

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS
AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

Question No. 35

Senator Cash asked the following question at the hearing on 14 February 2012:

Senator CASH: In the Customs annual report 2010-11, Mr Carmody states in the CEO review at page xi: ... international passenger movements projected to increase from around 28 million this year to some 40 million by 2020. In light of this statement, are Customs concerned about the funding cut from international passenger facilitation and are there any plans to increase the funding to cope with this significant increase in passenger numbers?

Mr Carmody: If you just look at those bald numbers, there has to be more people. I do not think we can continue with our present processes in doing that. I should just point out that we do receive passenger workload increase funding.

Senator CASH: On what basis is that?

Mr Carmody: I do not know the exact form. It is to reflect increases in passenger numbers, so while the 77 was taken out of our base number we still each year will receive, under current policies, a passenger workload growth. That is built into the current system. On the broader point, we have our automated solution now, SmartGate. We have to start looking in that territory to what different ways we can operate into the future to meet those long-term projections.

Mr Buckpitt: I can provide some more detail about that workload growth funding formula if you would like to have it.

Senator CASH: I might get you to table it, purely in the interests of time, because I do have other questions I need to get through.

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

The Passenger Processing Workload Growth Agreement ('the Agreement' or PWGA) was established, as a variable funding mechanism to compensate Customs and Border Protection for growth in passenger numbers over an agreed 2003-04 base level.

The PWGA formula is calculated on the following basis:

Marginal change in passenger numbers x Marginal cost per passenger (\$3.82)
Less
Number of passengers through Biometrics x Marginal cost savings per passenger (\$1.46)

The passenger numbers are estimated based on a three year rolling average that includes the actual data for the previous two years (as reported in the Annual Report) and the forecast of the current financial year. The estimate is reviewed initially in March/April as a part of the budget process then again in the Additional Estimates process in November/December. Both rates are reviewed periodically and adjusted annually for wage cost index and the efficiency dividend.