

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
AUSTRALIAN CUSTOMS SERVICE

Question No. 87

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

Revised Business Case

- a) Why was a revised business case deemed necessary in 2003?
- b) Was this congruent with the cabinet submission process mentioned at 3.21?
- c) Who was responsible for it?
- d) Who approved it?
- e) Regarding the statement at reference 3.24 on pages 61-2, following the revised business case on 2003, why was no consolidated financial business case or detailed cost estimates prepared?
- f) Did the Minister's office assess the revised business case?
- g) If so:
 - i) On what date did they assess the business case?
 - ii) Did they approve the revised business case (if not, why not?)?
 - 1) If not:
 - 2) Why not?
- h) Regarding the findings in 3.24 and 3.25 at 61-2:
 - i) Does the ACS accept those findings?
 - ii) Why didn't the revised case identify a source of funding?
 - iii) Why didn't the revised case include any costs apart from Customs own operating costs?
 - iv) Was the Minister or his office made aware of this process?
 - 1) If so, when was the Minister or the office made aware of this process?
 - 2) If not, why not and who made the decision not to make the Minister or his office aware of his process?
- i) Why weren't the risks re-evaluated when preparing the revised business case?
- j) Whose decision was it not to re-evaluate when preparing the revised business case?
- k) Why wasn't a proper assessment of Customs return on investment completed?
- l) Whose decision was it not to undertake this assessment?

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

- a) The revised business case was developed at the initiation of Phase 3 of the CMR project. It states that 'the business case submitted to the Board at project initiation highlighted deficiencies in cost and implementation scheduling due to the lack of detail on proposed system size and implementation strategy. The Board required more accurate estimation of costs and timing to be undertaken as part of stage 1 based on an assessment of user requirements'.

[Note: The revised business case was developed in 2000. There was no revised business case in 2003. Customs has clarified this matter with the ANAO]

- b) N/A
- c) The revised business case was developed by the Office of Business Systems
- d) The CMR Board
- e) The revised Business Case did contain a summary of estimated costs, however further information on the absence of detailed cost estimates or a consolidated financial case has not been identified.
- f) The records inspected have not revealed any information about the revised business case being provided to the Minister.
- g) (i) and (ii) N/A
- h)
 - i. Yes
 - ii. Funding was to be allocated through the internal budgeting processes
 - iii. The initial costs were substantially for the consultation phase of developing the business model and the user requirements and therefore had minimal cost impact on industry. Later CMR costs included a transition component.
 - iv. The records inspected have not revealed any information about the revised business case being provided to the Minister.
 - 1) N/A
 - 2) N/A
- i) j) k) l) Customs acknowledges that it could have managed aspects of the CMR project better including re-evaluation of the risks and a comprehensive return on investment. Examination of the records has not identified any explicit decision that such re-evaluations or assessment should not be undertaken.