

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
AUSTRALIAN CUSTOMS SERVICE

Question No. 85

Senator Ludwig asked the following question at the hearing on 13 February 2007:

Funding of project

Regarding the statement 3.22 of the ANAO Report that "*Customs continued to use existing funds and reserves and attempted to generate savings in order to continue funding the project*".

- a) Provide a complete list of savings that were generated "in order to continue funding the project" indicating:
 - i) The program from which the saving was made;
 - ii) The total amount of saving made from the project;
 - iii) How the savings were made from the project;
 - iv) Any other relevant information.

- b) Regarding the statement that the 'ongoing funding of CMR eroded Customs cash reserves and put pressure on operating resources'?
 - i) When did Customs become aware of this?
 - ii) How did Customs become aware of this?
 - iii) Was this shortage communicated to the Minister?
 - iv) If so, on what date was the shortage communicated to the Minister?
 - v) If not, why not and who made the decision not to communicate the shortage to the Minister?

- c) Regarding the decision made to allow the project to proceed without additional funding from Government:
 - i) Who made this decision?
 - ii) When was this decision made?
 - iii) On what basis was this decision made?
 - iv) Was this decision made in consultation with the Minister?
 - v) If not, why not?

The answer to the honourable senator's question is as follows:

- a) i) ii) and iii) As part of Customs annual internal budgeting processes assessments are carried out as to determine the potential cost savings and/or efficiencies that may be available across the organisation to meet emerging priorities or funding pressures. During the period of the CMR project it would have been one of the funding pressures and emerging priorities. Examples of the cost savings or efficiencies that were identified included streamlining of corporate activities and savings resulting from the benchmarking of the efficiency of various operational processes across the organisation. However, it should be noted that the majority of funding requirements associated with the CMR project were capital in nature and could generally not be met through the re-allocation of operating resources.

- b) i) August 2003.

ii) Customs became aware of this through its internal budgeting processes for the 2003-04 financial year and finalised its estimate of the projected shortfall in August 2003.

iii) and iv) The position was communicated to the Minister in August 2003.

v) Not applicable. Refer to answers provided to Questions 84 and 95.