

QUESTION TAKEN ON NOTICE

Parliamentary Inquiry : 14 MAY 2015

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(Audit Report 20 - 001) – Parliamentary Inquiry – Staff numbers relating to TCO compliance - Programme 1.1 Border Management (ACBPS)

Title Conroy, Pat Asked:

Mr CONROY: On recommendation 3, which is around strengthening management of compliance data and monitoring and reporting, can you tell me how many people are employed, or the full-time equivalent, on managing compliance around the TCOs?

Mr Woodford-Smith: I would have to take the actual FTE on notice. If I gave you an answer now, it probably would be incorrect. Part of our integration is that we are having teams moving in and out of the different sections, so I think I would prefer to take that on notice rather than mislead you.

Mr CONROY: I appreciate that. Also, could you provide on notice how many FTEs at the end of the implementation of this recommendation you expect to be assigned this activity. How are we going developing KPIs to measure your performance against this particular recommendation? Do you need to take that on notice as well?

Mr Woodford-Smith: Yes.

Mr CONROY: Could you provide a copy of the KPIs if they are available?

Mr Woodford-Smith: Yes, I can do that.

Answer:

11 full time equivalent staff are currently attributed to managing Tariff Concession Order compliance.

The Service is currently determining the level of resourcing that will be needed to manage this activity as part of Integration post 1 July 2015.

The Service has established a Revenue and Trade Crime Taskforce that is undertaking a project to develop key performance indicators through a comprehensive process review and improvement programme across all revenue and targeting processes.

QUESTION TAKEN ON NOTICE

Parliamentary Inquiry : DD MMMMM YYYY

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(Audit Report 20 - 002) – Parliamentary Inquiry – Value of goods under TCOs - Programme 1.1 Border Management (ACBPS)

Conroy, Pat Asked:

Mr CONROY: We have 15,000 current TCOs available for importers and we have statistics about how many additional applications have been received, but do we have any data on the value of goods and shipments that are currently coming in under the 15,000 TCOs?

Mr Woodford-Smith: Certainly not available to me here. We will have that information available to us and provide that on notice.

Answer:

In 2013-14, the duty foregone through concessions claimed via the Tariff Concession System was \$1792 million. As customs duty is applied at the rate of five per cent, the total customs value of the goods imported was \$35,840 million.

QUESTION TAKEN ON NOTICE

Parliamentary Inquiry : 14 MAY 2015

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(Audit Report 20 - 003) – Parliamentary Inquiry – TCO compliance inspections - Programme 1.1 Border Management (ACBPS)

Title Conroy, Pat Asked:

Mr CONROY: The second part of that is that I would be interested in your sample rate of how many shipments you physically inspect to make sure that the machinery X that is claimed to come under this TCO is actually machinery X. If it is available, I would appreciate data on your physical inspection rates.

Mr Woodford-Smith: Yes, we will take that on notice.

Answer:

The Service notes the recommendation of the ANAO in relation to sampling rates and will be arranging a sampling programme along the lines suggested. Due to operational sensitivities we do not release publicly figures on this type of compliance activity. A large proportion of Tariff Concession Orders shipments are adequately assessed through commercial documents sourced from the importer / supplier / broker or freight forwarder. It is uncommon for physical examinations to be required for revenue interventions.

QUESTION TAKEN ON NOTICE

Parliamentary Inquiry : 14 MAY 2015

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(Audit Report 20 - 004) – Parliamentary Inquiry – Enforcement of TCS and Legacy systems - Programme 1.1 Border Management (ACBPS)

Title Wyatt, Ken Asked:

Mr WYATT: The Customs' responses reference the establishment of the Strategic Border Command with the focus on national security matters, illicit drugs, illicit firearms, serious and organised crime, revenue evasion and tobacco smuggling, but in the command how many resources are specifically dedicated to revenue evasion, enforcement of the tariff compliance scheme? And with the SBC also focusing on the serious and much publicised national security sets, trade in illegal drugs and organised crime, what is being done to ensure that enforcement of the TCS remains a priority, given the loss of revenue to Australia?

Mr Woodford-Smith: Again, it is a little bit difficult to answer that question, given some of the changes that we are going through in integration at the moment. Specifically, I would be suggesting that a large part of the Border Force, Strategic Border Command Division, has a significant involvement in terms of that involvement and management around the scheme and around those particular issues. We are potentially looking at around 1,500 people dedicated to a number of different priorities. So one officer can be looking at all of those priorities and more broadly across the other kinds of activities that we might be engaged in. A large part of the Australian Customs and Border Protection Service is in one form or another involved. Whether it be the intelligence side, creating profiles or alerts or activities at the airport in cargo terminals, it is the organisation that is focused on that. I am not sure whether I can give you an exact number of FTE but I can certainly take that on notice.

Mr WYATT: That would be helpful. Given the new arrangements and the systems that have operated for some time, how are you dealing now with the legacy systems that will still be in place? When you transition into new and key areas that government establishes, there is a need to look systems which used to be the basis of all operations and the way in which business is done. How are the legacy systems now being dealt with?

Mr Woodford-Smith: In terms of the legacy systems, there is a project under way at the moment in the organisation being run by the department to review the number of systems we have and how we work with those systems. That work is going on in terms of duplication of systems, for instance. Even just looking out our HR systems, with this integration process, we are looking at how we create efficiencies and coming back to one system. That works through all of the different systems that we have available to us on the Australian Customs and Border Protection Service side as well as the Department of Immigration and Border Protection. It certainly goes to our chief information officer. I am happy to come back with a more fulsome answer on notice, but there is a piece of work that is actually addressing those particular issues right now.

Answer:

The Service has established a Revenue and Trade Crime Task Force in September 2014 to develop and deliver a number of specific enhancements and efficiency improvements to processes and systems to better address complex revenue evasion and deliver additional revenue to Government.

The service is implementing two initiatives which specifically relate to an enhanced ability to identify and stop non-compliant claims for Tariff Concessions. Two analytics models are currently being developed which will inform information on Tariff Concession Orders (TCO).

To deliver this work, funding for 16.66 full time equivalent (FTE) in the current 2014-15 financial year, growing to a maximum of 25 FTE in 2015-16 has been provided. 128 FTE are dedicated to compliance activity generally addressing both revenue and regulated goods risks. This activity is undertaken both at the border (pre-clearance) and post-border (post-clearance). Of these 128

officers, approximately 11 FTE are currently attributed to the enforcement of the tariff concession scheme.

The Service is currently consolidating key corporate systems including the Human Resource and Finance information systems as these systems are duplicated in the two organisations. Most business ICT systems from the Department and the Service will continue to operate in the new Department as they provide support to specific lines of business (i.e. Cargo Management or Visa Processing). As part of the Portfolio's Reform Programme there is a suite of initiatives, including investment in Intelligence ICT capabilities, to improved support to officers in the Border Force.

The service is working to develop a future systems landscape post the consolidation of our organisations that will provide guidance to the lines of business on the systems that we will invest in, maintain or retire. New business systems will be developed to meet new business requirements where appropriate.

QUESTION TAKEN ON NOTICE

Parliamentary Inquiry : 14 MAY 2015

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

**(Audit Report 20 - 005) – Parliamentary Inquiry – Enforcement and Compliance - Programme
1.1 Border Management (ACBPS)**

Wyatt, Ken Asked:

Mr WYATT: The second part of the question is: does Customs have a mechanism for determining instances in which compliance and enforcement costs outweigh any foregone revenue from a lack of compliance by importers?

Mr Roberts: We would be able to do that analysis. I am not aware of it having been done specifically in relation to TCOs, but the cost of enforcement and compliance is something that would be relatively easy to compare. In the space of TCOs, certainly for this financial year, the number of officers working on that mission would be fairly easy to count. The revenue uplift to the Commonwealth, as I mentioned before, is \$15.3 million. The cost of bringing that money in we could weigh up, but it would be significantly below \$1 million—but we could get back to you on the exact numbers.

Answer:

The Service acts in accordance with the Prosecution Policy of the Commonwealth and ensures that there is sufficient evidence to prosecute a case; and that it is evident from the facts of the case, and all the surrounding circumstances, that the prosecution would be in the public interest.

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Parliamentary Inquiry : 14 MAY 2015

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(Audit Report 20 - 006) – Parliamentary Inquiry – Compliance personnel numbers - Programme 1.1 Border Management (ACBPS)

Senator Ketter, Chris Asked:

Senator KETTER: Since 1 July 2014, which is when this change effectively occurred, has there been an increase in the number of personnel involved in compliance activities?

Mr Woodford-Smith: I would have to take that on notice. I would say that fundamentally our process going forward is that there probably has been, because we now have officers that are multi-tasked. So they are not just doing one particular task; they can potentially be working in an airport environment and being redeployed into the cargo environment to support some of that activity or to look at the alerts and profiles that might be raised through the organisation. So I think it is best I take it on notice, but certainly I would suggest that there are more people involved in that compliance aspect than we saw in July 2014.

Senator KETTER: In accepting that, could you give us a breakdown as to where people were spending their time and who they were reporting to prior to 1 July 2014, as opposed to post 1 July 2014?

Mr Woodford-Smith: I will take that on notice. Picking up my last point, though, we had a restructure on 2 March and of course we will have the final structure coming in on 1 July 2015. So the multi-tasking of officers might make understanding that number a little bit problematic, but we will take it on notice and do the best we can.

Answer:

There has been no increase in the number of full time equivalent (FTE) involved in Tariff Concession System Compliance activity since 1 July 2014.

Prior to 1 July 2014, all 11 FTE reported to National Manager Compliance Assurance Branch. For the period 1 July 2014 to 1 March 2015 the 11 FTE reported to National Manager Special Investigations Program. From 2 March 2015 the 11 FTE reported to National Manager Compliance Control Branch.