

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
AUSTRALIAN CUSTOMS SERVICE

**Question No. 95**

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

CMR Project:

- a) How was the decision made to internally fund the CMR project, and who made it?
  - i) if it was made at a meeting, are minutes of the meeting available?
  - ii) who attend the meeting?
  - ii) How was the decision communicated and disseminated?
  - iii) Who was the information communicated or disseminated to?
- b) Was there ever any documentation on the decision, or announcements about the discussion?
  - i) if so, please provide
- c) What documentation or advice was supplied to the Minister in support of the proposal?
- d) In what way was CMR project reviewed or considered by Cabinet?
  
- e) Please provide a list of what funds or reserves it was intended that the project be finance from and the extent of those funds

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

- a) The former CEO of Customs made the decision to internally fund the project based on the estimates of the cost of the project that were available at the time and the availability of existing funds that were available to Customs at that time and into future years through cash reserves and appropriations that were available in Customs base for IT expenditure and capital expenditure. There is no record of any meetings or of any communication of such a decision other than a brief to the Minister for Justice and Customs in June 1999 (refer answer to part b) of this question).
- b) There was a brief to the Minister for Justice and Customs of June 1999 that stated: "Customs is not seeking additional funds to develop and implement the CMR project but as per existing Government policy we will be recovering costs under the Import Processing Charges Act 1997."

The assessment that Customs was not seeking additional funds during the development and implementation period would have been made in accordance with the answer provided to part a). The reference to the recovery of such costs through the Import Processing Charges Act 1997 should be clarified. The charges imposed under the Import Processing Charges 1997 were never increased to recover costs associated with the CMR project and costs associated with the development and implementation of the CMR project were never attributed to or recovered through the revenue collected through these charges. The Import Processing Charges were revised and restructured through the Import Processing Charges Act 2001 and these charges were implemented with effect from 12 October 2005. These revised charges reflect the attribution of a portion of the amortisation of the capitalised costs associated with the ICS and CCF systems. This is in accordance with the Government's Cost Recovery Guidelines.

- c) & d) Customs provided a brief on the selection of the preferred tenderer for the IT outsourcing project to the then Minister in late 1997. In March 1999 Customs provided advice to the then Minister that the cost of the CMR project was estimated at \$30m.
- e) As the expenditure incurred on the project was primarily capital in nature the funds available to meet the expenditure requirement of the project principally consisted of depreciation allowances and cash balances. Expenditure was incurred on the project during the years 1999-00 to 2005-06.