10 (\$'000)	Forward estimate 2010–11 (\$'000)	Forward estimate 2011–12 (\$'000)	Forward estimate 2012–13 (\$'000)
OPERATING ACTIVITIES					
Cash received					
Taxes	6,525,098	5,952,258	5,812,911	6,199,467	6,608,840
Sales of goods and rendering of services	6,537	6,362	6,553	4,000	4,000
Appropriation receipts	–	831	877	899	921
Cash from Official Public Account	380,000	380,000	380,000	380,000	380,000
Total cash received	6,911,635	6,339,451	6,200,341	6,584,366	6,993,761
Cash used					
Cash to Official Public Account	6,911,635	6,338,620	6,199,464	6,583,467	6,992,840
Suppliers	–	831	877	899	921
Total cash used	6,911,635	6,339,451	6,200,341	6,584,366	6,993,761
Net cash from (used by) operating activities					
	–	–	–	–	–
Cash at beginning of reporting period	766	766	766	766	766
Cash from Official Public Account for:					
appropriations	380,000	380,000	380,000	380,000	380,000
Transfers from other entities	6,531,635	5,958,620	5,819,464	6,203,467	6,612,840
Cash to Official Public Account for:					
appropriations	6,911,635	6,338,620	6,199,464	6,583,467	6,992,840
Cash at end of reporting period	766	766	766	766	766

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

Basis of accounting

The budgeted financial statements have been prepared in accordance with the requirements of the Finance Minister's Orders, Australian Accounting Standards, Australian Equivalents to International Financial Reporting Standards and Accounting Guidance Releases, and having regard to the Statements of Accounting Concepts.

Departmental

Revenue from government

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

Employee expenses

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

Supplier expenses

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

Cash

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

Assets

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

Liabilities

Liabilities are made up of employee salary and leave entitlements, property lease make-good provisions and amounts owed to creditors.

Administered

Revenues

All administered revenues relate to the core operating activities performed by Customs and Border Protection on behalf of the Australian Government, including the collection of customs duty, GST duty concessions, revenue associated with the Tourist Refund Scheme and revenue associated with the Passenger Movement Charge.

Supplier expenses

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