

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
AUSTRALIAN CUSTOMS SERVICE

**Question No. 85**

**Senator Ludwig asked the following question at the hearing on 31 October 2006:**

With regard to the 'revenue leakage estimates' referred to in the ANAO Report No. 18 2005-06 'Customs Compliance Assurance Strategy for International Cargo', please provide:

- (a) Similar estimates of revenue leakage for each of 2004-05 and 2005-06.
- (b) An estimate of the proportion of revenue leakage attributable to the introduction of the Self-Assessment Clearance charge for each of 2004-05 and 2005-06.

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

- (a) Figures for 2004-05 are provided below in the same format as the ANAO Report. The figures represent an estimate of the maximum possible percentage and dollar value of revenue leakage and are calculated using the results of a program of benchmark audits of importers. Importers are selected for benchmark audits using a statistically based sampling methodology. Customs is currently conducting the analysis of the 2005-06 figures. These will be forwarded to the ANAO in February 2007 for endorsement. Following this process the figures will be forwarded to the Committee.

| Year    | Customs duty (\$ million) |                    |                           |               | Goods And Services Tax (\$million) |                    |                           |              |
|---------|---------------------------|--------------------|---------------------------|---------------|------------------------------------|--------------------|---------------------------|--------------|
|         | Total Duty                | Calculated Leakage | Maximum Estimated Leakage | Max % of Duty | Total GST                          | Calculated Leakage | Maximum Estimated Leakage | Max % of GST |
| 2004-05 | 5 310.9                   | 32.3               | 88.2                      | 1.6           | 15 615.0                           | -49.7              | 87.5                      | 0.56         |

Note 1: This value includes calculated leakage and sampling error with 95 per cent confidence

Note 2: Negative amounts imply that the audit estimated that the quoted amount was overpaid in net terms

- (b) With regard to the period 2004-05 the amount of revenue leakage attributable to Self-Assessment Clearances (SACs) is nil as SACs did not exist until October 2005.

Customs cannot supply estimates of revenue leakage attributable to SACs for 2005-06 as statistical analysis of SACs has not been conducted in the year since their introduction. There are measures in place to identify possible misuse of the SAC process so it is unlikely that major revenue leakage has occurred in the year the process has been available.