



Australian Government
Australian Customs and
Border Protection Service

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

ANNUAL REPORT 2014–15

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

ANNUAL REPORT 2014–15

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Australian Government
**Department of Immigration
and Border Protection**

SECRETARY

The Hon Peter Dutton MP
Minister for Immigration and Border Protection
Parliament House
Canberra ACT 2600

Dear Minister

I am pleased to present the Australian Customs and Border Protection Service (ACBPS) Annual Report 2014–15.

On 1 July 2015 the *Customs and Other Legislation Amendment (Australian Border Force) Act 2015* abolished the ACBPS and the statutory office of the Chief Executive Officer of Customs.

On 10 June 2015 the Department of Finance agreed to nominate the Secretary of the Department of Immigration and Border Protection (DIBP) to be accountable for preparing the ACBPS Annual Report 2014–15 since the ACBPS functions have been transferred to DIBP. The nomination was pursuant to paragraph 102(1)(h) of the *Public Governance, Performance and Accountability Act 2013* and Subsection 17A(3) of the Public Governance, Performance and Accountability Rule 2014.

I certify that ACBPS has prepared fraud and corruption risk assessments and a fraud control and anti-corruption plan that comply with the requirements of Section 10 of the *Public Governance, Performance and Accountability Rule 2014*. We have robust fraud prevention, detection, investigation, reporting and data collection procedures and processes in place that align with the principles outlined in the Australian National Audit Office *Better Practice Guide on Fraud Control in Australian Government Entities, 2011*.

All reasonable measures to minimise the incidence of fraud within ACBPS and to investigate and recover the proceeds of fraud against the agency have been taken.

Yours sincerely

Michael Pezzullo

21 September 2015

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READER'S GUIDE

The Australian Customs and Border Protection Service's Annual Report 2014–15 has been prepared in accordance with the Department of the Prime Minister and Cabinet's *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-corporate Commonwealth Entities* issued on 25 June 2015.

This year's annual report has been prepared to inform the Australian Parliament about the Service's performance in relation to its services in 2014–15. The report is divided into seven parts:

PART 1: INTRODUCTION

Summarises issues and trends in the reporting period, particularly those that had an impact on achieving our goals.

PART 2: OVERVIEW

Details our vision, mission, role and functions, agency structure and performance reporting framework, including our priorities for the reporting year and a feature article *From Federation to the Australian Border Force*.

PART 3: REPORT ON PERFORMANCE

Reports on our effectiveness in achieving programme objectives during the year, including our performance against the deliverables and key performance indicators set out in the Portfolio Budget Statements and Portfolio Additional Estimates Statements 2014–15. Part 3 also outlines how effectively we managed our support functions and their contributions to achieving outcomes in the reporting period.

PART 4: MANAGEMENT AND ACCOUNTABILITY

Provides information on external scrutiny, client service standards, asset management, consultants and contractors, and other administrative activities.

PART 5: FINANCIAL STATEMENTS

Contains audited financial statements for the year ending 30 June 2015.

PART 6: APPENDICES

Provides information on specific aspects of our operations, including our resource statement, environmental sustainability, advertising and market research, purchaser-provider arrangements and an overview of our legislative powers.

PART 7: REFERENCE MATERIAL

Lists tables and figures, abbreviations and acronyms, an alphabetical index and where to find information specified in the *Requirements for Annual Reports for Departments, Executive Agencies and Non-corporate Commonwealth Entities*.



PART 1

INTRODUCTION

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EACH WEEK ON AVERAGE...

WE CLEARED

649,736

AIR PASSENGERS

arriving in or departing from Australia on more than 3,679 flights

687

SHIPS

arriving and departing Australian ports and assessed and intervened with approximately 108 vessels

24,251

SEA CREW

arriving at or departing from Australian sea ports

25

PLEASURE CRAFT

arriving or departing Australia during pleasure craft season

99,743

IMPORT AND EXPORT ENTRIES

646,644 imported air cargo consignments reported and 57,230 imported sea cargo reports

WE SURVEILLED

**3
MILLION**

SQUARE NAUTICAL MILES

of the Australian Maritime Jurisdiction in conjunction with the Australian Defence Force to combat threats to Australia's sovereignty, the marine environment and offshore resources, and to secure maritime trade and commerce

WE DEPLOYED

44

DETECTOR DOG TEAMS

across our airports, sea ports and postal gateways which made 1,680 detections

WE COLLECTED

\$301.1 M

IN REVENUE

on behalf of the Australian Government

WE PATROLLED

AUSTRALIA'S COASTLINE AND SEA

including the Southern Ocean and northern waters, to respond to, mitigate or eliminate risks posed by civil maritime security threats, including illegal maritime arrivals and illegal exploitation of natural resources

SEAPORTS, WHARVES AND WATERFRONT

establishing and maintaining robust waterfront and cargo security to detect, deter and disrupt the movement of illegal people and goods across the border—achieved through information-gathering, observation, interception, questioning and search activities. The waterfront was patrolled for an average of 532 hours, while inshore waters were patrolled for an average of 142 hours

REMOTE COASTAL AREAS

for information-collection, reconnaissance and observation tasks in isolated coastal areas, including beaches, banks, harbours, marinas, boat ramps, coastline, rivers and bays for an average of 174 hours

AIRSIDE LOCATIONS

by Counter Terrorism Unit teams for an average of 177 hours to identify and detect border breaches

WE INSPECTED

1,948

TEUs

Twenty-foot Equivalent Units in sea cargo

38,825

AIR CARGO

consignments

1.067 M

MAIL ITEMS

including letters, Express Mail Service, parcels and packets

WE DETECTED OR SEIZED

PROHIBITED ITEMS

including weapons, replica firearms, dangerous goods, protected wildlife, illegal pornography, material involving breaches of copyright and tobacco

632

DRUG IMPORTS

including performance and image-enhancing drugs

CHIEF EXECUTIVE OFFICER'S REVIEW



Figure 1: Chief Executive Officer, Roman Quaedvlieg

INTRODUCTION

The 2014–15 year continued to be one of significant change for the Australian Customs and Border Protection Service (ACBPS, the Service). A major step towards the integration of ACBPS and the Department of Immigration and Border Protection (DIBP, the Department) occurred on 2 March 2015, when both entities began operating under an integrated structure.

The fully integrated Department became effective from 1 July 2015. It incorporates the functions and capabilities of the ACBPS and the Department. The single mission of the combined Portfolio will be to: protect Australia's border and manage the movement of people and goods across it.

The mission will be accomplished by the Portfolio providing a trusted secure gateway between Australia and the world that facilitates trade, travel and migration while protecting our border.

Going forward, our focus will be on the border as a strategic national asset, a complex continuum that encompasses the physical border as well as our overseas operations, and our activities in Australian water and airspace.

Through integration, the one Department will work with its people, the community, industry and domestic and international partners to implement the Government's vision for a secure border.

Key to this vision is the role of the newly created Australian Border Force (ABF) which was stood up on 1 July. Although outside of this reporting period, it is a culmination of intense effort and focus that characterised integration work across the Portfolio during much of the 2014–15 financial year. A border agency with statutory responsibilities, the ABF will be primarily responsible for achieving the integrated Department's mission. Its officers will include people protecting our borders at our air and sea ports, and those involved in detection, investigations, compliance and enforcement in relation to illicit goods and illegal visitors.

The ABF and the operational opportunities provided by having one integrated Department focussing on border protection will shape our nation into the future. It will provide greater ability to respond proactively to challenges across the border continuum in a changing global environment. This includes the management of immigration detention facilities and the removal of unlawful non-citizens who do not have a right to remain in Australia.

The ABF role also includes significant effort in the maritime area to identify and respond to illegal arrivals, and to conduct surveillance of our Exclusive Economic Zone (EEZ) for illegal fishing and other maritime threats.

The priorities specific to the ACBPS over the past year included the Government's announcement of \$154 million in additional funding to boost our counter terrorism capacity to protect the community. This additional funding has helped us to identify and stop Australians who seek to travel overseas to participate in terrorist activities. It has also helped authorities manage those seeking to return to Australia from foreign conflicts.

New Counter Terrorism Units (CTUs) were established at our international airports in August 2014. Complementing these units has been the introduction of innovative technologies, including:

- the deployment of next-generation automated departure SmartGates at each of Australia's eight major international airports from mid-2015
- the expansion of our very successful SmartGate programme, which has proven extremely popular with arriving travellers
- the expansion of Advanced Passenger Processing (APP) to departing passengers.

These systems will greatly improve our ability to verify identity prior to and on departure. APP, in particular, will free up our officers to focus on higher-risk travellers, intelligence gathering, enforcement and targeting activity.

Adding to our efficiency is the new and improved website that gives traders and travellers more direct access to relevant, easy-to-understand information. Whether it is an individual, a business or trade professional importing or exporting goods, a user can navigate according to whether they are travelling or conducting personal transactions to and from Australia.

OVERVIEW OF PERFORMANCE

The 2014–15 year was characterised by continued pressure on facilitation and intervention at the border due to Australia's increasing integration with the global economy, the growth and diversification of organised criminal groups, and the increasing volume and complexity of travel and trade.

VOLUME OF CARGO

Global behaviours in trade and travel remain characterised by an increasing range of goods, biosecurity hazards and economic risks, presenting a number of threats and challenges to the facilitation of goods across our border. The growing complexity in the air and sea cargo environment is compounded by the significant upturn in cargo volume over the four years since 2010–11, with incoming air cargo increasing by 140 per cent, from approximately 14.0 million to 33.6 million consignments, and the number of imported sea cargo reports growing by 20 per cent from approximately 2.5 million to 3.0 million.

The Service is dedicated to tackling crime within the cargo environment, even though we are faced with continued growth in the volume of items being carried. We continue to adopt a risk-based, intelligence-led approach to ensure the efficient screening of all identified high-risk cargo while at the same time facilitating the seamless movement of legitimate cargo.

PEOPLE MOVEMENT

The number of international air and sea passengers has increased by more than 23 per cent in the past four years, from 28.4 million in 2010–11 to approximately 35.0 million in the 2014–15 financial year. The Service has continued to take advantage of technology at the border by introducing web and mobile applications for the Tourist Refund Scheme (TRS), as well as expanding APP to departing passengers. SmartGate also benefited from the implementation of multilingual capability in late 2014 as well as being extended to people holding Singaporean passports. Trials in additional countries are under way. In 2014–15, approximately 38 per cent of all travellers who arrived in Australia were cleared by automated systems.

DRUGS

High demand and the profitability of the Australian domestic illicit drug market—relative to drug markets in the Asia-Pacific region—continues to drive domestic and transnational organised crime groups (OCGs) and the proliferation of online encrypted marketplaces ('darknets'). The Service's performance during the period under review led to 32,880 drug detections, of which 14,899 were of major illicit drugs and precursors with a total weight of approximately 7,309 kg.

This marks a record for the quantity of major illicit drugs and precursors detected—two more tonnes than in the previous financial year and higher than the results for any of the past five years. This increase is attributed to a marked increase in the amount of MDMA (ecstasy) and amphetamine-type stimulants (ATS) detected, particularly crystallised methamphetamine (ice). These substances continue to be the illicit drugs most often detected at the Australian border, indicating their popularity among Australia's illicit drug consumers. To ensure that the campaign against ice is fought in a targeted and effective way, the Prime Minister announced the establishment of the National Ice Task Force on 8 April 2015.

The Service continued to work collaboratively with domestic and international law enforcement agencies to disrupt OCGs involved in importing illicit drugs. A leading example of this partnership was the multi-agency operation that led to the second-largest drug seizure in Australian history—2.8 tonnes of MDMA and crystal methamphetamine with a potential street value of \$1.5 billion.

FIREARMS

Identifying and analysing the illicit firearm trafficking networks targeting the Australian border is a high priority for the Service.

On 23 February 2015 the Prime Minister accepted all the recommendations made by the *Martin Place Siege Joint Commonwealth – New South Wales review*. The Portfolio is working with Commonwealth, state and territory law enforcement agencies to implement these recommendations, as they relate to our business.

A number of initiatives were implemented in 2014–15 to enhance Australia's ability to detect firearms and firearm parts in cargo and international mail. They include the introduction of X-ray image analysis testing and an extension of the image libraries of firearms and firearm parts that are available to analysts. We also undertook comprehensive testing and training through organisations

such as the United States Bureau of Alcohol, Tobacco, Firearms and Explosives. These initiatives enhanced the ability of the Service's officers to identify firearm markings, parts and components, and the methods that organised crime can use to conceal illicit importation of firearms.

During 2014–15 a total of 1,775 undeclared firearms, firearm parts, accessories and magazines were detected at the border.

TOBACCO

The Service targets illicit tobacco importation as a key operational priority due to its negative impact on Government revenue, and the involvement of serious and organised crime groups in its trade.

Tobacco and cigarette detections through the sea cargo environment have continued to account for the majority of tobacco detected by weight. However, we are now seeing increased activity in undeclared small consignments through the passenger, air cargo and mail streams, which indicates a shift in smuggling methodology. Strategies are in place and continually assessed to address the shifting smuggling methodologies.

During the 2014–15 financial year, there were 91 detections of illicit tobacco in the sea cargo environment, comprising 150 tonnes of loose leaf tobacco (including molasses tobacco) and 40 million tobacco sticks, with a total estimated revenue evasion of \$103 million.

SIGNIFICANT ISSUES AND DEVELOPMENTS

In 2014–15 the Service introduced a range of initiatives to address significant threats to border protection and national security. We met the emerging challenges at the border by:

- establishing a Strategic Border Command (SBC) to institute formal command and control of the border and improve the supporting capability to ensure systematic, informed and deliberate deployment of effort against risk
- establishing the National Border Targeting Centre (NBTC) to enable participating agencies to use shared systems and information in ways that provide a nationally coordinated approach to managing the risk posed by travellers and goods, and that improve operational responses.

Another major border protection initiative was the creation of the Investigations Division, which comprises:

- National Security Branch
- Organised Crime Branch
- Immigration and Customs Enforcement Branch
- Support and Technical Branch.

Through its four branches, the Investigations Division provides the Portfolio with a specialist investigation and enforcement capability that is deployed against individuals, organisations or networks that seek to harm the Australian community or economy through threats, crime and abuse of border law and systems.

In creating the ABF, the Service obtained from the Department of Infrastructure an exemption from airport security screening for some specialist officers. These officers will also be permitted to carry Personal Defensive Equipment, including firearms, while on duty at an airport. The purpose is to strengthen our ability to identify and address emerging threats to our border security.

Another initiative includes the delivery by the Australian shipbuilder Austal Limited of the sixth of eight Cape Class offshore patrol boats. The vessels will undertake surveillance response activities within Australia's Exclusive Economic Zone. They play a significant role in border security by maintaining a presence around Australia's coastline and responding to reported or suspected border incidents and illegal activity.

The ACBPS made a strong contribution to our national security during the year under review. Operation Sovereign Borders (OSB) is the whole-of-government effort to counter maritime people smuggling that takes place within a complex web of legal, diplomatic, security and humanitarian dimensions.

ACBPS has also worked with source countries and partners in our region to apply a wide range of complementary measures that:

- deter, disrupt and prosecute smugglers
- improve border control measures
- inform potential illegal immigrants of both Australian policies and the dangers to which they expose themselves by doing business with people smugglers.

Our national security role was expanded through our establishment of CTUs at Australia's eight major international airports to combat the threat of home-grown terrorism. These units undertook approximately 135,000 traveller assessments which have resulted in more than 10,500 examinations. They also found evidence of movements or attempted movements of large sums of cash, as well as images and material of an extremist nature. Some cases have led to infringement notices being imposed, while others are the subject of ongoing investigations.

It is evident that the Service's expertise in border protection and national security will provide the integrated Department with a strong foundation on which to build these important initiatives.

FINANCIAL PERFORMANCE

In 2014–15 the Service incurred a gross operating loss of \$29.7 million. While this result complies with Australian Accounting Standards and the Commonwealth reporting framework it does not reflect the underlying result of the ordinary operations of the Service for the financial year. When unfunded depreciation and amortisation expenses (\$120.6 million) and changes in asset revaluations (\$6.9 million) are excluded the Service's financial result is an operating surplus of \$84.0 million. This result includes gains resulting from the receipt of the *ADV Ocean Shield* from the Department of Defence recognised at \$98.9 million. If the gain associated with the *ADV Ocean Shield* is excluded the underlying result would be an operating loss of \$14.9 million, which is a more conventional measure of the Service's operating result.

The operating loss has been impacted by the continuation of a tight fiscal environment, the high operational tempo in our enforcement and maritime activities to address the traffic of illegal entrants, and costs associated with preparing the Service for integration with DIBP from 1 July 2015.

Limiting the operational loss to the level identified above reflects the high level of scrutiny the Service applies to its financial management.

LOOKING TO THE FUTURE

As the new Department, through the ABF, will deliver an important law-enforcement and national security capability, a new college is being developed to ensure that our people have the necessary skills to operate an integrated border agency. All departmental staff will attend the ABF College during their career for induction, supervisory and leadership training.

The knowledge and training the college provides will bring the integrated Department into line with its international and national law enforcement partners with which officers will collaborate on border protection operations to achieve the best possible outcomes for Australians.

It is expected that the college will facilitate a new response to national security. ABF officers will be trained and equipped to perform a range of tasks across air, land and sea domains, and to deliver on border protection, law enforcement and national security priorities in both domestic and international settings.

We will support our technical and policy experts to build innovation, strategic insight, policy and programme design, and our intelligence staff to formulate evidence-based policy and intelligence products. These will include the incorporation and advancement of integrity and identity capabilities such as biometrics, document examination and identity. Additionally, our client services staff will be trained to ensure a high standard of integrity in assessing visas, citizenship, customs and trade applications.

These new capabilities will lay the foundation for the integrated Department in the years ahead. They will operationalise our mission through our effective management of Australia's immigration, humanitarian, citizenship, trade and customs, revenue collection, national security and border protection programmes.

CONCLUSION

This has been a challenging year for the Service—but we have risen to meet that challenge. With the hard work and professionalism of our dedicated staff in Australia and overseas, I am confident we are well positioned to meet the challenges of the year ahead.

ONE DEPARTMENT

Globalisation is changing the way immigration, trade, citizenship, maritime security, revenue, travel and humanitarian policies need to be managed across the border continuum.

On 9 May 2014 the then Minister for Immigration and Border Protection, the Hon Scott Morrison MP, announced significant changes to the way that Australia's border will be protected and managed to enhance national security and the economy.

Australia is a free, prosperous and harmonious society—however, it is also these aspects of our society that terrorists and violent extremists seek to harm. The threat to Australia from these groups is real and growing.

Geopolitical events ranging from civil instability and armed conflict to global health crises can similarly create both direct and indirect security challenges for Australia.

A renewed focus on national security and immigration that continues to enable the seamless legitimate movement of people and goods is essential to ensuring that Australia remains a prosperous society. To meet these challenges, from 1 July 2015 ACBPS and DIBP integrated to become the Department of Immigration and Border Protection.

For the first time traditional immigration and customs policies—including refugee and humanitarian programmes, immigration and citizenship, trade and customs, offshore maritime security and revenue collection—were brought together into a single policy space.

The ABF was formally established on 1 July 2015 as the front line operational enforcement entity within the integrated Department, focusing on investigations, compliance and detention operations offshore and onshore, across air and sea ports, land and maritime domains.

The Secretary, Michael Pezzullo, is responsible for all Departmental functions and the Australian Border Force (ABF) Commissioner, Roman Quaedvlieg, is responsible for the ABF and its operational activities.

INTEGRATION

A staged approach was used to integrate the functions of ACBPS and DIBP and a Reform and Integration Task Force was established to oversee and guide the implementation.

On 2 March 2015 a new internal organisational structure for the Department was launched in ACBPS and DIBP, and staff began working within this integrated structure from this time.



New systems and processes were implemented in the lead-up to 1 July 2015 to streamline and strengthen our operational capabilities and policy framework. CTUs were deployed throughout the year to eight Australian international airports to combat home-grown terrorism and threats to national security. The SBC operating model was implemented and the NBTC was established, bringing together partner agencies to better target suspect goods and travellers. An interim ABF College, known at the time as the ACBPS College, was also successfully trialled in Sydney to deliver ABF recruitment and training ahead of its official 1 July launch.

A Client Services Decision Support Review began in February 2015 to examine how visas and citizenship decisions are made. Its findings will help to build capacity to manage expected future demand and prevailing global trends around migration, labour mobility, transnational crime and national security.

Ahead of 1 July 2015, a new Departmental Integrity Framework was launched to align professional standards and values, clarify new roles and mitigate public sector integrity risk.

OUR FUTURE

Over the coming years, projected growth in the volume of goods and people moving across the border will be significant, creating opportunities for Australia.

To support responsive border systems and processes, the integrated Department will continue to develop and promote the use of new technologies to automate old processes and offer more tailored solutions. Through the establishment of the Research and Innovation Division in December 2014, new business innovative technology-based solutions that strengthen Australia's border protection will be investigated in 2015–16.

Increasing the security of systems through the greater use of biometrics, SmartGates and Trusted Trader schemes will reduce red tape and provide self-serve options that will enhance the border experience for legitimate travellers, traders and those seeking to call Australia home.

These changes will also support processes to fill crucial skills shortages, manage Australia's Humanitarian Programme and collect revenue. Combining immigration and customs resources will enable the Department to build its capability to better protect Australia's border and manage the flow of people and goods across it.

Figure 2: Portfolio executives

Photo (left to right): Deputy Secretary Maria Fernandez, Deputy Secretary Michael Outram APM, Deputy Secretary Jenet Connell, Deputy Secretary Peter Vardos PSM, CEO of ACBPS Roman Quaedvlieg APM, Secretary of DIBP Michael Pezzullo, Deputy Secretary Cindy Briscoe, Deputy Secretary Michael Manthorpe PSM, Deputy Secretary Rachel Noble PSM and Deputy Secretary Marion Grant PSM.





PART 2

OVERVIEW

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OUR ROLE

In 2014–15 the Australian Customs and Border Protection Service (ACBPS, the Service) managed the security and integrity of Australia’s border by:

- facilitating legitimate trade and travel
- supporting and enforcing Australia’s trade and industry policy, including through tariffs, tariff concessions and countervailing schemes
- preventing, deterring and detecting the illegal movement of people across Australia’s border
- preventing, deterring and detecting the unlawful movement of prohibited, restricted, or regulated goods into Australia
- investigating suspected breaches of a range of border controls
- undertaking operations to counter civil maritime security threats in Australian waters through the Border Protection Command, a joint partnership between the Service and Defence
- collecting border-related revenue and statistics.

We worked closely with other Government and international agencies, in particular the Department of Immigration and Border Protection (DIBP), the Australian Federal Police (AFP), the Department of Agriculture and the Department of Defence, to detect and deter the unlawful movement of goods and people across the border. Our clients included the Australian community, the Australian Government, industry, travellers and other government agencies.

PORTFOLIO OVERVIEW

The Portfolio has two Ministers, the Hon Peter Dutton MP, Minister for Immigration and Border Protection, and Senator the Hon Michaelia Cash, Assistant Minister for Immigration and Border Protection¹.

The Portfolio agencies—all of which are *Public Governance, Performance and Accountability Act 2013* entities—are:

- Australian Customs and Border Protection Service
- Department of Immigration and Border Protection
- Migration Review Tribunal and Refugee Review Tribunal (MRT–RRT).

During 2014–15 DIBP and ACBPS worked closely to progressively transition into an integrated Department of Immigration and Border Protection with effect from 1 July 2015. This included establishing the Australian Border Force (ABF)—a single front-line operational border entity with statutory responsibilities to enforce our customs and immigration laws—within the new integrated Department.

From 1 July 2015 the ABF will draw together the operational border, investigations, compliance, detention and enforcement functions of DIBP and ACBPS. Policy, regulatory and corporate functions will combine within the integrated Department.

During 2014–15 the MRT–RRT worked with other key Commonwealth external merits review tribunals, boards and relevant departments to implement the Government's decision to amalgamate the Administrative Appeals Tribunal (AAT), the Migration Review Tribunal (MRT), the Refugee Review Tribunal (RRT) and the Social Security Appeals Tribunal (SSAT) with effect from 1 July 2015. The amalgamated tribunal was established under the *Administrative Appeals Tribunal Act 1975*, called the Administrative Appeals Tribunal and situated within the Attorney-General's portfolio.

In 2015–16 the Office of the Migration Agents Registration Authority (OMARA) will be progressively consolidated into the integrated Department as part of the Government's deregulation agenda. As a result, OMARA will no longer be attached to DIBP as a discrete office.

¹ From September 2013 to December 2014, the Hon Scott Morrison MP served as the Minister for Immigration and Border Protection. On 23 December 2014 the Hon Peter Dutton MP was appointed as Minister for Immigration and Border Protection.

ORGANISATION STRUCTURE

On 2 March 2015, DIBP and ACBPS started operating in a whole-of-Portfolio integrated structure, prior to formal integration of the two organisations on 1 July 2015. Within this transitional structure, the DIBP Secretary retained accountability for immigration functions, while the Chief Executive Officer of ACBPS retained accountability for all customs and trade-related matters.

Figure 3: Organisation chart at 30 June 2015



Deputy Secretary Detention Capability Review Task Force Jenet Connell				
Deputy Secretary Corporate Group, Chief Operating Officer Marion Grant PSM				
Support Craig Farrell				
Shared Services Brad Clark	Property and Commercial Services Nick Evans	Procurement and Contracts Sanaaz Mirzabegian	Information Access Task Force Stephen Wood	Headquarters Task Force Michael Leiper (A/g)
People Paula Goodwin (A/g)				
Learning and Development Allison Denny-Collins (A/g)	People Strategy and Policy Martine Cooper (A/g)	Workforce Management Anne Leo	Enterprise Agreement Task Force David Leonard	
Finance, Chief Finance Officer Steven Groves				
External Budgets and Revenue Lisa Harris	Management Accounting Stephanie Cargill	Financial Operations James Malizani	Finance Integration Task Force Sam Hatherly (A/g)	
Legal, General Counsel Pip de Veau				
Legislation and Framework Greg Phillipson	Litigation Miriam Moore	Commercial and Employment Law Alicia Wright	Legal Advice and Operational Support Anton Bockwinkel (A/g)	
Special Counsel Ian Deane PSM				
Integrity, Security and Assurance, Chief Risk Officer / Chief Audit Executive Jan Dorrington PSM				
Integrity and Professional Standards Kaylene Zakharoff	Security Glenn Peisley	Risk and Assurance Steve Hayward		
Head Strategic Reform Programme Charlotte Tressler				

Deputy Secretary Visa and Citizenship Services Group Michael Manthorpe PSM		
Visa and Citizenship Management Jim Williams		
Permanent Visa and Citizenship Programme Frances Finney	Temporary Visa Programme Judith O'Neill	Network Planning and Support John Napier (A/g)
Regional Director NSW/ACT Mary-Jane Jones	Regional Director Queensland Jodie Bjerregaard (A/g)	Regional Director Central Louise Smith
Regional Director Victoria/Tasmania Amanda Paxton		Regional Director West Steven Biddle
Refugee and Humanitarian Visa Management Kruno Kukoc		
Refugee and Humanitarian Programme Libby Hampton	Temporary Protection Visa Assessment Sally Babbage	Onshore Protection Lynne Gillam
Community Protection Peta Dunn		
Public Risk Assessment Fiona Andrew	Chief Medical Officer Immigration Health Paul Douglas	Character Assessment and Cancellations Peter Van Vliet
Digital Channels Task Force Phil Thurbon		
Digital Business Strategy Task Force Troy Czabania	Channel Strategies and Management Task Force Rocio Trapaga-Saul PSM	
Office of the MARA Dora Chin-Tan (A/g)		

Deputy Secretary Intelligence and Capability Group Maria Fernandez			
Intelligence Karen Harfield			
Strategic Intelligence Angela Black (A/g)	Operational Intelligence Paul Farrell	Tactical Intelligence John Gibbon	
ICT, Chief Information Officer Matthew Yannopoulos			
ICT Plans Vanessa Horton (A/g)	Corporate Systems Steve Peddle	Border Systems Tim Drury	
ICT Service and Vendor Management Brendan Dalton		ICT Infrastructure Operations Sean Hugo (A/g)	
Major Capability Randall Brugaud			
Capability Coordination Jagtej Singh	Identity and Intelligence Capability Paul Cross	Operational Capability Anthony Corbitt (A/g)	Future Traveller Capability Task Force Brian Schumacher
Research and Innovation Gavin McCairns			
Chief Scientist Jennie Clothier		Business Innovation Michael Minns	
Deputy Secretary Immigration Status Resolution Group Cindy Briscoe			
Status Resolution and Detention Operations Janet Mackin			
Offshore Operations Kylie Scholten (A/g)	Nauru Anthony Kneipp (A/g)	Papua New Guinea Scott Matheson	
South Angelo Fitsioris (A/g)	East Mary-Jane Jones	North and West Steven Biddle	
Detention Services Neil Skill			
Detention Health Services Support Paul Windsor	Contracts and Services Kylie Burnett (A/g)	Services Management Mark Painting	Detention Infrastructure Fatime Shyqyr
Children, Community and Settlement Robyn Miller (A/g)			
Community Support Julie Keenan	Community Operations Karen Hacker (A/g)	Regional Processing and Settlement Kingsley Woodford-Smith	IMA Compliance Task Force Janet Mackin
Australian Border Force Change Management Task Force Maree Bridger			
Removals Task Force Andrew Speldewinde (A/g)			
Deputy Chief Executive Officer Border Operations Group Michael Outram APM			
Commander Border Protection Command RADM Michael Noonan RAN			
Deputy Commander Border Protection Command Abi Bradshaw			
Assistant Commissioner Investigations Division Steve Lancaster			
National Security Anthony Seebach	Support and Technical Chris Waters (A/g)	Immigration and Customs Enforcement David Nockels	Organised Crime Bjorn Roberts (A/g)
Border Management Stephen Allen			
Operational Strategies Janet Hartmann (A/g)	Compliance Control Pat Gallagher (A/g)	Revenue and Trade Crime Task Force Craig Petrie	
Border Force Capability Peter Docwra			
Air and Marine Ian Laverock	Australian Border Force College Terry Wall	Australian Border Force Career Management Robert Jansen	
Strategic Border Command Terry Price PSM (A/g)			
Strategic Border Command Jo Crooks (A/g)		Detention Operations Craig Sommerville	
Regional Commands			
NSW Tim Fitzgerald	Victoria/Tasmania Don Smith	Queensland John Ikin (A/g)	
Western Australia Rod O'Donnell		Central James Watson	

OFFICE AND POST LOCATIONS

In 2014–15, ACBPS officers were located throughout Australia and overseas. The Service's central office was located at Customs House in Canberra and regional offices were maintained throughout Australia.

As at 30 June 2015, ACBPS employed 5,181 people in offices around Australia and overseas.

Figure 4: Office and post locations at June 2015



Regional Directorates	Embassies			Consulates	High Commissions	
ACT and Regions	Amman	Cairo	Santiago	Auckland	Apia	Nuku'alofa
Adelaide	Ankara	Dili	Seoul	Dubai	Colombo	Ottawa
Brisbane	Athens	Hanoi	Tehran	Guangzhou	Dhaka	Port Louis
Cairns	Bangkok	Harare	Tel Aviv	Ho Chi Minh City	Islamabad	Port Moresby
Dandenong	Beijing	Jakarta	Tokyo	Hong Kong	Kuala Lumpur	Pretoria
Darwin	Beirut	Madrid	Vienna	Shanghai	London	Singapore
Hobart	Belgrade	Manila	Vientiane	Other		Nairobi
Melbourne	Berlin	Mexico City	Washington DC			New Delhi
Parramatta	Brasilia	Moscow	Yangon	Geneva		
Perth	Brussels	Phnom Penh		National Office		
Sydney	Buenos Aires	Riyadh				
Thursday Island						

OUTCOME AND PROGRAMME STRUCTURE

Government outcomes are the intended results, effects or consequences of Australian Government policies, programmes and actions. Commonwealth programmes are the primary vehicles by which Government agencies achieve the results set out in their outcome statements. Agencies are required to identify the programmes that will contribute to Government outcomes over the Budget year and forward years.

The Service's Outcome and the programmes that contribute to it are described below, specifying the performance indicators and targets used to assess and monitor the performance of the ACBPS in achieving Government outcomes.

Outcome 1: The protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border revenue and trade statistics.

The Service's key strategies towards achieving Outcome 1 were:

Programme 1.1: Border Enforcement

- Manage border risks through intelligence-led interventions that enable targeted inspection and examination of people and goods at the border, while streamlining border processes for legitimate trade and travel.
- Support collaborative cross-agency civil maritime security activities including intelligence analysis, coordinated surveillance and on-water response, and working ahead of the border with international partners to provide controls for maritime security threats.
- Continue to develop highly sophisticated and effective intelligence and targeting capabilities.
- Partner with law enforcement agencies to address risks and vulnerabilities at the border through joint operations and sharing of intelligence.

Programme 1.2: Border Management

- Develop and coordinate border management policies, in conjunction with partner agencies, to deliver Australia's customs, trade and industry policy.
- Facilitate legitimate trade and travel by co-designing the ACBPS's services in a way that streamlines the trade and travel experience, identifying and enhancing new business systems to maximise service delivery.
- Support an open economy by ensuring compliance with the rules of trade so that competition occurs on a level playing field and the benefits of competition flow through to the Australian economy.

Programme 1.3: Border-Revenue Collection

- Maintain border-related revenue collection capabilities.
- Improve the Service's understanding of economic risk.
- Assess, report and collect border-related revenue, including the payments of approved applications for refunds, concessions and exceptions.
- Undertake an effective risk-based compliance programme, utilising pre- and post-clearance monitoring and intervention activities to promote observance of Australian border laws as they relate to revenue reporting and payment obligations.
- Effectively administer the Tourist Refund Scheme.

Cross-programme strategies:

- Foster collaboration with domestic and international partners to enable the Service to operate across the entire border continuum.
- Be proactive and responsive to the challenges of the border environment through the Reform Programme, transitioning to a new business model, modernising business processes and systems, augmenting workforce capability and strengthening the Service's integrity culture and layered anti-corruption measures.
- Operate efficiently and effectively to achieve a sustainable four-year budget across a number of diverse operational requirements by continuing to develop priority settings to align with resource allocation.
- Maintain investment in key capital infrastructure that supports the Service's intelligence-led approaches as well as capability to support the Service's operations across a diverse range of activities protecting Australia's border.

A key element of the annual reporting framework is contained within Part 3, which reports on our performance in the programmes through which the Service works to achieve outcomes as set out in the PBS and PAES. Part 3 sets out the Service's commitments to the Australian Government and community, and represents one of the key accountability mechanisms for the ACBPS. It outlines outcome, programmes, deliverables, Key Performance Indicators and the financial resources available to the organisation. Within this framework, the outcome statement explains the purpose of funding appropriations by the Parliament and describes the overall benefit the Government expected from the Service.



FROM FEDERATION TO THE AUSTRALIAN BORDER FORCE

INTRODUCTION

Influenced by the demands of the Government of the day, as well as its own organisational needs, the remit of the ACBPS and its predecessors has contracted and expanded over time to encompass myriad roles, ranging from trade and excise to police and border protection.

Changes in the national security environment throughout the Service's 114-year history—from the strains of war to the threat of modern terrorism—have also forced it to adapt not only its priorities but its broader position within the Australian community.

ESTABLISHMENT

DEPARTMENT OF TRADE AND CUSTOMS

The Federation of Australia on 1 January 1901 saw the Department of Trade and Customs established as one of the new nation's seven original federal departments.

While colonial customs functions had existed within the separate colonies, the establishment of Trade and Customs marked the creation of a single, uniform federal tariff.

Introducing a centralised system did not occur smoothly, initially hampered by long-held and conflicting practices between the colonies—the new states—and by administrative backlogs and confusion in the interpretation of requirements on the front line.

Once established, however, the federal import tariff was a primary source of revenue for the new Commonwealth and provided a protective wall to encourage the nation's own fledgling industries to grow.

ON THE BORDER

Customs officers in the early 20th century had wide-ranging responsibilities beyond merely collecting excise and managing goods in and out of Australia.

They were, for many years, tasked with administering the now-notorious 'dictation test', which was implemented under the *Immigration Restriction Act 1901* with the intention of preventing non-Europeans, predominantly Asian migrants, from entering Australia.

Restrictive immigration practices such as the test created an influx of stowaways and illegal arrivals whose detection and apprehension was the job of skilled Customs detectives.

Customs also, for many decades, held primary responsibility for censoring incoming goods, upholding the nation's moral standards by seizing and prosecuting items ranging from films and literature to contraceptives and 'indecent' novelty items.

Photos (clockwise from top left): Sydney Harbour Customs officer Bob Littlejohn checks passenger details with interpreter Mrs A. Antonopoulou; Detector dog Houston and handler, Customs Officer Lee Hennessey, inspect a shipping container; Boarding officers muster a ship's crew on deck for immigration checks at Port Melbourne in 1953; A display of seized watches that had been smuggled in the soles of shoes ca.1950s.

WORLD WARS I AND II

The outbreak of World War I prompted the introduction of export restrictions on a variety of goods that were either vital to the war effort or of potential benefit to the enemy.

Customs was responsible for identifying and enforcing restrictions on the movement of contraband (such as coal) and other goods earmarked for British consumption, as well as attempts to trade with newly declared enemy nations.

Wartime restrictions had a significant effect on trade revenue. In 1915 a federal income tax was introduced to make up for this shortfall. While Customs revenue rebounded in the 1920s, restrictions on non-essential imports again affected the tariff during World War II, marking the eclipse of the pre-eminent position of tariffs within the Australian revenue system.

WORKING ACROSS THE BORDER CONTINUUM TO CATCH A SMUGGLER

After World War II, Customs increasingly began moving towards intelligence-led operations, shifting away from resource-intensive searches of great numbers of people and cargo.

Air travel created a dramatic upturn in the number of people moving across Australia's borders and facilitating this movement became a major priority for the Department—by 1960–61, more passengers were passing through Customs posts in airports than at the wharves.

Initially opium—one of the early drugs of interest to Customs—was taxed heavily by the Commonwealth, but the creation of a federal enforcement department provided the opportunity to implement a ban in 1905 that would not have been feasible under the colonial system.

Despite vocal community concern, drug seizures in the post-war years were minor, with items such as transistor radios and watches (made attractive by their small size and resale ability) regularly seized in the 1950s.

In the 1960s, however, heroin smuggling increased significantly and internal concealment was identified as a means of moving contraband across the border. Narcotics officers were stationed overseas on the front line to help gather intelligence as part of the effort to combat drug smuggling.

INTELLIGENCE OPERATIONS

While tip-offs were always (and continue to be) a valuable source of intelligence, greater risk-assessment became vital in managing the growing flow of people across the border.

In 1964 Customs became one of the first departments to implement a computer system that allowed people to be screened electronically for potential risk. Passenger baggage declarations were introduced, supplemented by the intuition of skilled front line officers. Companies too became responsible for submitting their own data that could then be audited by a centralised, streamlined Customs operation.

Customs detector dogs were introduced in 1969, initially with mixed results. However, the programme was eventually expanded—using at various times Labrador retrievers, German shepherds and dogs sourced from pounds and the community—and to the present day the Service has maintained its own national training centre and breeding programme. This will continue in the integrated Department.

CAPABILITY BUILDING

Though initially reliant upon Defence resources to follow up instances of illegal fishing operations and manage the increasing numbers of illegal boat arrivals in the country's north, Customs soon established the Coastal Air Sea Operations Support group, comprising chartered aircraft and three J boats.

Full responsibility for Coastwatch operations was handed to Customs in 1988, sparking ongoing growth in the organisation's investment in offshore capability, including the later acquisition of Bay Class and, most recently, Cape Class vessels and Australian Customs Vessel (ACV) *Thaiyak*.

The organisation's modern objective—managing the security and integrity of the border to protect the Australian community—was cemented in 2009 with the establishment of the ACBPS.

CUSTOMS IN THE COMMUNITY

From the beginning, the ACBPS and its predecessors have undertaken a range of community protection responsibilities. Early in the 20th century, officers were charged with enforcing quarantine measures—including ensuring the fumigation of inbound vessels to prevent plague-infected rodents from entering the country—and applying regulations governing the export of native fauna.

They have also partnered with a variety of domestic organisations, including federal and state police forces, to carry out drug operations and recently played a role in the highly publicised Operation Sovereign Borders Joint Agency Task Force (OSB JATF) that has brought the ACBPS together with partner agencies to combat people smuggling.

Customs has also been actively engaged with the community on a variety of other fronts, since 2004 perhaps most visibly in its ongoing collaboration with the Seven Network on the production of *Border Security*—a TV series highlighting the varied front line work that officers do and showing Australian audiences the Service in action.

CONCLUSION

The rapidly evolving global environment has continued to have a significant influence on the ACBPS's direction. To meet these emerging challenges, on 1 July 2015, the ACBPS merged with DIBP to form one Department.

Building upon the considerable experience and expertise that the two organisations have developed, the integrated Department will bring improved efficiency, capability and innovation to meet the challenges facing the world's border screening and protection services and enable the continuing delivery of strong national security, a vigorous economy and a prosperous and cohesive Australian society.

'My rewarding position as History Officer has given me a greater view of Australian history, as the history of Customs is one important part of Australia's history. There have been many interesting events since Federation and in looking back—researching, cataloguing and displaying this history—it's clear that great progress has been made.'

—Kerry Hannan, 45 years of service





PART 3

REPORT ON PERFORMANCE

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REPORT ON PERFORMANCE

This section of the Annual Report outlines the Australian Customs and Border Protection Service's (ACBPS's, the Service's) achievements for 2014–15 against the *Portfolio Additional Estimates Statements 2014–15* (PAES), and cross-programme strategies.

Integration of the Service and the Department of Immigration and Border Protection (DIBP) commenced during the 2014–15 financial year. Through the year, the two agencies collaborated to develop performance information for inclusion in the first joint Portfolio Budget Statements (PBS) 2015–16. The Service and DIBP provided details on organisational strategies, deliverables and key performance indicators—outlining the organisation's planned performance under the newly consolidated Portfolio outcome and programme structure.

This information, as well as that to be included in future corporate plans, will continue to improve as the newly integrated organisation's approach to performance measurement and reporting strengthens. This continues on from the Service's efforts to shift focus from reporting on 'outputs' to 'outcomes', to clearly detail how effectively the organisation is performing in achieving its purpose.

Structuring the Service's activities and functions under three programmes and cross-programme strategies enabled the Service to create clear links between PBS and business planning activities, simplify lines of accountability and ensure that we continue to prioritise against and meet core deliverables.

Table 1: Financial and staffing resources summary

OUTCOME 1: The protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border revenue and trade statistics	Final estimates 2014–15 ^a \$'000 {A}	Actual 2014–15 \$'000 {B}	Variation \$'000 {B}–{A}	Budget 2015–16 ^b \$'000
Administered revenue				
Taxation	10,313,640	12,116,991	1,803,351	n/a
Non-taxation	2,500	6,535	4,035	n/a
Gain	0	6,591	6,591	n/a
Total administered revenue	10,316,140	12,130,117	1,813,977	n/a
Administered expenses				
Administered expenses	3,434	10,802	7,368	n/a
Total administered expenses	3,434	10,802	7,368	n/a
Departmental programmes				
Programme 1.1: Border Enforcement	1,025,658	1,040,532	14,874	n/a
Programme 1.2: Border Management	126,462	147,530	21,068	n/a
Programme 1.3: Border-Revenue Collection	77,788	69,921	(7,867)	n/a
Total price of Departmental programmes	1,229,908	1,257,983	28,075	n/a
Total for outcome (administered expenses and price of Departmental programmes)	1,233,342	1,268,785	35,443	n/a
Average staffing level (number of officers) ^c	4,920	4,903	(17)	n/a

a Data derived from the 2014–15 PAES.

b The 2015–16 budget estimates are no longer prepared for the ACBPS as a separate entity. The ACBPS was consolidated into DIBP as a result of a decision of Government effective 1 July 2015.

c Reported as an average staffing level (ASL) basis.

PROGRAMME 1.1: BORDER ENFORCEMENT

With its focus on the security of Australia's borders, Border Enforcement was the largest and most diverse of the three programmes. Border Enforcement played an integral role in achieving the Service's mission by intercepting people illegally entering Australia, in addition to intercepting regulated, restricted and prohibited goods in Australia's territorial seas, and at ports, airports and mail centres. The Border Enforcement programme is also responsible for counter-people smuggling operations, which address risks and vulnerabilities at the border, and for intelligence and targeting functions that facilitate the Service's intelligence-led approach to its front line role.

The Border Enforcement programme contributed to the protection of Australia's border by:

- undertaking border activities that streamline processes for legitimate trade and travel and prevent the illegal movement of people and goods across the border
- generating awareness of activity in Australia's maritime domain and coordinating whole-of-government efforts to mitigate or eliminate the risks posed by civil maritime security threats (including illegal activity in protected areas; illegal exploitation of natural resources; marine pollution; prohibited imports and exports; illegal maritime arrivals; compromise to biosecurity; piracy, robbery or violence at sea; and maritime terrorism). This includes support to the whole-of-government effort to respond to people smuggling
- supporting whole-of-government delivery of integrated regulatory, transactional and physical security measures that safeguard people, goods, vessels and aircraft against border-related threats
- supporting cross-jurisdictional efforts at domestic and international levels to prevent, detect and disrupt the activities of organised crime syndicates.

Identifying and intercepting illegal travellers, vessels and cargo attempting to cross the Australian border requires sophisticated intelligence and risk-assessment activities, onshore and offshore surveillance and patrols, targeted enforcement operations, detained goods management, investigation of suspected breaches, and the development of technology to support border-enforcement activities. Collaboration with domestic and international partners is an important component of this programme. This programme supports whole-of-government efforts to respond to people smuggling, including Operation Sovereign Borders Joint Agency Task Force (OSB JATF).

REPORT AGAINST THE PBS/PAES AND KPIs

Table 2: Programme 1.1: Border Enforcement—performance against PBS/PAES targets, 2014–15

Deliverables	Target ^a	Actual	Target met
Processing of international passengers (air and sea)			
Arrivals	17.973m	17.585m	✗
Departures	17.760m	17.380m	✗
Processing of international crew (air and sea)			
Arrivals	1.566m	1.545m	✗
Departures	1.561m	1.539m	✗
Total number of arriving travellers who successfully cleared automated border control systems	5.52m	6.77m	✓
Total number of departing travellers who successfully cleared automated border control systems ^b	–	42,574	–
Number of international vessel movements	55,104	53,844	✗
Number of reported vessel arrivals	17,889	17,934	✗
Number of vessels assessed as high risk ^b	–	42	–
Number of patrols conducted ^b	–	7,798	–
Number of referrals for formal investigation received ^b	–	2,379	–
Volume of cargo subject to inspection and examination^c			
Sea cargo			
Number of TEU inspected	101,500	101,273	✗
Number of TEU examined	15,500	15,581	✓
Air cargo			
Number of consignments inspected	2.00m	2.02m	✓
Number of consignments examined ^b	–	86,395	–
Mail			
Number of mail items inspected ^{d,e,m}	50.0m	55.5m	✓
Number of mail items examined ^{b,f}	–	248,933	–
Aerial surveillance coverage (square nautical miles)			
ACBPS contracted aircraft and RAAF assets (square nautical miles) ^g	146.0m	149.0m	✓
Commercial contracted satellite (square nautical miles)	9.6m	9.7m	✓
Southern Ocean vessel surveillance (patrol days) ⁱ	172	142	✗
Northern waters surveillance ACV <i>Triton</i> (patrol days) ^{k,l}	308	289	✗
Ashmore Vessel (station and steaming days) ^h	320	331	✓
ACBPS Marine Unit (patrol days) ⁱ	2,400	1,691	✗

a Targets may be performance targets, service level targets or estimates.

b Performance cannot be forecast reliably.

c All cargo is risk assessed.

- d Inspection may include the use of x-ray technology, detector dogs or physical examination.
- e The amalgamation of previous measures (number of parcels/Express Mail Service/registered items inspected and number of letter class mail items inspected) will enable a more flexible response to shifts in risk between mail classes and more effective management of increasing volumes. These measures were amalgamated at PAES 2014–15.
- f Examination means physically opened by ACBPS.
- g The target is based on the contribution made by both ACBPS and Australian Defence Force (ADF) assets.
- h ACV *Ashmore Guardian* was almost permanently deployed at the Ashmore Reef National Nature Reserve and Cartier Island Marine Reserve. The contract for the vessel ceased in December 2013. ACV *Thaiyak* was to be almost permanently deployed at the Ashmore Reef National Nature Reserve and Cartier Island Marine Reserve when it began operations in September 2014.
- i These patrol days are completed by Bay Class and Cape Class vessels. In addition to ACBPS Marine Unit assets, on any given day the Royal Australian Navy (RAN) provides seven of the 14 *Armidale* Class patrol boats in support of Operation Resolute.
- j Deliverable for 2014–15 comprised 92 patrol days for the ACV *Ocean Protector* and 80 days for the ADV *Ocean Shield*. Funding for ACV *Ocean Protector* terminated on 31 December 2014. ACV *Ocean Protector* has been replaced by the renamed ADV *Ocean Shield*—ACV *Ocean Shield* for which funding from 2015–16 to 2017–18 is for 300 days per annum.
- k Funding for the ongoing programme will be considered in the 2017–18 Budget.
- l This measure was terminated on 30 June 2015.
- m The increase in targets reflects the additional deliverables/appropriation for the *Tackling Crime – increased cargo and mail screening at the border* measure.

Table 3: Programme 1.1: Border Enforcement KPIs

Key performance indicator	Target ^a	Actual	Target met
Percentage of passengers processed within 30 minutes of joining the inwards queue	92%	89.9%	✗
Number of arriving international air passenger referrals to the Department of Immigration and Border Protection	–	160,322	–
Traveller satisfaction with primary line services	95%	95.7%	✓
Percentage of arriving travellers who successfully cleared automated border control systems	30%	37.8%	✓
Percentage of departing travellers who successfully cleared automated border control systems ^b	–	0.24%	–
Number of detections and interceptions of suspected illegal entry vessels ^b	–	–	N/A
Number of illegal maritime arrivals intercepted at sea (including ship's crew) ^{b,d}	–	–	N/A
Number of mainland illegal maritime arrivals responded to and processed ^b	–	0	–
Number of apprehensions of illegal foreign fishing vessels ^e	45	6	✗
Number of illegal foreign fishers apprehended and processed	400	25	✗
Percentage of reported vessels risk-assessed at first port	100%	100%	✓
Percentage of high-risk vessels where targeted operational responses were performed	85–100%	100%	✓
Number of reported vessels subject to targeted intervention activities ^b	–	5,651	–
Number and weight of illicit tobacco and cigarette detections in the sea cargo stream ^b	–	91 detections, weighing 182 kg	–
Number of undeclared detections of conventional firearms, parts and accessories and magazines ^{b,i}	–	1,775	–
Value of undeclared currency ^b	–	\$16.9m	–
Number and weight of illicit drug detections ^{b,h}	–	32,880 detections of which 14,899 were major illicit drugs and precursors – weighing 7,309 kg	–

Table 3: Programme 1.1: Border Enforcement KPIs

Key performance indicator	Target ^a	Actual	Target met
Percentage of referrals accepted for formal investigation ^f	18–25%	41.7%	✓
Percentage of high-priority cases accepted for formal investigation ^f	80–90%	100%	✓
Percentage of prosecution briefs completed as the result of a formal investigation that resulted in a conviction ^g	85–95%	96.9%	✓
Number of potential illegal, unregulated and unreported vessels detected in Australia's Exclusive Economic Zone in the Southern Ocean ^b	–	3 ^j	–
Number of illegal, unregulated and unreported vessels boarded in the Southern Ocean ^b	–	0	–
Number of sightings of potentially illegal foreign fishing vessels in Australian northern waters ^{b,c}	–	10,614	–

a Targets may be performance targets, service level targets or estimates.

b Performance cannot be forecast reliably.

c Sightings of Type 3 and Type 4 fishing vessels are generated from reports by Border Protection Command surveillance units, including ACBPS and ADF. The number of sightings cannot be forecast through any reliable statistical or other method.

d This includes IMAs transferred to Australian Government authorities in Australian Territory.

e The total number of apprehensions by ACBPS and ADF assets.

f Formal investigations are conducted by the ICE and SIP Branches and refer to suspected breaches of Australia's border controls.

g This indicator refers to prosecution briefs prepared in response to a formal investigation and dealt with by the courts. The ICE and SIP Branches conduct formal investigations. 'Conviction' includes guilty verdicts where no conviction is recorded.

h Estimated weight values for performance and image enhancing drugs (PIEDs) and 'other' drugs are not shown as there is no consistent unit of measure available. Items in these categories can be measured in grams, volume, dose unit or capsules.

i The term 'Conventional Firearms' does not include firearm categories such as imitation, airguns, BB Guns and paintball guns, but includes all other firearms.

j Three known IUU vessels were detected on five separate occasions operating in the Australian Exclusive Economic Zone adjacent to Australia's Antarctic Territory (AAT). Australia's jurisdiction over the AAT is not universally recognised and therefore considered part of the high seas.

Table 4: Explanation of shortfall against target in Programme 1.1

Deliverable or KPI not met	Explanation of shortfall
Processing of international passengers (air and sea): Arrivals	Targets for performance cannot be forecast definitively.
Processing of international passengers (air and sea): Departures	Targets for performance cannot be forecast definitively.
Processing of international crew (air and sea): Arrivals	Targets for performance cannot be forecast definitively.
Processing of international crew (air and sea): Departures	Targets for performance cannot be forecast definitively.
Number of international vessel movements	Targets for performance cannot be forecast definitively.
Number of reported vessel arrivals	Targets for performance cannot be forecast definitively.
Sea Cargo: number of TEU inspected	Over the last six months there have been significant logistical issues in Sydney due to automation of one of the container terminals and congestion at a second. This placed pressure on Sydney Container Examination Facility (CEF) achieving its inspection targets. The Sydney CEF Inspection shortfall was offset by increased Inspections in other locations. Despite this, at the end of the May the Department was in a position to achieve the annual PBS Inspection target. However during June, Melbourne also experienced logistic pressures arising from congestion in container terminals which reduced the predicted throughput for that location. Additionally Melbourne experienced a number of unscheduled technology outages throughout the month which resulted in ACBPS failing to achieve the annual PBS KPI.
Southern Ocean vessel surveillance (patrol days)	Two vessels were used for Southern Ocean vessel surveillance during 2014–15, namely ACV <i>Ocean Protector</i> and ACV <i>Ocean Shield</i> . Funding for ACV <i>Ocean Protector</i> ceased hence the vessel was decommissioned and ceased operations during the first six months of the financial year. When ADV <i>Ocean Shield</i> was transferred to the ACBPS, it required essential modifications for operational purposes, resulting in a loss of patrol days.
Northern waters surveillance ACV <i>Triton</i> (patrol days)	Initially, funding for ACV <i>Triton</i> was scheduled to end on 31 December 2014, and the lease was to terminate at this time. However, there was an extension to this funding during the financial year, allowing the use of ACV <i>Triton</i> for an additional six months. Planning for the original end date meant crew had already been reassigned to other vessels, and there was a subsequent small loss of patrol days while crew were again reassigned to ACV <i>Triton</i> . Additionally, the changeover of crew between patrols at remote locations also resulted in a small loss of patrol days.

Table 4: Explanation of shortfall against target in Programme 1.1

Deliverable or KPI not met	Explanation of shortfall
ACBPS Marine Unit (patrol days)	<p>There has been a substantial decrease in the number of patrol days for the Marine Unit as we have transitioned from the older <i>Bay</i> Class vessels to the new <i>Cape</i> Class patrol boats, with a lack of appropriately qualified crew a major contributor. This had already been foreshadowed in the transition program, where we indicated that we would achieve less operational availability due to the requirement to up skill and transition existing crew. As our <i>Cape</i> Class patrol boats became available for operational purposes, and with the commencement into service of ACV <i>Thaiyak</i> and ACV <i>Ocean Shield</i>, additional officers were required due to the larger crewing requirements. Combined with the Australian Public Service Commission recruitment policy and the significant training requirements for our crew, there was a shortage of qualified crew for the <i>Bay</i> Class vessels, resulting in a loss of patrol days.</p> <p>Several <i>Cape</i> Class patrol boats also suffered defects, not entirely unexpected with a new fleet, and these impacted on some lost patrol days.</p> <p>While four <i>Bay</i> Class vessels were gifted to two regional partners, the remaining <i>Bay</i> Class vessels underwent annual slipping and vessel maintenance issues became more problematic, consistent with their age and investment in the vessels. <i>Bay</i> Class vessels lost days due to maintenance issues due end of life of vessels.</p>
Percentage of passengers processed within 30 minutes of joining the inwards queue	<p>On 14 November 2014 a new process was introduced as part of Ebola screening. All travellers are now required to complete a Travel History Card. It was anticipated that the additional card would impact on processing times and affect the ability of ACBPS to achieve PBS KPI for traveller facilitation (FAL) at airports. This has contributed to a financial year FAL of more than 2 per cent below target.</p>
Number of apprehensions of illegal foreign fishing vessels	<p>Illegal foreign fishing vessel apprehensions were below PBS target as a consequence of the deterrent effect of our surveillance and enforcement efforts that has seen illegal foreign fishing activity and sightings reduce south of the Provisional Fisheries Surveillance and Enforcement Line and within the Australian Fishing Zone.</p>
Number of illegal foreign fishers apprehended and processed	<p>Illegal foreign fishing vessel apprehensions were below PBS target as a consequence of the deterrent effect of our surveillance and enforcement efforts that has seen illegal foreign fishing activity and sightings reduce south of the Provisional Fisheries Surveillance and Enforcement Line and within the Australian Fishing Zone.</p>

CONTRIBUTION TO THE SUCCESS OF OPERATION SOVEREIGN BORDERS

Operation Sovereign Borders (OSB) is the military-led border security operation dedicated to combatting maritime people smuggling. Since it was established on 18 September 2013, OSB has significantly reduced the flow of illegal boat arrivals to Australia, in turn reducing the deaths at sea.

OSB is supported by a range of Australian Government agencies through the Joint Agency Task Force (JATF). It comprises a headquarters and three operational task groups:

- Disruption and Deterrence Task Group—led by the Australian Federal Police (AFP)
- Detection, Interception and Transfer Task Group—led by Border Protection Command (BPC)
- Immigration Status Resolution Group—led by the DIBP.

As Australia's lead civil maritime security authority, BPC has been instrumental in the success of OSB. BPC brings together resources from the ACBPS and the ADF to identify and respond to illegal activity in Australia's maritime jurisdiction.

In 2014–15 the Service accepted into service four more Cape Class vessels and these, with an extension to use the ACV *Triton* until 30 June 2015, bolstered our operational assets to contribute to the success of OSB. Two further Cape Class vessels are to be accepted in July 2015 and in August 2015, finalising the delivery of the Cape Class fleet.

ACV *Thayak* also commenced service in July 2014, providing on-station capability support in the Ashmore Islands area. It is also assisting other vessels in support of OSB.

BPC has worked to detect and intercept any vessel seeking to enter Australian waters illegally, and where safe to do so, remove it safely beyond our maritime zone. Successful interceptions have diminished the willingness of people smugglers to undertake voyages and have deterred many potential illegal immigrants from attempting dangerous sea voyages. This meant that only one venture reached Australia in 2014–15, compared with 105 in 2013–14. There has been a substantial and sustained reduction in the number of maritime ventures. Importantly, under OSB, there has been no loss of life at sea for over 18 months.

ABF COLLEGE

The Australian Border Force (ABF) College will begin operations on 1 July 2015 as part of the establishment of the ABF developed from the interim ACBPS college that was established in Sydney in 2014. The core objective for the ABF College is to become an operational education and training institution that meets the current and future needs of a contemporary workforce and border protection service. The college will initially be located in Sydney and will deliver foundational as well as specialised training for ABF officers, together with enterprise-wide training for DIBP staff.

A Department-wide Learning and Development Strategy was developed in preparation for the establishment of the college. The strategy sets out how we will build a mature organisational learning and development capability that will meet the requirements of a new workforce model, strengthen the leadership capability across DIBP and, in the college, create an operational training institution to meet the current and future needs of a modern border protection service.

The ABF college will see all operational training for former ACBPS and DIBP staff brought together under the new single framework. The framework comprises a new operating model and organisational structure, which was implemented in the lead up to the college opening.

Operational training from the two organisations is being bought under the college framework incrementally with the initial focus being on the highest priority training required for the launch of the ABF. This has included: a new Border Force Investigations Course to be designed and delivered in conjunction with the AFP; ABF Transition Training to provide foundational and job-specific training for officers taking up functions being integrated in the ABF; and the first ABF Recruit Course, which began in the interim ABF College facility in Sydney on 22 June 2015.

Work also commenced on a stocktake and review across the operational course catalogue to ensure that training meets the ABF's capability requirements, employs best-practice contemporary learning approaches, and meets competency standards.

ACV OCEAN SHIELD BEGINS OPERATIONS

The ADV *Ocean Shield* was originally purchased by Defence in 2012 for humanitarian assistance and disaster recovery tasks, but the vessel was transferred to the Service on 1 July 2014 after the retirement of her sister ship, ACV *Ocean Protector*, from the ACBPS fleet. ACV *Ocean Shield* provides an enduring Southern Ocean patrol capability and contributes to the whole-of-government delivery of border security in our maritime zones.

Following modifications in both Singapore and Hobart to increase its operational capability in Australia's vast maritime jurisdiction, ACV *Ocean Shield* entered service in November 2014. It quickly became an integral part of the Service's fleet having been tasked in Australia's northern waters to respond to reported or suspected border incidents and illegal activity in our maritime zone.

ACV *Ocean Shield* commenced its inaugural Southern Ocean patrol on 16 April 2015. This was the Service's first Southern Ocean maritime patrol since 2012 and saw the vessel cover more than 7,500 nautical miles across the vast Southern Ocean.

The Southern Ocean patrol forms part of a continued effort also involving diplomatic and international initiatives to combat the illegal exploitation of natural resources and, in particular, the threat of illegal, unreported and unregulated fishing.

The patrol exercises Australia's sovereign rights and the enforcement of laws within its territories. It enforces legislation in the Macquarie Island Exclusive Economic Zone (EEZ), the Heard Island and MacDonald Islands EEZ, waters covered by the international Convention on the Conservation of Antarctic Marine Living Resources, and in the French EEZ around Kerguelen Island.

The 42-day patrol that began on 16 April undertook a range of specific activities for key Australian Government and international stakeholders including protecting the Heard Island and McDonald Islands marine reserves and World Heritage areas; enacting cooperative arrangements through fisheries patrol within the Australian and French Kerguelen Island EEZ areas to ensure compliance with fisheries legislation and suppress illegal activity; and conducting monitoring and research tasks, including the deployment of ice beacons and drifting buoys.

Further opportunities to establish joint surface patrols with other nations in the region will be explored in future.

BAY CLASS VESSEL GIFTS—OPERATIONAL PATROLS

Our *Bay* Class patrol vessels entered service from 1999 and have performed above and beyond their planned role delivering more than 30,000 patrol days. As our air and marine surveillance and interdiction role has expanded, so has our need for enhanced capabilities, an outcome being achieved through our new *Cape* Class vessels.

At the November 2013 Commonwealth Heads of Government Meeting (CHOGM) in Colombo, the Prime Minister, the Hon Tony Abbott MP, announced that Australia would give two *Bay* Class vessels to Sri Lanka in support of border protection, maritime safety and counter-people smuggling operations. This was followed in February 2014 by the Minister for Immigration and Border Protection, the Hon Scott Morrison MP, announcing the transfer of two *Bay* Class vessels to the Malaysian Maritime Enforcement Agency (MMEA).

Mr Craig Cameron, one of our most experienced *Bay* Class Commanding Officers, had a central role in providing vessel training and familiarisation for the Sri Lankan Navy and MMEA crews. He accompanied all four vessels on their journeys to their new home ports in Colombo and Port Klang, where they will be used to support border protection activities.

The gift of these vessels to Sri Lanka and Malaysia reaffirms the importance that Australia places on its relationship with these countries and their role in eliminating people smuggling at a regional level.



STAFF PROFILE

RYAN BUTTERLY

Marine Cook

ACV Cape Jervis

Border Force Capability Division

Ryan Butterly joined the Service in 2014 after 10 years of service with the Royal Australian Navy. As one of our new Marine Cooks, Ryan performs a vital role in ensuring that his 17 fellow crew members on board the ACV *Cape Jervis*, one of our new *Cape Class* patrol boats, stay well fed.

The *Bay Class* vessels that are being retired from service have eight crew and operated on 21-day patrols. All those on board including Commanding Officers took turns at cooking. Our new patrol boats perform 28-day around-the-clock patrols, and Ryan's specialist role contributes to the vessels' greater capability by ensuring that all other officers are able to respond to maritime threats 24 hours a day.

Ryan also manages the vessel's galley operations, from victualling—ordering the food that will be required—and accounting for stores through to ensuring that all kitchen waste is appropriately stowed until the end of each patrol.

Ryan has to ensure that there are about five weeks of provisions on board in case patrol time is extended, but he has great flexibility in the food he prepares. He cooks a variety of meals to take into account the personal preferences of his fellow crew members, but he does rely on frozen and canned ingredients late in patrols, when most of the fresh food has been used.

ENHANCED MARITIME COUNTER TERRORISM CAPABILITY

In accordance with the National Counter Terrorism Plan, the Commonwealth Government has direct responsibility for offshore Maritime Counter Terrorism (MCT) response beyond the territorial sea. BPC is the lead agency for offshore maritime security, responsible for coordinating whole-of-government operational response and recovery efforts if a maritime terrorism incident occurs.

During a crisis, BPC would fulfil this responsibility by enhancing its operational capacity by drawing additional expertise from other government agencies. This would be achieved by constituting an Augmented Multi-Agency Task Force (AMATF) involving personnel from the AFP, Attorney-General's Department, Office of Transport Security and the Department of Foreign Affairs and Trade (DFAT), as well as additional ACBPS and Defence personnel.

To ensure that the Commander BPC is well placed to respond to a marine counter terrorism incident, planning began in 2013 for an independent evaluation of the BPC-led AMATF's capability.

Exercise Blue Horizon, conducted in September 2014, was a critical activity in that evaluation and gave Headquarters BPC the opportunity to demonstrate its ability to lead the AMATF in response to a major maritime security incident. The exercise confirmed BPC's capability and contributed to preparedness to support the G20 meeting in Brisbane on 15–16 November 2014.

ILLEGAL, UNREPORTED AND UNREGULATED FISHING ENFORCEMENT ACTIVITY

Illegal, unreported and unregulated (IUU) fishing is a transnational crime and a major threat to the sustainability and viability of Australian and international fisheries. BPC continued to work closely with domestic and international partners to detect, deter and disrupt IUU fishing activities and bring organised crime syndicates to justice through regional enforcement capability.

BPC has been working closely with the Australian Fisheries Management Authority (AFMA) to combat IUU fishing in the Southern Ocean. Under the auspices of the Regional Plan of Action to Promote Responsible Fishing Practices, including combating IUU fishing (RPOA-IUU), Australia cooperates with 10 countries to deter and disrupt IUU fishing by sharing information, undertaking joint patrols and other cooperative arrangements. In the 2014–15 financial year, BPC-assigned aircraft sighted five IUU vessels transiting to or from the Southern Ocean. Through the assistance of Service officers at overseas posts, all sightings were promptly notified to the RPOA networks, leading to three vessels being detained and investigated by local authorities.

In August 2014 AFMA and ACBPS officers provided information and assistance to Indonesian authorities that led to the detention of the IUU vessel *Perlon* in Batam, Indonesia. In March 2015, the IUU vessel *Viking* was detained in port by Malaysian authorities. AFMA and Service officers helped Malaysian investigators check documentation produced by the vessel's master, which was subsequently identified as fraudulent.

ACBPS officers boarded two IUU vessels listed on the Commission for the Conservation of Antarctic Marine Living Resources IUU vessel list. The *Kunlun* and the *Perlon* were operating under false flags. Information gathered after boarding the vessels was passed to partner agencies and distributed to RPOA countries for further investigation.

Since the two vessels were boarded, Thai authorities have detained the *Kunlun* in Phuket and Malaysian authorities have detained the *Perlon* and prosecuted its master and crew.

In another incident, the IUU vessel *Thunder* was lost at sea off the west coast of Africa after it attempted to avoid passage to a South East Asian port.

The detention of vessels and subsequent successful prosecutions, and the loss of the *Thunder*, contributed to a significant reduction in IUU fishing in the Southern Ocean. BPC remains committed to collaborating with AFMA and international partners to detect, deter and disrupt IUU fishing vessels operating in defiance of international conventions.

TRILATERAL COOPERATION ON THE HIGH SEAS

In June 2015, BPC conducted its first boarding of a foreign-flagged fishing vessel under the Western and Central Pacific Fishing Commission (WCPFC) High Seas Boarding and Inspection Regime.

HMAS *Leeuwin*, operating under the control of BPC, boarded the foreign-flagged fishing vessel approximately 285 nautical miles east of Norfolk Island. Working in partnership with AFMA officers deployed to the region, the vessel was boarded to assess compliance with the WCPFC Conservation and Management measures. The inspection found the vessel to be compliant and resulted in no further action being required.

This action was part of Australia's participation in the inaugural trilateral Operation Nasse, which in addition to HMAS *Leeuwin*, saw BPC deploy three maritime patrol aircraft. Operation Nasse saw Australian, New Zealand and French air and marine assets conduct approximately four weeks of cooperative patrol activity focusing on the high seas pocket bordering the exclusive economic fishing zones of Australia, New Zealand and the French Territory of New Caledonia. The operation resulted in a combined total of 45 hours of aerial surveillance conducted and 13 vessels inspected.

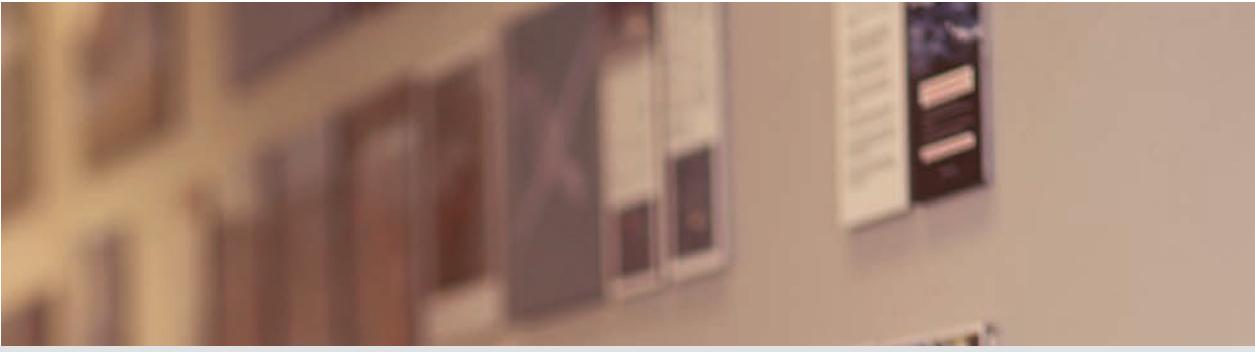
Through BPC's participation in Operation Nasse, Australia continues to demonstrate its strong commitment to engaging with regional partners to deter any illegal fishing operators undermining the migratory fish stocks in the region and ensuring the sustainability of Pacific fisheries.



A professional portrait of Richard Harley, a Customs and Border Protection officer. He is wearing a dark blue uniform sweater over a purple collared shirt and a striped tie. The sweater has "CUSTOMS AND BORDER PROTECTION" printed on the left chest and "RICHARD HARLEY" on a name tag. He is standing in an indoor hallway with warm lighting and a herringbone floor pattern.

CUSTOMS AND
BORDER PROTECTION

RICHARD HARLEY



STAFF PROFILE

RICHARD HARLEY

Supervisor

Australian Maritime Security Operations Centre
Border Protection Command

Richard began his career with the Service in 1999. His past operational experience greatly benefits his work today as a Supervisor in BPC's Australian Maritime Security Operations Centre. Here Richard is responsible for tasking and coordinating ACBPS assets deployed across Australia's maritime jurisdiction. It is a job he loves because he gets to 'work with professional people dealing with the business of protecting our borders around this great country'.

Every day brings something different to an officer working across an unpredictable maritime environment. In 2001 Richard directly contributed to the seizure of 1,000kg of cocaine on board a suspect vessel—one of the largest drug hauls in Australian history. Richard recalls that during the early 2000s, 'things were starting to heat up with activity on the water: more foreign fishing vessels and suspected illegal entry vessels were being detected than ever before, but that was nothing like what was to come in the years ahead'.

In 2013 Richard took up a position in BPC's Darwin office. This was an exciting opportunity to work closely with Defence personnel as well as BPC's regional clients.

Richard was recently selected to join the CEO Reform Advisory Group, where he was able to contribute directly to the transformation of the Service. The group was recognised with an Australia Day Achievement Award. Richard is looking forward to the next chapter of his career and the opportunities the establishment of the ABF brings with it.

Table 5: BPC surveillance of and response to foreign fishing vessel activity

	2012–13	2013–14	2014–15
Boardings			
Foreign fishing vessels ^a	279	136	82
Other ^b	36	53	2
Apprehensions ^c	7	26	6
Legislative forfeiture ^d	—	7	2

a Boardings conducted by ACBPS vessels only. Does not include boardings conducted by Defence assets assigned to BPC.

b Includes merchant vessels, Australian fishing vessels and other small craft boarded by ACBPS officers.

c Apprehensions include those by both ACBPS and Defence assets assigned to BPC.

d Legislative forfeiture (seizure of catch and equipment) is conducted under the *Maritime Powers Act 2013* where it is reasonably suspected that the catch and equipment has been automatically forfeited under legislation administered by the AFMA.

CHUAN HONG CASE

After an ACBPS-led search in Melbourne in May 2014, investigations officers arrested a 44-year-old man, Chuan Hong, and seized 6,290 weapons and a quantity of cigarettes; the attempted illegal import was concealed within a container of legitimate goods.

The types of weapons seized were:

- several types of knuckle dusters—5,400 units
- extendable batons—100 units
- tasers:
 - torch style—530 units
 - small torch style—250 units
 - iPhone style—10 units.

The Service's involvement began when it was contacted by Victoria Police with information received about illegal weapons being sold from a tool business in the northern suburb of Thomastown in Melbourne. ACBPS Intelligence Support used this information to target containers of interest.

The Service's officers at the Melbourne Container Examination Facility (CEF) intercepted the suspected container and, after a search warrant was issued, discovered the shipment of weapons and cigarettes concealed behind fitness equipment and blankets.

ACBPS investigators and Victoria Police officers conducted a managed delivery of the container to Hong's business address and arrested Hong for importing prohibited weapons. The media reporting of the intercepted shipment received national coverage, reaching an estimated audience of almost two million people.

In court proceedings in March 2015, Hong entered guilty pleas to three charges:

- Importing tier 2 goods contrary to Section 233BAB(5) of the *Customs Act 1901* resulting in a conviction and sentence of 12 months' imprisonment
- Importing tobacco products with the intent to defraud the Commonwealth of revenue contrary to Section 233BABAD(1) of the *Customs Act 1901* resulting in a conviction and sentence of three months' imprisonment
- Possessing a prohibited weapon contrary to Section 5AA of the *Control of Weapons Act 1990* resulting in a conviction and sentence of one month's imprisonment.

All sentences were directed to be served concurrently. The court ordered that Hong be released on a recognizance order after serving four months with security of \$1,000 and to be of good behaviour for 14 months.

Table 6: Summary of investigations

	2012–13	2013–14	2014–15
Referrals received ^a	3,000	2,635	2,379
Cases adopted	567	612	814
Cases completed			
With prosecution (through courts)	152	130	97
Without prosecution	305	299	384
Cases where prosecution briefs completed	116	106	103

a This figure includes referrals assessed as not meeting case priority threshold.



STAFF PROFILE

TRACY ROLLS

Operational Safety Trainer

Australian Border Force College Branch

Border Force Capability Division

Tracy joined the Service in 2006 and has worked in a variety of roles, including postal operations, the waterfront and shipping, and airport and air cargo in her previous position in Enforcement Operations Victoria. Tracy currently works as an Operational Safety Training Instructor in Melbourne in Border Force Division and is responsible for training officers in incident management, conflict resolution and the use of force.

Tracy teaches fellow officers a range of measures to ensure their safety during operations. Use-of-force training is provided to selected staff who are employed in areas where they might need to manage people who are physically non-compliant, or might have to defend themselves from physical attack. The underlying principal regarding the use of force within the Service has always been that only the minimum amount of force is to be used, and that the level of force applied is reasonable and necessary in the circumstances.

When undertaking operations, our officers might face risks to their safety from individuals and groups who fail to comply with instructions, who are aggressive or might otherwise attempt to harm them in order to avoid detection, apprehension or prosecution. The training Tracy and her fellow instructors provide, gives our officers the skills to manage these risks.

Tracy said enabling our officers to defend themselves and others against verbal or physical conflict was challenging and rewarding. ‘Our officers choose to be in law enforcement and wear the uniform, and it’s our role in the Operational Training Group to inform and guide officers in a way to mitigate those risks so they can do their job safely,’ she said.

TOBACCO DETECTIONS IN SEA CARGO AND AMOUNT OF DUTY EVADED

Tobacco and cigarette detections through the sea cargo environment have continued to account for the majority of tobacco detected by weight. The number of detections in sea cargo has been trending upwards, while the total weight has been trending downward, continuing the trend of a shift in smuggling methodology to smaller, more frequent importations in sea cargo and other streams. A tobacco detector dog capability was trialled in Melbourne during early 2015, producing a number of positive outcomes supporting the ongoing viability of this capability into the future.

Table 7 provides details on the number of detections, quantities, value (in terms of duty evaded) and the equivalent tobacco weight of illicit tobacco intercepted by ACBPS in the sea cargo environment since 1 July 2012.

We were involved in several operations during the year to disrupt criminal syndicates involved with tobacco smuggling. In July 2014, two Korean nationals were the first to be prosecuted by the ACBPS and the Commonwealth Director of Public Prosecutions with the new increased penalties under the *Customs Act 1901* for illegally importing tobacco. Each offender was sentenced to 20 months' gaol for conveying and possessing tobacco products with intent to defraud the Commonwealth. They were also ordered to pay \$100,332 reparation for the evaded revenue. The third co-accused was sentenced to 10 months for aid and abet charges under the *Criminal Code Act 1995*.

Table 7: Tobacco detections in sea cargo and amount of duty evaded

	2012–13	2013–14	2014–15
Number of detections	76	78	91
Tobacco (tonnes)	183	183	150
Cigarettes (millions of sticks)	200	147	40
Duty evaded (\$ million)	151	142	103
Equivalent tobacco weight (tonnes)	344	301	182

FIREARMS AND DISPOSALS

The Service considers the identification and analysis of illicit firearm trafficking networks to be a high priority. The Service has strengthened its targeting regime and enhanced opportunities to make detections of illicit firearms. During 2014–15 there were a total of 1,775 undeclared firearms, firearm parts and accessories and magazines detected at the border. It is worth highlighting that through 2014–15, the number of undeclared handguns detected at the border has increased by almost 60 per cent including several deliberate attempts at concealing complete handguns through the International Mail Stream.

In April 2012, ACBPS established the Firearms Intelligence and Targeting Team (FITT). The FITT targets different parts of the supply chain: before the border; at the border; and post border. It has significantly improved the sharing of intelligence available from a variety of partner agencies and its use to increase detections of illicit firearms at the border.

An early reform initiative delivered in 2013–14 was the creation of a new strategic partnership between the Service and the AFP. This strategic partnership continues to provide a collaborative approach to combating serious border crime and reinforces the operational links between both agencies.

Table 8: Number of undeclared detections of conventional^a firearms and disposals, 2012–13, 2013–14 and 2014–15

	Firearms, parts and accessories			Replicas, air guns, parts and accessories		
	2012–13	2013–14	2014–15	2012–13	2013–14	2014–15
Detections of undeclared items	2,403	1,737	1,775	4,084	5,668	3,703
Disposals	586	151	121	2,711	4,190	24

a The term 'conventional firearms' does not include firearm categories such as imitations, airguns, BB guns and paintball guns, but includes all other firearms.

Note: *The statistics for replicas, air guns, parts and accessories does not include paintball firearms, replicas of historical firearms such as flintlocks or other black powder firearms and all parts, accessories or magazines for the same. The significant increase from previous years is mostly due to three importations, each above 1,000 items (1,464; 4,368; 8,840 respectively) of 'imitation firearms'. All were released on permit.*

Firearms and other weapons also move across borders for a wide range of legitimate reasons, including law enforcement, security and sporting purposes. We are responsible for ensuring appropriate permissions are in place when firearms and other weapons are imported to, and exported from, Australia.

We continue to work closely with the Attorney-General's Department to improve existing controls on the importation of firearms, parts and ammunition and actively participate in the national Firearms and Weapons Policy Working Group, which provides advice to relevant Commonwealth, state and territory Ministers on firearms matters. We are also working closely with CrimTrac and the Firearms and Weapons Policy Working Group to implement the National Firearms Interface—a key recommendation from the Martin Place Siege Joint Commonwealth-New South Wales review.

IMPLEMENTATION OF THE NATIONAL BORDER TARGETING CENTRE

On 1 July 2014 the National Border Targeting Centre (NBTC) began operations. The NBTC is hosted by the Service and was officially opened by then Minister for Immigration and Border Protection, the Hon Scott Morrison MP, on 14 July 2014.

The NBTC is a multi-agency facility where 10 border protection, regulatory, intelligence and law enforcement partner agencies are co-located and share information to provide a nationally coordinated, whole-of-government approach to operational border risk assessment and targeting. The NBTC also delivers real-time intelligence and targeting information to Strategic Border Command (SBC), which provides national coordination of the Service's operational activity.

The NBTC has built strong links with regional partners and targeting centres in the United States, Canada, the United Kingdom and New Zealand to improve knowledge of criminal syndicates with international links.

The NBTC draws together and synthesises a range of data and information to deliver an improved national picture of risk across all vectors. This enables the NBTC to deliver fast and accurate assessments and targeting advice to support intervention activities across the border continuum.

DRUGS AND PRECURSOR STATISTICS

The risk of movement of illicit drugs and precursors across the Australian border persists, and continue to be assessed as high. Detections of all major drugs at the Australian border increased in 2014–15, as did the detected weight of most major drug types. Illegal import, distribution, production and use of methamphetamine in Australia, in particular of the highly dangerous crystalline form of the drug known as ‘ice’, have been of major concern to the Australian Government, resulting in the creation of the whole-of-government National Ice Task Force. The National Ice Task Force charged with developing a national methamphetamine strategy to comprehensively address the problem. Dr Bradley Grant is the DIBP representative on the National Ice Task Force Secretariat. His role involves providing expert advice on border security issues and matters related to the production and international trafficking of ‘ice’ (See Bradley’s profile on pages 70–71).

Amphetamine-type stimulants (ATS)—nearly all of them methamphetamine, mostly in crystalline form—have dominated illicit drug detections at the Australian border. More than half of the weight of all major drugs detected in 2014–15 was methamphetamine. The large majority of these detections were in cargo—both sea and air—and in the international mail environment.

Drug importing syndicates have frequently concealed drug shipments in high volume entry streams—such as air cargo parcels and postal articles—exploiting the popularity of e-commerce and the significant growth in the volume of Australians purchasing legitimate goods overseas.

As detections of ready-to-use ATS has increased there has been a decrease in detections of drug precursors. MDMA has made a resurgence in the Australian illicit drugs market, effectively ending a shortage observed in preceding years. The high popularity of both methamphetamine and MDMA in Australia was reflected in 2014–15 in a border detection of a 2.8 tonne combined shipment of methamphetamine and MDMA in sea cargo. This shipment was the largest Australian detection of methamphetamine yet and the second largest Australian detection of MDMA.

Although large shipments of drugs were detected in cargo, during 2014–15 criminal syndicates continued to send large numbers of comparatively small drug and precursor shipments in entry streams carrying high volumes of legitimate traffic.

Table 9: Drug detections by mode of importation

	Detections			Weight (kg) ^a		
	2012–13	2013–14	2014–15	2012–13	2013–14	2014–15
Air passengers and crew						
Cannabis	31	43	41	2.30	1.09	3.14
Cocaine	25	24	33	41.29	147.54	61.53
Heroin	37	22	12	88.36	56.03	21.11
MDMA (ecstasy)	1	8	5	0.08	7.64	2.39
ATS ^b	72	74	39	79.26	170.96	31.86
Precursors ^c	173	219	154	215.63	127.87	52.78
PIEDs ^d	483	390	314	..	..	..
Other ^e	790	753	647	..	..	..
Cargo and postal^f						
Cannabis	3,597	2,795	4,908	19.25	161.81	57.04
Cocaine	1,978	1,493	1,748	358.40	96.72	307.38
Heroin	199	158	279	424.53	62.86	297.63
MDMA (ecstasy)	4,139	3,241	3,573	149.19	87.21	1,999.96
ATS ^b	1,926	2,291	3,440	2,059.28	1,641.36	3,390.96
Precursors ^c	987	947	667	1,713.94	1,637.11	1,083.64
PIEDs ^d	9,875	6,495	7,067	..	..	..
Other ^e	6,327	6,393	9,953	..	..	..
Shipping and aircraft^g						
Cannabis	1	–	–	0.00	–	–
Cocaine	–	1	–	–	1.50	–
Heroin	1	–	–	0.94	–	–
MDMA (ecstasy)	–	–	–	–	–	–
ATS ^b	–	–	–	–	–	–
Precursors ^c	–	–	–	–	–	–
PIEDs ^d	–	–	–	–	–	–
Other ^e	–	–	–	–	–	–
Total number of detections by drug type						
Cannabis	3,629	2,838	4,949	21.55	162.90	60.18
Cocaine	2,003	1,518	1,781	399.69	245.76	368.91
Heroin	237	180	291	513.82	118.89	318.74
MDMA (ecstasy)	4,140	3,249	3,578	149.27	94.85	2,002.35
ATS ^b	1,998	2,365	3,479	2,138.54	1,812.32	3,422.82
Precursors ^c	1,160	1,166	821	1,929.57	1,764.98	1,136.43
PIEDs ^d	10,358	6,885	7,381	..	..	..
Other ^e	7,117	7,146	10,600	..	..	..

- a Weight shown may be the confirmed weight (if available) or the gross, net or estimated weight. Where the weight of detections of ATS, MDMA (ecstasy) and precursors was not available, an estimate of 0.29 grams per tablet was used. Estimated weight values for PIEDs and 'other' drugs are not shown as there is no consistent unit of measure available. Items in these categories can be measured in grams, volume, dose unit or capsules.
- b ATS includes methamphetamine and amphetamine but excludes MDMA (ecstasy).
- c Precursor figures refer to detections of chemical substances that are prohibited imports/exports that may be used in the manufacture of illicit drugs. Some precursors detected were likely not intended for the manufacture of illicit drugs but were active ingredients in health supplements, cold and flu preparations, herbal medicines and weight-loss products purchased on the internet.
- d PIEDs include steroids, DHEA (dehydroepiandrosterone/prasterone) and hormones.
- e 'Other' drug detections refer to stimulants other than cocaine or ATS, narcotics/analgesics other than heroin, psychoactive/hallucinogens other than MDMA (ecstasy) or cannabis products, and all depressants and sedatives. Excludes precursors.
- f Includes detections made from air cargo, sea cargo and international mail.
- g Includes detections made from searches of sea passengers and crew, vessels and aircraft.

Note: The significance of an offence is based on the classification in the Customs Act 1901. Figures may vary from those previously published due to adjustments arising from administrative corrections, subsequent chemical analysis and further information received from the AFP. Detections subject to ongoing investigations (including controlled deliveries) might not appear.

Table 10: Number and weight of amphetamine-type stimulants and crystalline methamphetamine (ice) detections

	Detections			Weight (kg) ^a		
	2012–13	2013–14	2014–15	2012–13	2013–14	2014–15
ATS ^b	914	988	1,758	692.30	376.98	807.73
Crystalline methamphetamine (ice) ^c	1,084	1,377	1,721	1,446.24	1,435.34	2,615.09

a Weight shown in the above table is an estimate. Weight is calculated using 0.29 grams per tablet where a weight was not available. Some small quantity shipments of ATS do not have weight recorded, so these weight figures are slightly under-estimated.

b ATS includes amphetamines and methphetamines in liquid, capsule, paste, powder or tablet form. Figures do not include MDMA (ecstasy) or crystalline methamphetamine (ice).

c Crystalline methamphetamine is shown separately, but would usually be included in ATS figures.

Note: Figures may vary from those previously published due to adjustments arising from administrative corrections, subsequent chemical analysis and further information received from the AFP. Also, detections subject to ongoing investigation (including controlled deliveries) might not appear.

Table 11: Number and weight of precursor-type drugs by mode of importation

	Detections			Weight (kg) ^a		
	2012–13	2013–14	2014–15	2012–13	2013–14	2014–15
Air passengers and crew						
Precursor for ATS ^b	172	218	147	215.51	127.84	51.76
Precursor for LSD ^c	–	–	–	–	–	–
Precursor for GHB (fantasy) ^d	–	1	1	–	0.03	1.00
Precursor for MDMA (ecstasy) ^e	1	–	6	0.12	–	0.03
Other	–	–	–	–	–	–
Cargo and postal^f						
Precursor for ATS ^b	886	815	473	1,485.49	1,379.48	449.06
Precursor for LSD ^c	4	7	8	0.08	0.16	0.25
Precursor for GHB (fantasy) ^d	74	102	156	219.97	252.56	346.12
Precursor for MDMA (ecstasy) ^e	11	4	11	7.86	1.24	287.98
Other	12	19	19	0.54	3.67	0.23
Total number of interceptions of precursor type drugs						
Precursor for ATS ^b	1,058	1,033	620	1,701.00	1,507.32	500.82
Precursor for LSD ^c	4	7	8	0.08	0.16	0.25
Precursor for GHB (fantasy) ^d	74	103	157	219.97	252.59	347.12
Precursor for MDMA (ecstasy) ^e	12	4	17	7.98	1.24	288.01
Other	12	19	19	0.54	3.67	0.23

a Weight may be confirmed weight (if available) or gross, net or estimated weight. Where the weight of detections of ATS and MDMA (ecstasy) was not available, an estimate of 0.29 grams per tablet was used.

b Precursors for ATS include ephedrine, ma huang/ephedra, phenyl-2-propane (P-2-P), phenylactic acid, phenylpropanolamine/horephedrine, pseudoephedrine.

c Precursors for LSD includes ergometrine and ergotamine.

d Precursors for GHB (fantasy) include gammabutyrolactone (GBL). However, GBL is also subject to abuse in its own right, and is treated as a narcotic substance under customs legislation.

e Precursors for MDMA (ecstasy) may also be precursors to related drugs such as 3,4-methylenedioxymphetamine (MDA) or 3,4-methylenedioxy-N-ethylamphetamine (MDEA), and includes piperonal, safrole, isosafrole, and 3,4-methylenedioxymethyl-2-propanone (MDP-2-P).

f Includes detections made from air cargo, sea cargo and international mail.

Note: Precursor figures refer to detections of chemical substances that are prohibited imports/exports that may be used in the manufacture of illicit drugs. Some of the precursors detected were likely not intended for the manufacture of illicit drugs, but were active ingredients in health supplements, cold and flu preparations, herbal medicines and weight-loss products purchased on the internet.

Figures may vary from those previously published due to adjustments arising from administrative corrections, subsequent chemical analysis and further information received from AFP. Also, detections subject to ongoing investigation (including controlled deliveries) might not appear.

Table 12: Interceptions of performance and image enhancing drugs

	2012–13	2013–14	2014–15
Air passengers and crew			
Steroids	415	308	278
Hormones ^a	68	82	36
Cargo and postal^b			
Steroids	6,399	5,019	5,379
Hormones ^a	3,476	1,476	1,688
Other^c			
Steroids	—	—	—
Hormones ^a	—	—	—
Total			
Steroids	6,814	5,327	5,657
Hormones ^a	3,544	1,558	1,724

a Includes detections of erythropoietin, darbepoetin alpha and natural and manufactured gonadotrophins.

b Includes detections made from air cargo, sea cargo and international mail.

c Includes importations via sea passengers and crew, vessels, aircraft and detections arising from post-border operations.

Note: Figures may vary from those previously published due to adjustments arising from administrative corrections, subsequent chemical analysis and further information received from the AFP. Also, detections subject to ongoing investigation (including controlled deliveries) might not appear.

Table 13: Total number of detections and weight by drug types

	Detections			Weight (kg) ^a		
	2012–13	2013–14	2014–15	2012–13	2013–14	2014–15
Commercial						
Cannabis	—	1	—	—	125.90	—
Cocaine	17	18	53	342.92	163.33	264.10
Heroin	24	22	29	476.10	76.92	260.73
MDMA (ecstasy)	1	24	16	117.00	47.91	1,942.35
ATS ^b	139	415	696	2,056.15	1,632.57	3,180.84
Marketable						
Cannabis	16	40	31	1.48	2.14	3.96
Cocaine	1,271	1,084	1,241	56.03	82.00	104.31
Heroin	144	124	202	37.66	41.94	57.96
MDMA (ecstasy)	4,052	3,167	3,485	32.25	46.93	59.98
ATS ^b	1,299	1,629	2,377	81.87	179.47	241.58
Less than marketable						
Cannabis	3,613	2,797	4,918	20.07	34.86	56.22
Cocaine	715	416	487	0.75	0.42	0.50
Heroin	69	34	60	0.06	0.02	0.05
MDMA (ecstasy)	87	58	77	0.02	0.01	0.02
ATS ^b	560	321	406	0.52	0.28	0.40
Total number drug detections						
Cannabis	3,629	2,838	4,949	21.55	162.90	60.18
Cocaine	2,003	1,518	1,781	399.69	245.76	368.91
Heroin	237	180	291	513.82	118.89	318.74
MDMA (ecstasy)	4,140	3,249	3,578	149.27	94.85	2,002.35
ATS ^b	1,998	2,365	3,479	2,138.54	1,812.32	3,422.82

a Weight may be confirmed weight (if available) or gross, net or estimated weight. Where the weight of detections of ATS and MDMA (ecstasy) was not available, an estimate of 0.29 grams per tablet was used.

b ATS includes methamphetamine and amphetamine but excludes MDMA (ecstasy).

Note: Significance of offence is based on the classification in the Customs Act 1901. Figures may vary from those previously published due to adjustments arising from administrative corrections, subsequent chemical analysis and further information received from the AFP. Also, detections subject to ongoing investigation (including controlled deliveries) might not appear.



STAFF PROFILE

DR BRADLEY GRANT

Director

Serious and Organised Crime Intelligence
Intelligence Division

Brad joined the Service in 2002 and is currently on secondment to the National Ice Task Force Secretariat team located in the Department of the Prime Minister and Cabinet (PM&C). The Secretariat provides a high level of support to task force members. It comprises staff from several Commonwealth agencies. Brad's role is to provide expert advice on border security issues and matters related to the production, trafficking and importation of ice and substances used in its manufacture. On a daily basis he works with the team to prepare an interim report for the Prime Minister that will be used to help develop the National Ice Action Strategy.

Highlights from Brad's Service career include delivering intelligence and targeting training packages for staff from the Hong Kong and China customs agencies in 2007 and 2009. These training programmes helped to establish trust between Chinese authorities and ACBPS and have created a pathway for continuing cooperation between the agencies. A more recent highlight has been the increased level of confidence that colleagues in partner agencies have shown in the ACBPS strategic intelligence capability. They now actively seek the Service's intelligence assessments on issues of common interest.

Brad's substantive role within the Strategic Intelligence Branch requires a high degree of internal consultation with strategic policy, programme management and operational areas in the Portfolio, and with partner agencies such as the AFP and the Australian Crime Commission (ACC).

He is excited by the integration of the Service and DIBP because it will offer access to a wider range of information on the overall intelligence picture. Intelligence Division now has to think about a wider spectrum of threat and risk issues that are related to the immigration side of border control, which he finds exciting. From a personal perspective, Brad is pleased to have the opportunity to meet new staff and learn about career opportunities in immigration operations that he hadn't previously considered.

Brad is proud to work for the Immigration and Border Protection Portfolio as it is helping to manage a national asset and plays a critical role in protecting the Australian community.

PROGRAMME 1.2: BORDER MANAGEMENT

The Border Management programme provides the legislative and policy framework that underpins our Border Enforcement activities. Effective border management is delivered by regulating and facilitating legitimate trade through:

- strategy, legislation and policy that supports the movement of travellers and trade across the border, enables the collection of duties and taxes and supports Australian industry
- improving economic competitiveness and productivity by fostering rapid movement and upon border entry or exit
- undertaking domestic and international engagement to support the development and delivery of customs and trade strategy, policy and systems and delivery of border management services
- ensuring compliance with border controls and the requirements of systems and processes.

REPORT AGAINST THE PBS/PAES AND KPIs

Table 14: Programme 1.2: Border Management—performance against PBS/PAES targets, 2014–15

Deliverables	Target ^a	Actual	Target met
Customs broker licences^c			
Number of applications received ^b	–	83	–
Number issued ^b	–	44	–
Customs depot licences^c			
Number of applications received ^b	–	91	–
Number issued ^b	–	56	–
Customs warehouse licences^c			
Number of applications received ^b	–	78	–
Number issued ^b	–	81	–
Number of tariff classification, valuation and rules of origin advices completed ^b	–	3,105	–
Compliance activities^c			
Number of customs cargo control checks ^{b,d}	–	23,716	–
Targeted import/export declarations assessed pre-clearance ^b	–	130,342	–
Import/export declarations assessed pre-clearance through general monitoring programme	7,000	7,041	–
Import/export declaration lines assessed as a result of voluntary disclosures ^b	–	321,770	–
Number of customs import declarations finalised	3.7m	3.8m	✓
Number of export declarations finalised	1.41m	1.43	✓
Number of imported air cargo consignments reported	34.7m	33.6m	✗
Number of imported sea cargo reports	3.0m	3.0m	✓

a Targets may be performance targets, service level targets or estimates.

b Performance cannot be forecast reliably.

c These measures appear in both Programmes 1.2 and 1.3 as they support both programmes.

d Customs cargo control and compliance activity conducted at wharves, airports, depots, warehouses and cargo terminal operators.

Table 15: Programme 1.2: Border Management KPIs

Key performance indicators	Target ^a	Actual	Target met
Proportion of customs broker licence applications processed in accordance with client service standards ^c	100%	97.73%	✗
Proportion of depot licence applications processed in accordance with client service standards ^c	100%	88.10%	✗
Proportion of warehouse licence applications processed in accordance with client service standards ^c	100%	78.67%	✗
Proportion of tariff classification, valuation and rules of origin advices completed in accordance with client service standard	85%	37%	✗
Number of external merit and judicial review applications on matters, including tariff classification under Schedule 4 of the Customs Tariff Act, valuation or rules of origin finalised during the performance period where the duty was paid under protest under section 167 of the <i>Customs Act 1901</i> ^b	—	22	—
Number of external merit and judicial review applications finalised that overturned an ACBPS administrative review decision where the duty was paid under protest ^b	—	2	—
Proportion of compliance activities identifying a significant control breach^c			
ACBPS cargo control checks ^{b,d}	—	3.3%	—
Targeted import / export declarations assessed pre-clearance ^b	—	13.0%	—
Proportion of cargo (total bills) reported in line with legislated timeframes			
Sea cargo ^b	—	92.1%	—
Air cargo ^b	—	92.3%	—
Sanctions other than prosecutions			
Number of infringement notices served ^{b,c}	—	1,227	—
Number of licences cancelled ^b	—	1	—
Availability of electronic cargo systems to ACBPS clients (excluding scheduled outages)	99.7%	99.98%	✓
Proportion of electronically lodged cargo documents where a response message is transmitted within client service standards			
Non-batched (5 minutes)	98%	98.65%	✓
Batched (15 minutes)	98%	96.84%	✗

a Targets may be performance targets, service level targets or estimates

b Performance cannot be forecast reliably.

c These measures appear in both Programmes 1.2 and 1.3 as they support both programmes.

d ACBPS cargo control and compliance activity conducted at wharves, airports, depots, warehouses and cargo terminal operators.

Table 16: Explanation of shortfall against target in Programme 1.2

Deliverable or KPI not met	Explanation of shortfall
Number of imported air cargo consignments reported	The target is a projection based on anticipated trade activity and was overstated by approximately 3 per cent.
Proportion of customs broker licence applications processed in accordance with client service standards	In 2014–15 there was one broker licence application that was not processed within the service standards due to delays in finalising the fit and proper check.
Proportion of depot licence applications processed in accordance with client service standards	The finalisation of fit and proper checks and the need to strengthen security at some premises prior to granting licences resulted in some applications being finalised outside the client service standards.
Proportion of warehouse licence applications processed in accordance with client service standards	The finalisation of fit and proper checks and the need to strengthen security at some premises prior to granting licences resulted in some applications being finalised outside the client service standards.
Proportion of tariff classification, valuation and rules of origin advices completed in accordance with client service standard	Staff shortages due to attrition and recruitment restrictions impacted on the ability to meet the workloads experienced during 2014–15. There are recruitment processes underway that aim to further improve outcomes.
Proportion of electronically lodged cargo documents where a response message is transmitted within client service standards: batched (15 minutes)	This measure is directly impacted by the number of messages transmitted by international freight organisations. The Department is unable to influence how message volumes will continue to rise in the future. It is not critical to address the performance shortfall at this point as the delayed responses have no impact on cargo clearance times or the industry more broadly.

INTERNATIONAL AND MAJOR EVENTS

The Service played an integral role in the success of Australia hosting a number of major and international events in 2014–15. Our behind-the-scenes work, planning and the support we provided to organisers and partner agencies helped to deliver world-class events.

G20

The G20 Summit on 15 and 16 November 2014 in Brisbane was one of the most significant events yet hosted by Australia, both in terms of global importance and scale. There were thousands of delegates, including the leaders of the 20 member nations, representatives of invited guest nations and international organisations, foreign media and supporting staff.

Coordination across multiple agencies was critical to the success of the summit in what was truly a whole-of-government endeavour. ACBPS officers contributed their expertise and advice on border security and facilitation matters to expedite the movement of delegates, invitees and their support staff, together with their specialised cargo.

In addition to its facilitation work, the Service worked with the DFAT and Treasury to develop new policy commitments for the *Comprehensive Growth Strategy: Australia* that was made public at the G20. Key policy commitments for the Service included:

- At the border, Australia will support the enhancement of supply-chain efficiency and more seamless trade.
- The Portfolio will establish a Trusted Trader programme to foster legitimate trade. Under this programme, low-risk frequent traders and industry partners exporting to Australia will benefit from reduced border compliance costs.
- Australia is further opening trade as a result of concluding high-quality free trade agreements (FTAs) with Japan (JAEPA) and Korea (KAFTA).
- Australia will lead by example by implementing and ratifying the World Trade Organization Agreement on Trade Facilitation as soon as possible to achieve lower trading costs and reduce the regulatory burden for business.

The G20 highlighted the vital role the ACBPS played in ensuring the security of our national borders and the safety of those who cross them.

ASIAN CUP AND CRICKET WORLD CUP 2015

ACBPS played a key role in ensuring the success of two major international sporting events: the Asian Cup (9–31 January 2015), and the International Cricket Council (ICC) Cricket World Cup (14 February–29 March 2015). The Asian Cup, hosted by Australia, was reportedly the most watched Asian Cup yet, making it a notable achievement in Australian sporting history. The Cricket World Cup, jointly hosted by Australia and New Zealand, was one of the biggest global sporting events of 2015. It was staged in 14 locations across Australia and New Zealand, which added to the complexity of arrangements for the event and underlined the importance of the guidance that the Service provided.

Planning for these two events spanned 18 months. The collaboration between the ACBPS, industry, the Australian Department of Health and our New Zealand counterparts delivered excellent results. The ACBPS provided policy advice and guidance on moving people and their belongings across the border. The advice ranged from information about bringing personal medication in travellers' baggage to requirements for importing match supplies and equipment.

The events' organising committees used the advice and guidance to develop travel and clearance arrangements for players and teams, sporting officials, tourists and the media. In this way the ACBPS made an important contribution to the events' success.

INDUSTRY SUMMIT

The first ACBPS Industry Summit was in Sydney on 18 August 2014. Some 150 industry stakeholders attended, along with representatives of the Department of Agriculture, DFAT and the Department of Industry. The summit gave those attending a valuable opportunity to explore how government and industry can work in partnership to contribute to Australia's productivity and economic competitiveness. The summit had three objectives: to raise discussion between the Service and industry to a more strategic level, to engage broadly with a group of industry representatives and forge new relationships, and to hold comprehensive consultations on all reform initiatives with industry stakeholders.

Themes that emerged from the summit included enhancing industry's border experience, and forward thinking and building for the future. The success of the inaugural summit will be used to develop work programmes and advice to the Australian Government on future directions.

SIGNIFICANT POLICY INITIATIVES

The Service continued to facilitate and support legitimate travel and trade, and prevented, prohibited or high-risk goods entering Australia through the development of legislation, policy and procedures.

SUNSETTING OF THE CUSTOMS REGULATIONS 1926

Provisions within the *Legislative Instruments Act 2003* resulted in the Customs Regulations 1926 (the 1926 Regulations) being scheduled to lapse on 1 April 2015. Unless legislative action was taken, the 1926 Regulations would have ceased to have effect after that date, and this would have adversely affected the movement of travellers and goods across the Australian border.

As the 1926 Regulations were nearly 90 years old and individual sections had undergone numerous amendments, they were subjected to a comprehensive review. A preliminary review and assessment in 2013 showed that most of the regulations were found to be operating effectively and efficiently. After the preliminary review, the Service worked with the Office of Parliamentary Counsel and other interested Government agencies to prepare new regulatory instruments. In doing so, the Service undertook extensive consultations with industry, the community and other Australian Government departments.

The review resulted in redundant provisions being repealed, the language being simplified and provisions that were difficult to navigate being restructured. For items covered by the new regulations, stakeholders now have modern, fit-for-purpose instruments to use for their interactions with the Portfolio.

SUPPORTING INTERNATIONAL SERVICES AT EMERGING AUSTRALIAN AIRPORTS

The Australian Government has expressed an ongoing commitment to supporting international air services at locations other than Australia's major gateway airports. While the Gold Coast International Airport was the last international airport created (in the 1990s), regional airport operators in, for example, Queensland, are increasingly including international services in their future planning. Consequently, the ACBPS has been working closely with industry stakeholders in developing international service arrangements at a number of Australia's emerging airports for some years.

As a result of recent Government initiatives, the Portfolio and its border agency partners are able to provide dedicated resources to the Sunshine Coast and Townsville airports. The certainty this provides will enable these airports to establish and expand their international operations.

The ability of the ACBPS and its border agency partners to support international services at these airports and other aspiring international airports will provide industry and travellers with more options for international travel, while unlocking additional tourism and regional development. While doing so the Service has continued to maintain a strong presence at the border, maintaining Australia's security.

PSYCHOACTIVE SUBSTANCES

The fight against illegal drug use and its damaging effects on Australian society has continued to be a high priority for the Service. In March 2015 an important component of this fight saw legislation enacted to make it illegal to import new psychoactive substances (NPS) or substances represented as alternatives to illegal drugs.

The legislation, which will come into effect late in 2015, will also give officers the power to search for and seize such substances. The new controls will provide a means of capturing substances that are potentially harmful but are not yet listed as border controlled drugs or prohibited imports. The flexibility of these measures will target synthetic drugs, a class of substances that is evolving quickly and has been responsible for several deaths in Australia in recent years. Success in developing the policy involved the Service working closely with a range of partner agencies, including the Attorney-General's Department, the Department of Health and the AFP.

FREE TRADE AGREEMENTS—JAPAN AND KOREA

During the year ACBPS worked closely with DFAT and across Government to progress negotiations on a range of bilateral and multilateral free trade agreements (FTAs), including the China-Australia FTA, the Trans-Pacific Partnership Agreement (TPP), the Pacific Agreement on Closer Economic Relations Plus and the Regional Comprehensive Economic Partnership (RCEP). During negotiations the Service provided technical advice to ensure that obligations relating to trade in goods could be implemented and would promote trade in line with the Australian Government's focus on achieving trade facilitation through comprehensive, high-quality trade agreements.

At the end of 2014 and the beginning of 2015 the Service provided information sessions on the Rules of Origin component of Australia's two most recent free trade agreements, the Korea-Australia Free Trade Agreement (KAFTA) and the Japan-Australia Economic Partnership Agreement (JAEP). These sessions aimed at educating the import and export community about the benefits and requirements of the new FTAs before they came into force. This was designed to ensure that they were used appropriately and fully.

The information sessions were held in major capital cities and were well received, with more than 1,000 brokers, importers and exporters attending. In addition to providing information the sessions were Continuing Professional Development Accredited for three points in the Professional Brokerage Skills stream for licensed customs brokers. Given the positive response from attendees and the success of these sessions, it is intended to provide similar sessions on new FTAs before they come into force.

KAFTA came into force on 12 December 2014. The second round of tariff cuts on originating Korean and Australian goods was implemented on 1 January 2015. JAEP came into force on 15 January 2015 with the second round of tariff cuts on originating Japanese and Australian goods implemented on 1 April 2015.

TRUSTED TRADER PROGRAMME

The Trusted Trader programme (TTP) is a flagship initiative that takes a comprehensive approach covering trade compliance and supply-chain security for importers and exporters and all participants in the international logistics chain. This is pioneering work, as many other similar programmes around the world focus on either trade compliance or supply-chain security, and do not cover both.

During 2014–15, the Trusted Trader Branch undertook extensive research and engagement both domestically and internationally to develop policy and amendments to existing legislation and regulations to support the introduction of the programme. An Industry Advisory Group was established to co-design the development and implementation of the TTP, and an external consultant with experience in establishing similar programmes internationally was engaged to assist in the design. In addition, ongoing consultation with our international network and partner agencies such as the Department of Agriculture and the Office of Transport Security continues to ensure a harmonised approach at the border, minimising duplication for trusted partners.

The TTP will change the approach to compliance and targeting work. It aims to strengthen security and trade compliance, as well as allowing officers to identify and remove low-risk traders from the risk assessment pool. Overall, this will enable the Portfolio to focus on high-risk and unknown entities and goods. The TTP will profoundly affect, and encourage improvements to, Australian businesses' supply-chain security and trade compliance, as these are the two pillars of accreditation for the programme.

The TTP will more broadly:

- contribute to the overall economic competitiveness of Australian industry and the Australian economy
- increase market access for Australian exporters
- promote proactive and voluntary trade compliance among Australia's traders
- enhance supply-chain security throughout the border continuum—pre-border, at the border, and post-border.

The TTP will formally align Australia's security standards with the World Customs Organization's SAFE Framework of Standards to secure and facilitate global trade. This will provide for mutual recognition of global Authorized Economic Operator programmes and build on the initiative many industry members are taking to align with these standards.

Finally, the TTP will reward trade compliance. We will no longer simply punish non-compliance, but recognise and reward companies with a good track record that have practices in place to ensure continued high performance.

The TPP will begin on 1 July 2015 with a pilot phase. Initially this phase will include four pilot partners and their supply chains with a focus on exported containerised sea cargo. The pilot phase will rapidly expand to include importers and air cargo, and at the end of 12 months the Portfolio anticipates working with up to 40 Australian traders and their respective supply chains.

INTELLECTUAL PROPERTY IDEAS SUMMIT

Australia has a robust legislative framework to address the importation of counterfeit goods. This framework was further improved when border reforms from the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* began in April 2013. However, there is continuing domestic and international pressure for customs authorities worldwide to take a more active role in enforcing intellectual property (IP) rights.

In recognising these pressures and the continuing growth in counterfeit trade, the ACBPS staged an Ideas Summit in September 2014 to consider additional and alternative options for detecting IP infringements at the border. The summit brought together entities that are proactive in their anti-counterfeiting approach. It aimed to devise strategies to improve IP processes and consider other methods of intervention.

The summit was attended by representatives from IP Australia, law firms, private investigation firms and industry members. All participants were positive in their response to the summit. A number of strategies are being examined to establish the feasibility of implementing improvements in this area.

The number of Notices of Objection in place at 30 June 2015 was 675. In 2014–15 the Service made 1,789 seizures of counterfeit goods, involving 561,045 items, estimated to have a retail value of more than \$23 million.



STAFF PROFILE

JUDY COTTERILL

Tariff Advisor

Trade Branch

Trade, Customs and Industry Policy Division

Judy joined the Service on 11 June 1973 and has worked in numerous roles, including her current area of trade policy and negotiation. On an average day Judy could be working on changes to legislation relating to the tariff, working with the Treasury on fuel legislation or with DFAT on free trade agreement legislation. In recent times she has been involved in preparing the legislation for Australia's free trade agreements with Japan and Korea.

Judy has been the Project Lead for the Implementation of the Harmonized System changes in 2002, 2007 and 2012. The Harmonized System of tariff classification is an internationally standardised system of names and numbers to classify traded products and its use significantly reduces the costs related to international trade. Judy has also travelled to Brussels as the Service's representative at the Harmonized System Committee and Review Sub-Committee. The highlight of this experience was being able to participate in an international forum and have the opportunity to discuss the Harmonized System and other customs matters with like-minded customs officers from around the world.

Judy is particularly proud of the high standard of integrity and professionalism shown by the people she works with.

COMBATTING ILLEGAL TRADE

Australia is committed to combatting illegal trade in goods. We work collaboratively with our domestic and international partners to administer the prohibited import and export regulations to stop trade in environmentally and culturally significant items.

WCO WORKSHOP—COMBATTING ILLEGAL TRADE IN ENVIRONMENTALLY REGULATED GOODS

ACBPS participated in the World Customs Organization (WCO) workshop on combatting the illegal trade in environmentally regulated goods in Malacca, Malaysia, in May 2015. This event was convened to discuss, share and learn about the issues facing customs agencies when dealing with environmentally regulated goods at the border. Representatives from 26 countries from the Asia-Pacific region attended the workshop. The Service's regulatory and enforcement capabilities were presented as a learning platform for workshop representatives.

HANDING BACK CULTURAL HERITAGE ITEMS TO CHINA

In June 2013 the Service suspected that a statue being imported from the United States was a significant Chinese cultural item. It referred the matter to the Commonwealth Attorney-General's Department for advice. The Government of the People's Republic of China confirmed that the item was culturally significant and asked for it to be returned to China. The item was subsequently seized by ACBPS on behalf of the Attorney-General's Department and in March 2015 the statue was formally returned to the Chinese Government. The handing-over was attended by the Commonwealth Attorney-General, Senator the Hon George Brandis QC, and the Ambassador for the People's Republic of China, His Excellency Zhaoxu Ma.

GOVERNMENT RESPONSE TO COMMITTEE REPORT ON THE COUNTER-TERRORISM LEGISLATION AMENDMENT (FOREIGN FIGHTERS) BILL 2014— RECOMMENDATION 33

A key measure of the *Counter-Terrorism Legislation Amendment (Foreign Fighters) Act 2014* was amending the *Customs Act 1901* to strengthen the detention powers of ACBPS officers. This included a new power where an officer can detain a traveller if the officer is satisfied on reasonable grounds that the person is, or is likely to be, involved in an activity that is a threat to national security or the security of a foreign country.

The Parliamentary Joint Committee on Intelligence and Security's report on this legislation recommended that information on the frequency of the use of *Customs Act 1901* detention power be included in the ACBPS annual report. The committee also recommended that the Service provide notice to the Ombudsman within seven days when an officer exercised the power to refuse contact with a family member, or other person, on the grounds of national security, security of a foreign country, safeguarding law enforcement processes or to protect the life and safety of another person. The Government supported this recommendation.

At 30 June 2015, officers had not exercised this new detention power. However, the Portfolio has put in place mechanisms to ensure that it provides notice to the Ombudsman within the required timeframe in the event that the new power is used.

IMPLEMENTATION OF COUNTER TERRORISM UNIT TEAMS AT AUSTRALIA'S EIGHT MAJOR INTERNATIONAL AIRPORTS

The Australian Government has provided the ABF with funding of AUD \$49.6 million over four years to establish Counter Terrorism Unit (CTU) teams at Australia's eight major international airports. As part of this funding, the ABF will deploy an additional 80 officers across the eight major international airports along with x-ray and trace detection technologies, and secure accommodation and communication equipment.

CTU teams commenced operations on 22 August 2014 at Sydney and Melbourne airports and were operating at all eight major international airports—Sydney, Melbourne, Brisbane, Perth, Cairns, Gold Coast, Adelaide and Darwin—by 30 September 2014.

From 31 December 2014, CTU officers were exempt under the *Aviation Transport Security Act 2004* from airport security screening and were permitted to carry Personal Defensive Equipment including firearms in an airport.

Since their deployment on 22 August 2014, the CTU teams have successfully intercepted a number of people of national security concern, including preventing a number of minors from travelling to the conflict areas in Syria and Iraq. Upon examination of persons of concern, the CTU teams have found evidence of significant movements or attempted movements of large sums of cash, and images and material of an extremist nature. Some cases have resulted in the imposition of infringement notices, while others are the subject of ongoing investigations.

In the 2014–2015 financial year the CTU has:

- assisted in 336 passenger offloads
- conducted 133,368 real time assessments
- conducted 9,201 patrols.

CREATION OF THE INVESTIGATIONS DIVISION

The Investigations Division has been established to integrate four existing branches from DIBP and ACBPS under a single operational command structure. Investigations Division is positioned within the Australian Border Force (ABF), to provide a specialist investigation and enforcement capability that will target, respond to, disrupt and resolve:

- national security threats
- serious or complex border crime from single incidents to complex organised crime
- systemic vulnerabilities in the trade and migration systems.

The division is designed to provide the Portfolio with a specialist investigation and enforcement capability that can be deployed against individuals, organisations or networks that seek to harm the Australian community or economy through threats, crime and abuse of border law and systems. In its integrated approach, the division will draw on the broad set of powers provided under the *Migration Act 1958* (Cth), *Citizenship Act 2007* and *Customs Act 1901* and other border-related laws.

Investigations Division will be the lead area for all investigation-related activities in partnership with broader policy responses, to a number of programmes and whole-of-government strategies. The division will achieve this through collaboration with key internal stakeholders, including Intelligence, Policy, and Border Management divisions, Strategic Border Command, Visa and Citizenship Programme Management, and the Complex Case Management Division from the Visa and Citizenship Services Group.

CREATION OF NATIONAL SECURITY BRANCH

On 2 March 2015 the National Security Branch (NSB) was created within the Investigations Division. The NSB has a specialist investigation and enforcement capability to deal with national security risks directly linked to or associated with the movement or potential movement of travellers or goods into or out of Australia.

It provides the Portfolio with increased capacity and flexibility to deal swiftly with risks to national security across the entire border continuum. The NSB contributes to the Australian Government's national security efforts through the reorganisation and enhancement of functions previously delivered by DIBP and the ACBPS.

The NSB is working on clearly defining command, control and coordination arrangements over national security investigations and other operational responses by leading, authorising or setting the priorities for those responses.

The NSB works collaboratively with partner agencies in the national security and law enforcement community to prevent, detect and deter violations of Australia's national security and border laws. The branch provides partners with a single, trusted and secure point of entry to the Portfolio for national security operational matters.



STAFF PROFILE

GARRY MUIR

Customs Director

ICE SIP Operational Support

Investigations Division

Garry and his team in Investigations Training and Standards play a crucial role in ensuring that Australian Border Force investigators receive contemporary training of the highest quality. Garry's days typically consist of meeting internal and external stakeholders who are seeking assistance, as clients or partners, to help the Portfolio achieve its objectives. He invests a lot of time in making sure his team is providing the best advice and support to investigations officers at the front line to ensure that they are adequately equipped to meet any challenge they encounter while undertaking their duties.

Garry feels privileged to be in a role where he can pass on the knowledge he has gained during his law enforcement career, which has included service with the NSW Police, Australian Bureau of Criminal Intelligence, Therapeutic Goods Administration and the ACBPS Investigations Division.

One of his proudest achievements is his team's recent delivery of the first Border Force Investigations Course (BFIC)—an eight-week programme conducted at the AFP Training College in Canberra. The training has been highly praised by participants, partner agencies and the Portfolio's Executive and is now the benchmark for investigator training. A key reason for the BFIC's success was the strong relationship that has been built with the AFP.

Garry is excited about the opportunities that integration will provide. He is sure that the Portfolio will soon be recognised as a world leader in how agencies target serious threats to the border.

'The majority of my professional life has been working in law enforcement,' he said. 'It is satisfying to know that with the new Department and, in particular, the Australian Border Force, this will continue. I feel privileged to be part of this as I am confident that we will be one of the success stories of the Commonwealth.'

CREATION OF THE OPERATIONAL STRATEGIES BRANCH

The Operational Strategies Branch was established on 3 March 2015 and is responsible for operational planning, including the development and management of the enforcement strategies that will drive the Australian Border Force (ABF) operational activity and inform divisional and branch plans. It is responsible for developing enforcement operational policy and the coordination, management, development and maintenance of standard operating procedures, as well as ongoing quality management and performance improvement activities.

Once the operational priorities are established, the branch is responsible for coordinating the enforcement strategies that will dictate how those priorities will be met. The strategies describe how the ABF will respond operationally in terms of the results it will seek to achieve, the goals set for each area, the types and balance of approaches to be used, and the performance measures that will allow results to be monitored. Planning will include determining the mix of prevention, disruption, containment, enforcement and other actions that are deemed most effective to meet the operational priorities and purposes. Enforcement strategies will then dictate the balance of activity across different operational responses and strategic decisions on the mix of different operational activity that the ABF will seek to use.

For example, the strategies will determine the balance among investigation, enforcement, prevention work, disruption and other measures that is believed to provide the best means of achieving the desired effects. In some cases the best approach might be to disrupt and prevent the threat ahead of the border, with activity weighted towards intelligence and investigation to identify networks involved and to disable their activities. In other situations a strategy of containment and response might be used to lessen the threat, such as educating users and stakeholders regarding their obligations to comply with the border laws and regulations and using targeting techniques to stop and inspect things at the border.

PROGRAMME 1.3: BORDER REVENUE COLLECTION

This programme is a continuation of former Programme 1.5 (Border-Related Revenue Collection) and maintains its focus on the collection of revenue at the border and associated assurance activities.

The Border Revenue Collection programme ensures the effective collection of revenue at the border by:

- providing assurance that the customs duty, indirect taxes and charges payable on imported goods are correctly assessed, reported and paid, and that revenue concessions, exemptions and refunds are correctly applied
- administering the Tourist Refund Scheme and collecting the Passenger Movement Charge
- ensuring compliance with border revenue requirements.

The business functions that contribute to this programme include the collection of customs duty, Passenger Movement Charge (PMC) and the Import Processing Charges (IPCs). In addition, this programme comprises functions associated with the collection of revenue for other agencies, including administering the collection of the Goods and Services Tax (GST), the Luxury Car Tax (LCT), Wine Equalisation Tax (WET) and administration of the Tourist Refund Scheme (TRS) on behalf of the Australian Tax Office (ATO). This programme also includes functions related to the assurance of revenue collection activities and administration of refunds, revenue concessions and exemptions and other industry assistance programmes.

REPORT AGAINST THE PBS/PAES AND KPIs

Table 17: Programme 1.3: Border Revenue Collection—performance against PBS/PAES targets, 2014–15

Deliverables	Target ^a	Actual	Target met
Collection of revenue associated with passenger movements	\$907.9m	\$881.3m	✗
Significant revenues collected (including customs duty, Passenger Movement Charge, Import Processing Charge and GST)	\$13,666m	\$15,657m	✓
Duty concessions			
Tariff Concessions System (range)	\$2,028m to \$2,241m	\$1,808m	✗
All other concessions schemes (range)	\$331m to \$366m	\$482m	✗
Administration of the Tourist Refund Scheme			
Number of assessed refund declarations ^b	–	765,503	–
Number of approved refund declarations ^b	–	735,804	–
Value of approved refund declarations ^b	–	\$166.9m	–
Administration of the Refund Scheme:			
Number of assessed refund declarations ^b	–	98,191	–
Number of approved refund declarations ^b	–	97,314	–
Value of approved refund declarations ^b	–	\$268.3m	–
Administration of the duty drawback			
Number of drawback claims lodged ^b	–	3,581	–
Value of drawbacks paid ^b	–	\$86.4m	–
Customs broker licences^c			
Number of applications received ^b	–	83	–
Number issued ^b	–	44	–
Customs depot licences^c			
Number of applications received ^b	–	91	–
Number issued ^b	–	56	–
Customs warehouse licences^c			
Number of applications received ^b	–	78	–
Number issued ^b	–	81	–
Compliance activities^c			
Number of ACBPS cargo control checks ^{b,d}	–	23,716	–
Targeted import / export declarations assessed pre-clearance ^b	–	130,342	–
Import / export declarations assessed pre-clearance through general monitoring programme	7,000	7,041	✓
Import / export declaration lines assessed as a result of voluntary disclosures ^b	–	321,770	–

- a Targets may be performance targets, service level targets or estimates.
- b Performance cannot be forecast reliably.
- c These measures appear in both Programmes 1.2 and 1.3 as they support both programmes.
- d ACBPS cargo control and compliance activity conducted at wharves, airports, depots, warehouses and cargo terminal operators.

Table 18: Programme 1.3: Border Revenue Collection KPIs

Key Performance Indicator	Target ^a	Actual	Target met
Proportion of refunds under the Refund Scheme delivered in accordance with client service standards	90%	98%	✓
Proportion of drawbacks delivered in accordance with client service standards	90%	84.57%	✓
Number of external merit and judicial review applications on refund and drawback claims finalised during the performance period ^b	–	2	–
Number of external merit and judicial review applications finalised that overturned an ACBPS decision on refund or drawback claims ^b	–	–	–
Number of external merit and judicial review applications finalised during the performance period on an ACBPS decision made under Part XVA of the <i>Customs Act 1901</i> ^b	–	7	–
Number of external merit and judicial review applications finalised that overturned an ACBPS decision under Part XVA of the <i>Customs Act 1901</i> ^b	–	3	–
Proportion of customs broker licence applications processed in accordance with client service standards ^c	100%	97.73%	✗
Proportion of depot licence applications processed in accordance with client service standards ^c	100%	88.10%	✗
Proportion of warehouse licence applications processed in accordance with client service standards ^c	100%	78.67%	✗
Proportion of compliance activities identifying a significant control breach^c			
ACBPS cargo control checks ^{b,d}	–	3.3%	–
Targeted import / export declarations assessed pre-clearance ^b	–	13.0%	–
Sanctions other than prosecutions^{c,e}			
Number of infringement notices served ^b	–	1,227	–
Number of licences cancelled ^b	–	1	–
Value of revenue understatements identified from investigation and compliance activities ^{b,f}	–	\$126.6m	–

a Targets may be performance targets, service level targets or estimates.

b Performance cannot be forecast reliably.

c These measures appear in both Programmes 1.2 and 1.3 as they support both programmes.

- d ACBPS cargo control and compliance activity conducted at wharves, airports, depots, warehouses and cargo terminal operators.
- e Prosecution activity related to fraud reported under Programme 1.1.
- f Previously this KPI recorded net revenue adjustments from investigation and compliance activities. As the ACBPS investigation and compliance effort is focussed on detecting revenue understatements rather than revenue overstatements, the indicator has been adjusted accordingly.

Table 19: Explanation of shortfall against target in Programme 1.3

Deliverable or KPI not met	Explanation of shortfall
Collection of revenue associated with passenger movements	Lower than expected performance is principally due to the depreciation of the Australian dollar which discouraged Australians from travelling overseas. While this did attract a greater number of overseas visitors, this was not at a level that could fully offset the drop in Australian travellers.
Duty concessions: Tariff Concessions System (range)	Usage of the Tariff Concession System is demand driven, and its performance cannot be forecast reliably.
Duty concessions: all other concessions schemes (range)	Usage of other concessional schemes is demand driven, and overall performance cannot be reliably forecast.
Proportion of customs broker licence applications processed in accordance with client service standards	In 2014–15 there was one broker licence application that was not processed within the service standards due to delays in finalising the fit and proper check.
Proportion of depot licence applications processed in accordance with client service standards	The finalisation of fit and proper checks and the need to strengthen security at some premises prior to granting licences resulted in some applications being finalised outside the client service standards.
Proportion of warehouse licence applications processed in accordance with client service standards	The finalisation of fit and proper checks and the need to strengthen security at some premises prior to granting licences resulted in some applications being finalised outside the client service standards.

Table 20: Explanation of significant revenue variance—budget estimate to actual

	2014–15 Estimate \$million ^a {A}	2014–15 Actual \$million {B}	Variance \$million {B}–{A}	Explanation
Customs duty	9,059.3	10,882.3	1,823.0	The increase in Customs duty was primarily a result of a shift away from tobacco products being manufactured domestically towards imported tobacco products. The timing and magnitude of the shift was quicker than anticipated when the estimates were prepared. The excise rate increase of 12.5 per cent on 1 December 2013 and the second 12.5 per cent on 1 September 2014 for tobacco also contributed to the increase in collections. By 2014–15 the effective duty rate on tobacco had grown by 17.9 per cent when compared to 2013–14. The increase in Customs duty revenue was also due to increased import volumes for Textiles, Clothing and Footwear (TCF) and Other General goods. The increase in Other General revenue reflected the impact of the demand for building-related material resulting from the strength of the domestic construction sector. The strength of these sectors was partially offset by the reduction in Petroleum and Alcohol collections.
Passenger Movement Charge (PMC)	907.9	881.3	(26.6)	PMC collections for 2014–15 were \$34.7 million higher than the previous year but lower than the budget estimate. The depreciation of the Australian dollar over the year did not translate into the expected increase in overseas visitors and discouraged some Australians from travelling overseas.
Import Processing Charge (IPC) + Depot Charges	346.5	353.4	6.9	IPC collections for 2014–15 were marginally higher than estimated due to a stronger than estimated growth in declarations for imported goods.
Non tax revenue	2.5	6.5	4.0	Non tax revenue includes amounts collected for warehouse and broker licence fees, penalties, fines and interest. The increase in non-tax revenue is attributable to the increase in infringement notices issued as part of the focus on compliance activities.

Table 20: Explanation of significant revenue variance—budget estimate to actual

	2014–15 Estimate \$million ^a {A}	2014–15 Actual \$million {B}	Variance \$million {B}–{A}	Explanation
Goods and Services Tax (GST) collected	3,350.0	3,533.2	183.2	GST collections for 2014–15 were up by \$183.2m (5.5 per cent), as a result of a higher proportion of goods that attracted GST being imported and the fall in the value of the Australian dollar which, overall has the effect of increasing the Customs Value of goods on which GST is calculated.
Significant revenue ^b	13,666.2	15,656.7	1,990.5	The higher than estimated significant revenue result was predominately due to higher than estimated collections of duty across tobacco, TCF and Other General goods offset by lower collections for alcohol, petroleum, passenger movement vehicle and PMC.

a Data derived from the 2014–15 PAES.

b Made up of Custom duty, PMC, IPC, Depot Charges, Other Revenue and GST collected.

Table 21: Significant revenues managed by the Service

	2012–13 (\$ million)	2013–14 (\$ million)	2014–15 (\$ million)
Customs duty	8,171.1	9,279.0	10,882.3
PMC	777.0	846.6	881.3
IPC	149.8	242.4	353.4
Non taxation revenue	5.3	3.8	6.5
GST collected ^a	3,133.5	3,362.3	3,533.2
GST deferred ^a	22,847.5	23,944.6	24,673.0
Total^b	35,084.2	37,678.7	40,329.7

a Managed on behalf of Australian Taxation Office (ATO), therefore disclosed in ATO Financial Statements.

b The effect of the gain (reversal of write downs and impairments) is not classified as revenue and therefore has not been included in this Table.

Note: Figures are on an accrual basis.

Table 22: Revenue collected on behalf of other agencies

	2012–13 (\$ million)	2013–14 (\$ million)	2014–15 (\$ million)
Indirect taxes collected from importers^a			
GST collections ^b	3,133.5	3,362.3	3,533.2
Luxury Car Tax (LCT)	4.0	3.0	2.4
Wine Equalisation Tax (WET)	38.6	39.4	45.2
Total indirect taxes	3,176.2	3,404.7	3,580.8
Marine navigation levy ^c	0.7	0.3	0.3
Protection of the sea levy ^c	0.4	0.2	0.2
Department of Agriculture (DA) fees ^d	121.9	126.3	147.1
DA fines ^e	0.0	0.1	0.0
Wood levy ^d	1.2	1.1	1.4
Total levies, fees and fines	3,300.3	3,532.7	3,729.8

a Indirect taxes collected do not include the value of GST and WET refunded on behalf of the Tourist Refund Scheme (TRS).

b Excludes the GST liability raised on imports, which is deferred rather than immediately collected. The ATO acquires these liabilities in subsequent business activity statements from importers. In 2014–15, GST deferred was \$24.67 billion.

c The Marine Navigation Levy and Protection of the Sea Levy are collected by the ACBPS on behalf of Australian Maritime Safety Authority (AMSA). There has been a reduction in the collection of these fees in 2014–15 by ACBPS due to the implementation of an electronic payment facility by AMSA.

d Fees collected on behalf of the DA.

e On-the-spot fines collected on behalf of the DA, including the collection of quarantine infringement notices issued.

Note: Figures are on an accrual basis. Figures are rounded to the nearest hundred thousand and may not total exactly due to rounding.

JOINT REVIEW OF BORDER FEES, CHARGES AND TAXES

In 2014–15 the Government commissioned a Joint Review of Border Fees, Charges and Taxes (Fees Review) that focussed on identifying where border charging arrangements could be improved to better support future border operations and outcomes for industry. The Fees Review was undertaken jointly with the Department of Agriculture (DA), building on the existing strong, cohesive working partnerships between the portfolios and demonstrating a common purpose to support and improve security, while maintaining border procedures.

The scope of the fees review included examining changes to current fees, charges and taxes, as well as new approaches to charges levied by the Service, DIBP and specific import-related charging by the DA.

When the review was completed, the Government considered its recommendations and agreed to a number of elements as part of the 2015–16 Commonwealth Budget. This resulted in the restructuring of the following:

- *Import Processing Charges* to allow investment in significant cargo and trade related reform aimed at improving the integrity of the border without unduly impacting on economic activity, while delivering efficiencies to industry at a modest cost.
- *Licence charging* to create a uniform charging structure across all licensing activities through consistent use of charges for licence application, renewal and variation.
- *Citizenship fees*, by shifting charges from partial to full cost recovery.

- *Visa Application Charges*, by removing the price differential between onshore and offshore applications and consolidating charging points. In addition, some visa application charges received a targeted price increase that will fund investment in a number of improvements to support stronger borders and national security initiatives.

The review also considered funding arrangements for new emerging international airports and the possibility of establishing a charging mechanism to deliver in-demand border clearance services on request to industry members.

OPERATION QUARTZOID

Operation Quartzoid commenced in March 2014, as a result of information provided by Australia Post in Victoria. The information was in regard to a large number of packages entering the country with the contents falsely described as legitimate goods on the declaration but actually containing cigarettes. The Sydney Gateway Facility reported a similar occurrence with high volumes of similar importations consigned to addresses Australia-wide. The packages were intercepted at the gateway facilities and ACBPS officers collated the package details for intelligence analysis. More than 40,000 packages were intercepted, containing in excess of 240,000 cartons of cigarettes. The total value of duty attempted to be evaded was in excess of \$22 million.

Inquiries were undertaken, including the execution of warrants by the Investigations Branch in Victoria. This led to the principal organiser of the imports being identified, along with a storage location the organiser used to collate and distribute packages of illegally imported cigarettes.

The subsequent execution of a search warrant by investigators in New South Wales led to the principal organiser's arrest and the discovery of another storage location that contained packages identical to those intercepted by ACBPS at the Sydney and Melbourne gateway facilities.

In subsequent court proceedings, the principal organiser pleaded guilty to one charge under Section 233BABAD of the *Customs Act 1901*. The maximum penalty for this charge is 10 years' imprisonment.

Also taken into account in sentencing was one charge of possessing tobacco products contrary to Section 233BABAD of the *Customs Act 1901*.

The principal organiser was convicted and sentenced to two years and nine months' imprisonment with a non-parole period of 12 months.

TOURIST REFUND SCHEME

In 2014–15 the Tourist Refund Scheme (TRS) entered the age of modern technology with the introduction of the mobile Tourist Refund Scheme (mTRS). The mTRS allows passengers to complete their TRS claim using a web-based application or a downloadable version for personal mobile devices (such as smart phones) before leaving Australia. The mTRS improves the passenger experience by reducing queuing time at the point of departure and is consistent with worldwide initiatives to deliver seamless traveller experiences.

The mTRS was the first mobile application developed and launched by the Service. It includes a web application and three separate mobile applications for the three major mobile platforms (IOS/Apple, Android and Windows). These were released in stages from September 2014–November 2014.

Since its release mTRS has received a positive response from the public with about 20 per cent of all TRS claims each week being made using the application. It has also reduced the Service's workload and the demand on its resources despite an increase in TRS claims.

Table 23: Summary of Tourist Refund Scheme claims

	2012–13	2013–14	2014–15
Number of claims made	581,175	671,510	765,503
Percentage of claims approved for payment	96.9%	96.5%	96.1%
Amount of GST/WET approved refunds	\$95.5m	\$124.7m	\$166.9m

CROSS-PROGRAMME STRATEGIES

The Service used several strategies to deliver activities and projects across Outcome 1 programme boundaries. These included our domestic and international collaboration activities, reform, delivering our operational activities in the context of a sustainable four-year budget and our approach to capital infrastructure.

CROSS-PROGRAMME STRATEGY ONE

Foster collaboration with domestic and international partners to enable the Service to operate across the entire border continuum.

INTEGRATION OF INTERNATIONAL DIVISION

Coordinating ACBPS and DIBP international engagement functions was centralised into an integrated International Division in December 2014. The International Division will build on the expertise, international frameworks and relationships that are already in place to provide the Department and the ABF with strategic international policy advice to support three principal Government outcomes: strong national security, a strong economy and a prosperous and cohesive society.

The division sets the strategic direction for all international engagement and policy matters for the Department. It is the central coordinating area on international activity, which is managed through the International Strategy Branch and geographic branches covering South Asia, the Middle East and Africa, and the Pacific, Americas, North Asia and Europe. The division also coordinates, manages and evaluates all elements of the Department's international capacity-building efforts, ensuring transparency and that we achieve our objectives for the substantial Government investment.

WELCOME TO HONG KONG

On 15 April 2015 the Service established a new office in Hong Kong. This followed the visit to Australia by the Hong Kong Customs Commissioner in November 2014 and the signing at that time of a new cooperative agreement between Hong Kong Customs and Excise and the ACBPS. Hong Kong is an important long-standing partner in countering transnational organised crime in the region, particularly with regard to their recent success in tackling the trafficking of methamphetamine and related precursors to Australia. Multilateral cooperation between customs administrations in mainland China, Hong Kong, New Zealand and Australia, including the AFP, has resulted in hundreds of detections of methamphetamine, totalling around half a tonne in weight, which was destined for Australia. The new agreement and new office will allow the Department to build on its solid relationship to include joint capability development and cooperation on trade facilitation issues.

INCREASED COOPERATION AND ENGAGEMENT WITH CAMBODIA, BURMA AND VIETNAM

Throughout the year under review the ACBPS post in Bangkok (responsible for Thailand, Burma, Vietnam, Cambodia and Laos) worked to strengthen our engagement and cooperation, especially with Burma and Vietnam.

For Burma the focus has been on engaging with the recently established Myanmar Maritime Police, part of the Myanmar Police Force, to help increase its civil maritime security capability. This effort saw the first Myanmar Maritime Police participants attend the biannual ACBPS regional ship search training in Sydney in October 2014 and March 2015. It also led to a study visit by the Chief of Myanmar Police Force to Australia in November 2014, where he met with the ACBPS Chief Executive Officer, Mr Roman Quaedvlieg, and senior executives.

With Vietnam, the focus has been on improving the exchange of information and intelligence with Vietnam Customs to combat illicit drug and precursor detections and commercial fraud. This increased exchange has seen enhanced cooperation in conducting post-detection research and investigating potential cases of revenue evasion. The Service has also cooperated with Vietnam Customs by hosting site visits to ACBPS operations during Vietnam Customs' self-funded counter-narcotics study tour and English-language training in Australia.

WORLD CUSTOMS ORGANIZATION AND BORDER FIVE CONFERENCES

ACBPS hosted the heads of customs agencies from the World Customs Organization (WCO) Asia-Pacific Region in Melbourne in February 2015. The 33 members from the Asian, Australasian and Pacific Island regions discussed important concerns, including integrity issues, revenue collection, community protection, security and facilitating international trade and supply chains.

The Integrity Dialogue, held as an adjunct to the Heads meeting of the World Customs Organization, provided an invaluable opportunity for customs agencies to discuss the use of culture and technology to manage organisational integrity risks and to share experiences and lessons learned. It also gave Australia an opportunity to showcase the innovative approaches that it has developed to deal with this ongoing shared threat. The outcomes of the WCO Asia/Pacific Dialogue were reported to the WCO Integrity Sub-Committee in Brussels late in February 2015. Australia's involvement ensures that the Department's strategic direction is aligned with international standards and that we continue to play a role in encouraging the development and setting of these standards and conventions among other customs organisations within the Asia-Pacific Region.

At the Border Five (B5) Heads meeting in June 2014 (Australia, Canada, New Zealand, United Kingdom and the United States), there was significant interest in Australia's Integrity Paper that led to Australia hosting a full day Integrity Dialogue as an adjunct to the B5 Heads meeting in Melbourne in February 2015. The Integrity Dialogue was based on the theme 'Using culture and technology to address organisational integrity risks' and covered four of the eight areas identified for collaboration in the B5 2020 Roadmap Integrity Concept Paper:

- known areas within administrations targeted by organised crime groups
- identification for other areas of incentive for corruption
- the identification of new or emerging integrity risks
- survey techniques to identify the organisational integrity culture and measures to shift to the desired organisational culture.

The WCO and B5 Integrity Dialogues included presentations from other Australian agencies including AGD, the Australian Commission for Law Enforcement Integrity (ACLEI), AFP and the ACC.

Using our global partnership to share experiences and, more importantly, the lessons we have learned from those experiences, is placing us in a better position to deal effectively with the integrity challenges we face.

ENABLING GREATER INFORMATION SHARING AND BETTER UNDERSTANDING AND TARGETING OF MUTUAL THREATS

Collaboration with our ever-growing international partner networks is critical for the identification, detection and disruption of transnational threats to the Australian border. Sharing information and border-targeting strategies among the B5 group, in particular, has allowed multilateral border strategies to be established that better assess and respond to threats.

During the last twelve months, ACBPS has continued to have two Intelligence officers posted in the United States Customs and Border Protection Agency (USCBP) that have provided an increased focus on information and targeting capability sharing between the organisations, and more broadly with other B5 group members, and border and law enforcement partners. This multilateral and collaborative effort provides a strong framework against which international border threats are further addressed through aligned responses by partner border agencies. This is increasingly important in light of the growing sophistication of transnational criminal activity and the need to understand their methodologies for effective targeting and intervention at the border.

The ACBPS also continued to use its international network to expand this intelligence footprint around the globe, successfully identifying new international partners and strategies to help combat threats to the Australian border.

BORDER SECURITY WORKSHOPS

The ACBPS overseas posts delivered seven Border Security Workshops throughout Asia in 2014–15. The workshops were staged with counterpart customs and maritime security agencies from Indonesia, Malaysia, Thailand and, for the first time, Pakistan. They focused on promoting multi-agency and multi-national responses to shared border risks within the region.

Common border management issues such as people smuggling, counter terrorism, maritime security risks and the legitimate movement of people and goods across borders were discussed. For many who attended, the workshops were the first opportunity to get together with officers from other agencies who are also responsible for border management.

The workshops provided forums for the ACBPS to strengthen its relationships with counterpart agencies and discuss best-practice methodologies to combat matters of shared concern in a more coordinated way. The workshops provide valuable forums for liaison, building relationships and exchanging information between agencies.

AUSTRALIA/INDONESIA MARITIME SECURITY COOPERATION AGREEMENT

The Portfolio has a long history of working with Indonesian authorities to patrol our respective territorial waters effectively and enhance civil maritime enforcement capacity in the region. The Service took part in several joint civil maritime patrols over the past year as well as delivering a variety of vessel boarding and search courses throughout Indonesia. In April 2015 ACBPS also co-hosted the 6th Regional Maritime Security Desktop Exercise, an annual event involving up to 22 countries in the region, which is run in partnership with the Indonesian Coast Guard (Bakamla).

Importantly, the Portfolio is also putting in place the structures and partnership arrangements to underpin future civil maritime cooperation with Indonesia. Initial work has commenced on the Australia-Indonesia Civil Maritime Enforcement and Security Partnership and a Memorandum of Understanding between the ABF and Bakamla is also being developed.





STAFF PROFILE

ELLEN BROPHY

First Secretary

**Jakarta Post, Indonesia
International Division**

Ellen is currently one year into her overseas posting as First Secretary based at the Australian Embassy in Jakarta. This is the Portfolio's largest overseas post, with four officers posted there. It was established 10 years ago in response to the desire to strengthen bilateral relations between the two countries in the areas of customs, maritime security and irregular migration.

Working in one of Australia's largest diplomatic missions is a rewarding position with diverse responsibilities. 'Every day is completely different. There is no routine working at a post,' Ellen said.

'One day you could be opening a course or attending a ministerial function, the next day you could be on a patrol boat or searching a container.'

Ellen works closely with the other Australian agencies in the embassy as well as counterpart organisations such as Indonesian customs and maritime security agencies.

Ellen joined the Service 13 years ago and has worked in a variety of roles over that time. She sees her time posted overseas as her highlight working in the Service, having also spent several years deployed in Papua New Guinea.

'It's a privilege to be able to live and work overseas—some days you have to pinch yourself,' she said.

Ellen is looking forward to the broader range of roles and responsibilities that will come as part of integration and is proud to work for an organisation that makes Australia safer and more prosperous.

NATIONAL SECURITY EXERCISE PROGRAMME

Since the introduction of Counter Terrorism Unit (CTU) teams at Australia's major international airports in 2014, officers from within the DIBP portfolio commenced work on the National Security Exercise Programme (NSEP). The NSEP delivers a series of activities to ensure the Portfolio's national security arrangements are effectively meeting Government's expectations. Under the NSEP, officers assess a range of measures, including command and control, information sharing with law enforcement partners, CTU policies, procedures and training.

The NSEP was the first large scale exercise to see officers from the DIBP and ACBPS working in an integrated portfolio. Further it is a great example of how both entities are working together to strengthen counter terrorism efforts at the border as the NSEP is utilising immigration and customs expertise to identify best practice for catching potential foreign fighters before they can leave Australia.

A total of \$36,580 was allocated to NSEP in 2014–15 from the Australian Government Drill Funding on behalf of the Australia-New Zealand Counter-Terrorism Committee (ANZCTC).

The Department was the first Commonwealth agency to receive ANZCTC funding for an exercise programme. The first activity in the programme was a meeting of Portfolio executives in May 2015 which discussed security arrangements for air travel and how this will evolve in the future. In June 2015, the AFP was invited to discuss their cooperation and collaboration at the airport. More activities are planned for 2015–16.

OPERATION KOI

On 29 November 2014, six men were charged by the Joint Organised Crime Group (JOCG) for their involvement in the attempted importation of almost three tonnes of MDMA and crystal methamphetamine (ice) into Sydney. This seizure was the second largest in Australian history and was estimated to be worth up to \$1.5 billion on the street. The illicit drugs were intercepted by the Service's officers at the NSW Container Examination Facility. They were hidden in a mixed container load of furniture and unmarked boxes.

The consignment, with an estimated weight of almost two tonnes of MDMA and more than 800 kilograms of methamphetamine was shipped to Australia from Germany and arrived into Australia on 19 November 2014. Police conducted a controlled delivery of the consignment to an address in Blacktown where its contents were removed and transported to another location. The men were arrested when they were found opening the boxes from the consignment at an address in Smithfield. The men were all Australian residents and ranged in ages from 23 to 34 years.

TACTICAL INTELLIGENCE

On 14 December 2014 a new centralised 24/7 tactical intelligence function was created to improve the tactical intelligence service provided to the NBTC, SBC, other operational areas within the Portfolio and domestic and international law enforcement and intelligence agencies.

The new service provides comprehensive, cross-vector analysis and intelligence in response to border threats in real time. This includes servicing requests for information from Portfolio officers posted overseas, international customs administrations and Australian law enforcement agencies; providing real-time tactical support to the Portfolio's operational areas, including priority requests for Passenger Name Record data and other restricted data holdings; and responding to ACBPS requests for telecommunications data made under the *Telecommunications (Interception and Access) Act 1979*.

This new capability has significantly improved the quality and timeliness of actionable intelligence provided to operational staff, allowing them to disrupt threats at or before the border. It has also provided commanders with better real-time situational awareness to inform their tactical strategies.

CROSS-PROGRAMME STRATEGY TWO

Proactive and responsive to the challenges of the border environment through the Reform Programme, transitioning to a new business model, modernising business processes and systems, augmenting workforce capability and strengthening the Service's integrity culture and layered anti-corruption measures.

SUPPORTING INTEGRATION THROUGH THE TRANSITION OF STAFF INTO BLENDED TEAMS

As the Department and the Service integrate their functions and organisational structures, the opportunity has arisen to develop a new workforce model for the combined Department. A range of activities are under way to implement this new model, including analysing existing job roles across the Portfolio, assessing and aligning the work value of roles, and determining both appropriate spans of control and optimal team sizes.

More broadly, a structured and phased approach is being applied to integrating the workforce across the Portfolio. In consultation with staff and their representatives, an implementation plan is being developed and provides details on the procedures being used to integrate employees and roles across the Portfolio. It provides guidance for staff and business areas on processes used to allocate current employees to positions and follows the general 'staff follow function' principle, in accordance with the requirements of Machinery of Government changes under Section 72 of the *Public Service Act 1999*. The process is driven by the need to retain core skills and capabilities and ensure they align with the needs of positions. It also recognises the importance of support to maintain employee morale and engagement, meet efficiency requirements and be legally defensible, fair and equitable. A range of support documentation has been developed outlining principles and process steps.

RECRUITMENT CAMPAIGN FOR NEW ABF ROLES

The ABF will be required to deliver border protection, law enforcement and national security priorities, and will require a workforce of highly dedicated, versatile, multi-skilled officers who are well trained and equipped to perform a range of tasks and duties across a range of areas.

Specialised recruitment and selection processes were completed to build this new workforce in preparation for the ABF to begin operations on 1 July 2015. During 2014–15 the Service conducted a programme to recruit an initial 100 Border Force Recruits and 80 CTU officers. It has identified suitable candidates and will begin a comprehensive training programme in 2015–2016 to prepare them for their roles as ABF officers.

Additional bulk recruitment rounds have been planned after 2014–15 to ensure that the ABF has a supply of highly capable recruits. The next ABF bulk recruitment process will begin in 2015–16. Recruitment will continue in parallel with programmes aimed to help ACBPS and DIBP staff to make the transition to roles within the ABF.

DEVELOPMENT OF AN INTEGRATED CAREER MANAGEMENT FRAMEWORK

The Portfolio has developed an integrated career management framework that aims to build a relationship between the organisation, employees and managers by fostering an environment committed to high performance and that offers opportunities for career growth and job satisfaction. At a series of national roadshows, members of the Executive briefed staff on the importance of personal career development to the Portfolio. A team of career coaches has been helping staff with career planning and all staff were to have career plans in place by 30 June 2015.



STAFF PROFILE

IAN POLSON

Career Coach

Career Management Section

People Division

Ian Polson is a coach in the Department's new Career Management Section in the People Strategy and Policy Branch. Career management is a new function for the Department.

Ian was seconded to People Division from Strategic Border Command in February 2015, coming from his role as a Watch Commander in the Strategic Border Command Centre to take on the role of a career coach.

'Being a career coach provides me with an opportunity to put something back into the Service which has provided me with a wonderful and fulfilling career,' he said.

Ian's overall breadth of knowledge of the Service, combined with a number of organisational and cultural change programmes with which he has been involved, has equipped him to understand the complexities of supporting staff in their career development, and the Department's options for implementing measures for workforce agility, talent management, growth, succession planning and renewal.

'There have been many highlights for me working in the Career Management Section. I was involved with supporting the National Roadshows on the Plan for Integration and more recently provided a number of Border Force Officer of the Future presentations to regional Portfolio staff,' Ian said.

'The response to the career planning sessions with the coaches has been very positive. My fellow coaches and I are committed and engaged in our work. It is great to be a part of an organisation where the Executive fully supports staff and recognises the importance of providing us with opportunities to plan and take control of our future career paths.'

Ian said the implementation of career management in the Department provides an opportunity for staff to align their professional development with career planning to meet current and future business demands.

'This has to be a win-win—staff will have rich and rewarding careers and the Department will have the right people with the right skills and knowledge to deliver our services.'

SECURITY POSTURE

In September 2014 the National Terrorism Public Alert System was raised to High. In response to the raised alert notification and subsequent terror related events nationally and overseas, the Service undertook to review its security posture and strengthen its security measures.

In addition to the integrity initiatives described below, 'Security Alert and Escalation Protocols' were developed and introduced across the Portfolio. The protocols incorporate a comprehensive list of security controls that can be quickly implemented to counter an escalation in the national threat levels or safeguard against localised agency specific threats.

Also from 1 December 2014 the protective and cyber-security elements of both the ACBPS and the Department were fully integrated to ensure a whole-of-Portfolio approach to the security programme. Other initiatives have included developing a suite of common security policies in anticipation of the new agency from 1 July 2015 and regular communications to staff relating to their personal safety when not on duty.

As it is anticipated that the combined Department will continue to be a significant target for organised crime syndicates and a range of politically motivated groups who have shown strong interest in infiltrating border protection agencies across the globe, security controls and processes will continue to be reviewed and revised.

INTEGRITY

Throughout 2014–15, the Integrity and Professional Standards Branch continued to develop and implement the Service's integrity programme with a strong focus on promotion. Integrity awareness and professional standards training were also firmly embedded in learning and development programmes from induction to leadership, and practical resources were developed to increase staff awareness about their obligations under to ACBPS integrity measures.

In December 2014 the Secretary of the Department, Mr Michael Pezzullo, and the Service's CEO, Mr Roman Quaedvlieg, jointly announced the Integrity Framework that the new Department would apply from 1 July 2015 to protect its people, property, systems and information from infiltration and corruption.

The integrated Department is charged with protecting Australia's border and managing the movement of people and goods across it. We hold a privileged place at the border and in the community, with access to secure environments and the ability to make decisions that affect a person's safety, rights and freedoms, and Australian trade and commerce. Our officers also exercise considerable discretion and significant and intrusive powers, such as the power to grant a visa or citizenship, search passengers and cargo, and detain and remove non-citizens who do not hold a valid visa.

Our work and the information we hold are valuable to organised crime syndicates, which actively try to circumvent border controls, reduce border integrity and threaten national security.

The community and the Australian Government trust us to exercise these powers reasonably, lawfully, impartially and professionally.

Draft policies under the Integrity Framework were developed in the first half of 2015. Following in-depth all-staff consultation, final policies covering a full suite of integrity measures were finalised for implementation from 1 July 2015.

STRATEGIC BORDER COMMAND CENTRE AND REGIONAL COMMANDS—GETTING READY FOR THE AUSTRALIAN BORDER FORCE

The Strategic Border Command Centre (SBCC) provides a 24/7 national real-time view over all SBC operational activity and priorities. It is the national coordination, communication and reporting point for all inshore and onshore operations. Regional Command Centres (RCCs) also communicate and report through the SBCC.

As part of the integration of DIBP functions, the SBCC has expanded to include national office functions that are physically located in the regions. External hotlines, national allegations, immigration status services and monitoring centre activities all report through the SBCC.

The information received is assessed to determine its importance, prioritised and disseminated accordingly throughout the Portfolio.

The NBTC is an intelligence-based multi-agency targeting facility hosted and co-located within the SBCC. The NBTC includes representation from several key partner agencies and provides an enhanced approach to identifying high-risk international travellers and cargo by using better collaboration, coordination and sharing of information and intelligence between national security and intelligence agencies. In collaboration with the SBCC, the NBTC arrangement improves access, analysis, coordination and the sharing of immigration and border-related data, information and intelligence among the agencies that are responsible for different aspects of border management. This improves the coordination and prioritisation of information by taking a more integrated and active approach to detecting and preventing threats and risks before the border, while not unreasonably impeding the increasing volumes of legitimate trade and travel within Australian ports.



STAFF PROFILE

AMAN SINGH

Manager

Reform and Integration Task Force

Major Capability Division

The Minister's announcement of the integration of the DIBP and ACBPS gave Aman the chance to move from a technical role into cross-Portfolio and cross functional work.

Aman started work in the Department as an ICT graduate five years ago and worked in a number of roles, including project management, business process modelling, systems analysis and development. He was asked to work in the Reform and Integration Task Force (RITF), in particular to support the Portfolio Accommodation Realignment project.

The project had significant risks as there were many interdependencies between functions such as property, technology and communications, security and integrity.

'This opportunity took me out of my comfort zone. Not only did I have to learn about non-ICT projects, I also had to learn to approach Senior Executive Officers in way that was both respectful and effective in driving the desired outcome,' Aman said.

'That can be a hard balance because you need to have the courage to have honest conversations on the risks and options in a given situation but also have the respect and humility to take direction, even when it challenges your own views.'

Overall, it was a great opportunity for Aman to see how senior executives deal with change at the strategic level and how those decisions materialise at the operational level. It also gave him a broader view of the Department's work and its range of stakeholders.

With the RITF being absorbed into the new Department, Aman has been re-deployed to work on phase two of the Single Portfolio Online Presence project. There is still a significant amount of work to do in consolidating the two organisations' information holdings on the internet and intranet.

'My time at the RITF has prepared me to work on projects that require significant change. I have learnt to complement my technical skills with the organisational skills of understanding the big picture and working a with broad range of stakeholders to deliver outcomes,' Aman said.

INTERIM STRATEGY

Ahead of the launch of the integrated Department on 1 July 2015, the Service worked closely with DIBP to develop key strategic planning documents, including the *Interim Strategy 2014–2019*, which was published in October 2014.

The strategy provides high-level guidance on the Portfolio's intended approach to responding to and managing the issues and challenges in its operating environment, in line with its mission and the desired outcomes of the Australian Government.

The strategy was prepared with a planning horizon of five years but is principally focused on the two-year period from the launch of the integrated Department to June 2017.

In addition to providing an overview of the major international and domestic developments and trends in the Portfolio's operating environment, the strategy highlights the key principles that underpin the Portfolio's approach to managing the border, major Portfolio functions and related objectives, capabilities and investment priorities.

Five key elements of strategic focus were identified in the strategy to guide the Portfolio response to its operating environment. These elements were:

- continued management of the border as a continuum
- enhanced domestic and international partnership and collaboration
- management of the full continuum of compliance and activity at the border
- application of a comprehensive view of risk
- improved technology and business processes.

The interim strategy laid the foundation for development of the Department's inaugural *Strategy 2020*, which was to be published on 1 July 2015, which will in turn inform future enterprise-wide strategic planning processes.

CAPABILITY PLAN

In December 2014 the Portfolio delivered its *Interim Border Capability Plan 2015*. This was the organisation's inaugural capability plan. It was used to guide decisions on capability investment in the 2015–16 budget process and initiated the concept of strategy-led investment for the integrated Department. It determined nine initial capabilities that needed to operate across the Portfolio and considered potential investment initiatives that could enhance the operation of these capabilities. It was recognised that the plan, and the nine capabilities it detailed, would need to be evaluated and developed to better deliver strategy-led investment.

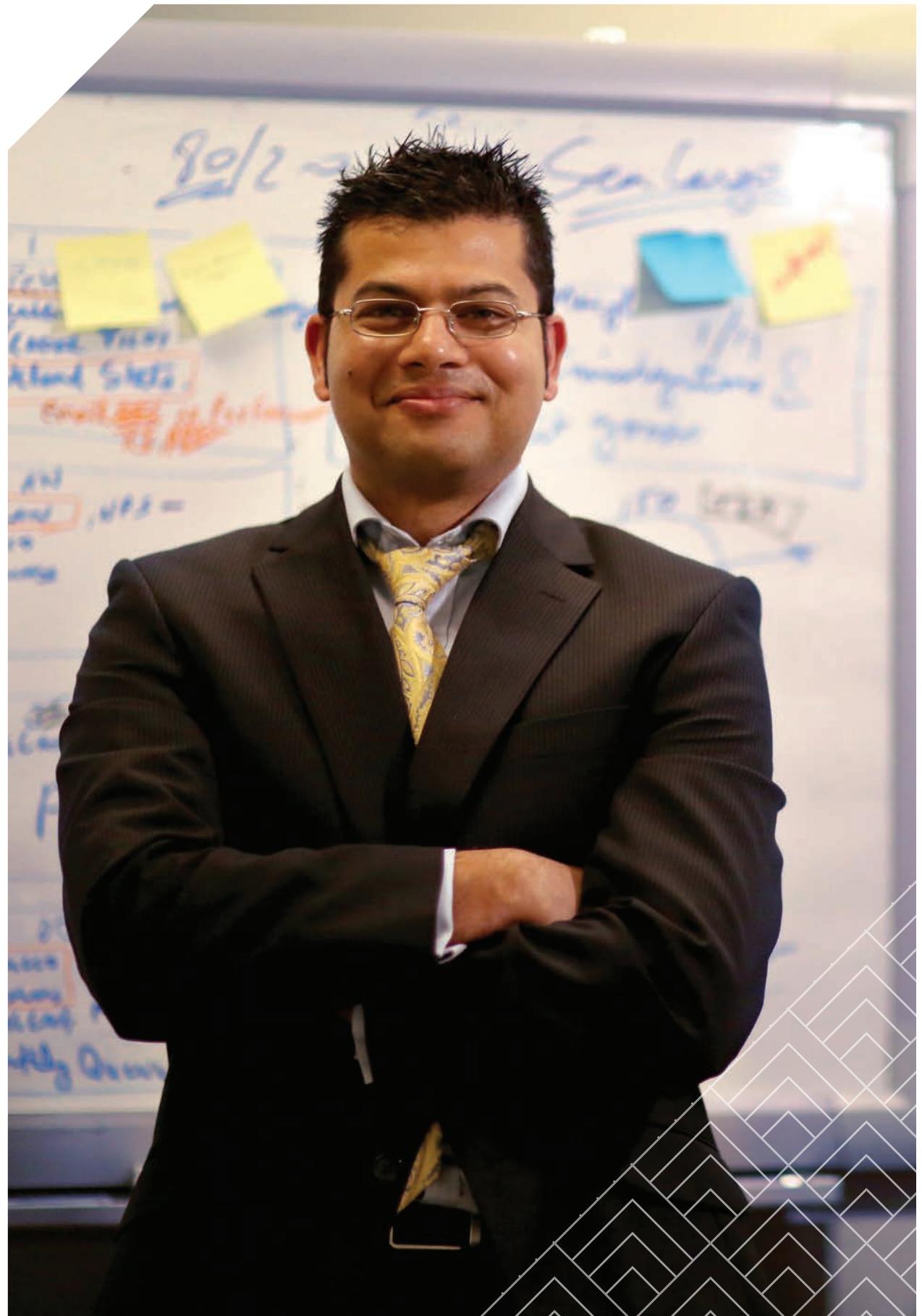
Future capability plans will set about embedding the concept and will translate our strategy into a suite of capabilities that will make it possible to deliver identified strategic objectives. Our capabilities will be guided by the *Strategy 2020* so future investment remains aligned to our strategic approach. Each annual capability plan will consider the investment needed over a 10-year period to optimise our resources while maximising our ability to deliver our strategic objectives.

IMPROVING THE QUALITY OF STATISTICS

Reporting for accountability and improved performance is a priority for Government and public-sector entities. Reform, which has played an integral part in shaping the Service and improvements to the Service's capabilities, will continue within the new Department during the 2015–16 financial year. We are making steady progress towards improving performance statistics capability, including:

- Performance measurement—the Service continued to implement the principles in the *Public Governance, Performance and Accountability Act 2013* and the recommendations from related Australian National Audit Office (ANAO) performance audits. These improvements have strengthened accountability mechanisms, shifting from 'outputs' to 'outcomes', and enable a clear 'line of sight' between our PBS, Corporate Plan and operational performance.
- Centralised reporting—key performance statistics are now compiled centrally, effectively creating a single source of truth. All major external publications draw on this single repository to update key publications, including the Annual Report, Minister's Portfolio Dashboard, Estimates briefings, speeches and media releases.
- Investigation—a continued targeted review of performance statistics for the purposes of verification and/or proposing revised statistics to better reflect their intended objective and their environmental context. Frequent procurement and review of performance reports and findings from formal audits including that ANAO direct our activities in this regard.
- Verification—a centralised reporting capability was used to review performance statistics destined for external use by methodically balancing accuracy, relevance and consistency in reporting. This objective assurance process provides confidence to those using statistics.

Within the Service this agenda has primarily been driven externally by the *Public Governance, Performance and Accountability Act 2013* and internally by the CEO's establishment of the Chief Statistician position, both of which are incrementally improving the accuracy and quality of performance statistics. This has allowed the Service to confidently attest to its success in achieving Government outcomes and make adjustments to strategies and activities to enhance performance.



STAFF PROFILE

LEONARD D'COSTA

Director

Trade and Customs Statistics
Strategic Policy and Planning Division

Len's experience as a senior marketing analyst for Telstra has helped him improve many aspects of performance reporting. Since joining the Service in 2007 he has championed standardised reporting and the use of analytics for evidence-based decision-making. Len is currently in charge of trade and customs statistics, and as such is responsible for the Portfolio and divisional performance dashboards. This entails the delivery of external ad-hoc and periodic reports for Government agencies and industry. Len's team is responsible for improving, certifying and forecasting material relating to the PBS and supporting the Chief Statistician through the review and assurance of trade and customs performance reporting, and the acquittal of statistical issues for traveller movements, tobacco and drugs.

One of Len's proudest achievements was reconciling different methods of reporting detections. These have gone from inconsistent counting across air, sea and post streams to a single agreed counting method across all streams that can be tallied to show reliable whole-of-service detection performance. This was a key element in establishing the Chief Statistical Officer role.

'The CEO and Acting CEO personally thanked me for reviewing the incoming government briefs, identifying the issue, and for my efforts in reconciling ACBPS detection statistics,' Len said.
'This issue and its resolution have had lasting effects on my work area and the agency.'

Len is now kept busy taking advantage of the opportunities provided by integration, most notably in the design, development and production of the consolidated Weekly Ministers' Portfolio Dashboard. This is the highest performance and accountability report in the integrated Department. It provides the Ministers, Secretary, CEO and Executive with the means to monitor critical activities and their contribution to outcomes and, if needed, to make corrections to change or improve performance.

'I consider myself particularly lucky and proud to work in the integrated Department,' Len said.
'It has allowed me to continue in the delivery of reporting for performance and accountability in ACBPS traditional areas of border protection, facilitation and revenue collection.'

'On top of this, I'm getting greater job satisfaction through increased diversity of content, and access to like-minded experienced professionals which will facilitate more innovative decisions to support solutions in the new Portfolio.'

CROSS-PROGRAMME STRATEGY THREE

Operate efficiently and effectively to achieve a sustainable four-year budget across a number of diverse operational requirements by continuing to develop priority settings to align with resource allocation.

IMPROVED PLANNING CONTINUUM FROM STRATEGIC DIRECTION TO REGIONAL COMMANDS

A key operational principle of the ABF is that it is intelligence-led and risk-based. The Department has identified significant operational priorities for the ABF and these form the basis of the enforcement strategies. The SBC (which incorporates all the Regional Commands), Maritime Border Command and the Investigations Division use these strategies to prioritise their work while being sufficiently adaptive to respond to ongoing and emergent issues that do not appear on the enforcement strategy.

Operational delivery plans identifying intelligence, disruption, enforcement and compliance activities are developed for each operational priority and include how operational performance will be measured. Concurrently the Regional Commanders and National Investigations Managers develop regional tactical plans that depict and inform the operational planning cycle on a monthly, quarterly and annual basis.

Operational performance reporting and assessment of operations is the remit of the Border Management Division, specifically monitoring and reviewing the control strategies' effectiveness and developing changes as required. The ABF's aim is to establish appropriate performance management arrangements at all levels of its operations. This includes the application of effective quality management principles and practices, and targeted reporting to support operations.

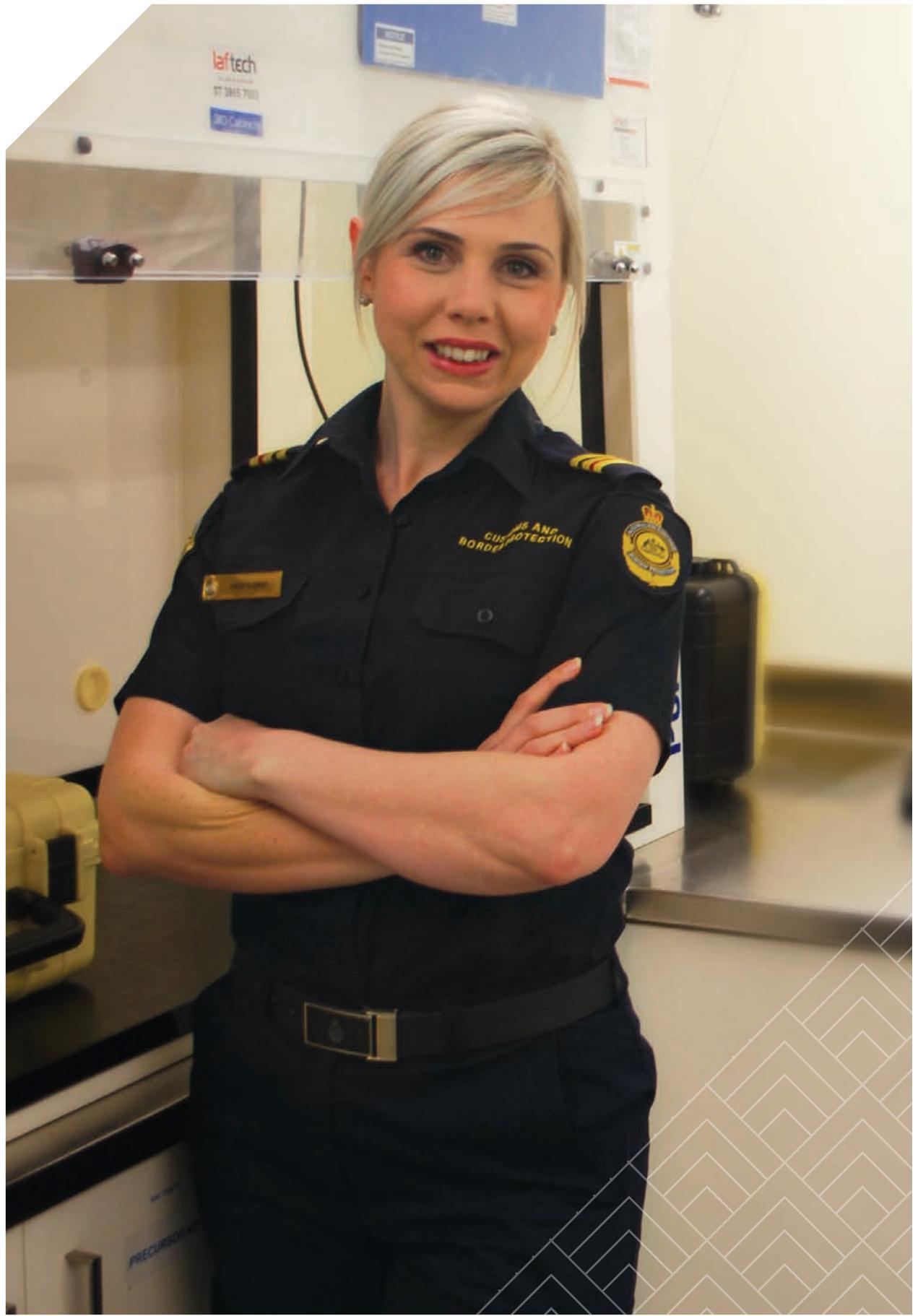
The ABF seeks a positive performance management culture to instil confidence in its delivery of products and services; management of operational risk; and drive for continuous improvement.

eBORDERFORCE

eBorderForce is a mobile application that ABF officers will use to process the examination of aviation goods. Using a single modern interface on a touch-screen tablet, officers will process examination jobs at air cargo warehouses in real-time, and provide immediate updates to the Integrated Cargo System (ICS)—the Portfolio's main cargo import and export database—and EXAMS, the database that records all cargo examinations.

This capability will allow examined cargo to be released more efficiently. The modern interface will also provide officers with a nationally consistent set of reference materials and a standard set of quality assurance checks for each examination.

eBorderforce will be delivered into production to coincide with the establishment of the ABF.



STAFF PROFILE

HEIDI DJOKIC

Customs Manager

Aviation Cargo Queensland

Strategic Border Command

Heidi started her career in Sydney before moving to Canberra in 2006, where she worked in policy, strategy and legislative roles. She took up the opportunity for a regional placement as Manager Air Cargo and International Mail Brisbane in early 2013.

Heidi says each day brings new and exciting challenges. Her role has a strong emphasis on staff engagement, dealing with planning and staff deployment matters, and influencing our intervention programme so that border threats in south-eastern Queensland are appropriately managed. This includes working with industry and partner agencies to ensure that the Portfolio's interests are adequately represented.

Heidi has found it rewarding to lead her staff through the significant organisational change that the reform has entailed. It has given her a high level of personal satisfaction. It has been challenging and uncertain at times, she says, but being able to influence reform to improve our business model to provide more opportunities for staff and greater capability to deliver our business is something she fully supports.

Integration has reinforced for Heidi the importance of communication and staff engagement to inspire and bring about change. She says the Service's modernisation work using mobile technology has also improved field operations.

Another career highlight for Heidi was being Operational Commander for G20 (cargo) and representing the Service in a major event that attracted significant international interest and scrutiny. She also has been selected to participate in the Women In Law Enforcement Strategy 2015 Mentoring Programme, which recognises the development needs for female leaders.

Heidi thinks integration, particularly the formation of the ABF, is very exciting. She looks forward to the opportunities that this will bring.

Heidi says she's had a fantastic career with the ACBPS. 'I've been fortunate to have worked in areas where I've been able to deal with interesting and varied matters, and also have the opportunity to work with some wonderful, smart and dedicated people,' she says, 'but it's the broader role that we play in protecting our community and economic future that's rewarding and makes me feel proud to work here.'

SMARTGATE

ACBPS installed the first set of automated departures SmartGates at Sydney International Airport in May 2015. This is being followed by installations at Brisbane, Melbourne international airports during 2015, followed by installations in Perth, Adelaide, the Gold Coast, Cairns and Darwin in 2016.

In September 2014 the then Minister for Immigration and Border Protection, the Hon Scott Morrison MP, announced funding for departures SmartGates as part of the Government's commitment to boosting counter-terrorism capabilities at the border. ACBPS has reached agreement with Vision-Box to deploy 92 departures SmartGates across the country.

The SmartGate platform uses biometrics to enhance border security capabilities and improve the ability to detect imposters at the border. SmartGate will allow the Portfolio to handle increasing traveller volumes without additional staff resources. It will also allow staff to be redeployed to higher-value activities.

By the financial year 2017–18, the Portfolio expects to process in excess of 20 million departing travellers a year. SmartGate technology will be critical in maintaining traveller flows and maintaining high levels of traveller satisfaction.

TACKLING CRIME: INCREASED CARGO SCREENING

In 2013 the Government announced its commitment to tackling crime at the border. This included funding to boost the Service's examination capabilities and increase screening. ACBPS has since undertaken a number of projects to increase its screening and examination capabilities at the border. Three new cabinet X-ray systems were installed at authorised freight forward depots. The ability to inspect goods at a depot reduces disruption to cargo handling while allowing officers to inspect higher volumes of goods. During 2014–15 there was an increase in the actual air cargo inspections from 1.59 million in 2013–14 to 2.02 million consignments in 2014–15.

To supplement the existing fleet of Mobile X-ray Units (MXU), two additional MXUs were built to increase our capacity in NSW and Queensland. MXUs are deployed nationally to examine air cargo. MXUs can also be used for air, sea or passenger examinations.

The Portfolio acquired eight new purpose-built Mobile Examination Vehicles (MEV) during the financial year. Building the MEVs involved extensive preliminary consultation and design work. These multipurpose vehicles are able to support future processing models. They can deploy the full range of technology, tools and safety equipment required to examine high-risk cargo and have additional capability to support MXU vehicles. The initial MEV prototype was tested and accepted in April 2015. Two vehicles were delivered in June 2015 and the remaining vehicles were accepted in July 2015.

TACPAC ROLL OUT

Satellite communication technology is used in remote areas for both operational and support purposes. The CCTV and Enforcement Communications team designed and produced a new deployable satellite communication system known as the Tactical Pack (TACPAC). This product replaced an older and more cumbersome version, thus providing Operational Commanders with a more flexible, compact and robust system for planning and conducting remote operations. At 30 June 2015, 46 TACPACs had been produced and deployed into service.

TACPAC is a fully integrated and portable high-capacity data platform that can simultaneously deliver secure connection to the Portfolio network and secure or clear voice telephony. It is waterproof and will float in water when in its sealed transit state. Two embedded satellite communication systems provide a greater level of flexibility and redundancy. Using the TACPAC, an Operational Commander can communicate with personnel involved in operations via an internet connection and the radio network with both voice and data anywhere in the world.

TACPAC was designed to interface with Departmental voice systems and to be seamlessly interfaced with the Ultra High Frequency radio system using another device known as the Press To Talk or PTT. This device allows an Operational Commander located anywhere in the world to communicate directly with personnel involved in operations via an internet connection through the TACPAC unit and the radio network. There are currently ten PTT devices available for use by the Portfolio. The PTT device in conjunction with TACPAC allows any other voice telephony device to be interfaced with the satellite system allowing telephony into regions where there is no other telephony option available.

CROSS-PROGRAMME STRATEGY FOUR

Maintain investment in key capital infrastructure that supports the Service's intelligence-led approaches as well as capability to support the Service's operations across a diverse range of activities protecting Australia's border.

THE STRATEGIC PLAN FOR ONSHORE COMMERCIAL PROPERTY (2015–2025)

The Department has developed the Strategic Plan for Onshore Commercial Property (2015–2025) to support its strategic priorities and operational objectives and to facilitate organisational integration. The plan outlines the planned approach for progressing the Portfolio's physical integration and the management of its commercial properties.

The plan prioritises physical integration by consolidating and co-locating offices in the short to medium term where business functions are compatible and efficiencies are unambiguous. It has been developed in alignment with the overall strategic and corporate plans to use office space that is available long-term, flexible, and provides value for money.

The plan outlines the Department's strategy for reducing overall property costs through consolidation, maximising the use of space and managing vacancy rates. Over the next 10 years the Portfolio will aim to realise financial efficiencies through continuing consolidation and integration by location.

The commercial property strategic plan maintains the Portfolio's commitment to service a diverse client and stakeholder base by having offices in publicly accessible locations.

TERADATA INFRASTRUCTURE REFRESH PROJECT

For the past 12 years ACBPS has been using Teradata as the platform to underpin its enterprise data warehouse (EDW). There have been significant advances in data warehousing technologies during this time, while the need for the Service to replace and refresh outdated technologies and approaches has grown. These issues, coupled with a rapid growth in information volumes and the need for improved data analytics, have created capacity and capability gaps that required urgent attention.

To address them, ACBPS invested \$10.3 million in the Teradata Infrastructure Refresh project. This provided a new, larger production environment with 60 per cent more capacity and higher availability. It will allow the Portfolio to store and process higher volumes of data at much lower cost.

The new infrastructure, methods and tools bring together processing power, storage capacity and analytic capabilities into one cohesive environment. This will be a critical enabler for the intelligence, connected information environment and traveller programmes.

1,000 DAYS OF THE COCOS (KEELING) ISLAND DEPLOYMENT

In March 2015 ACBPS officers from Western Australia logged more than 1,000 days of continuous deployment to the Cocos (Keeling) Islands. The deployment began in 2012 after the arrival of 62 illegal maritime arrivals (IMA) on board a suspected illegal entry vessel (SIEV). Officers have been on the islands since that time, undertaking their border protection role in the remote community in partnership with the AFP and local agencies.

The Cocos Island Deployment Force (CIDF) was created in 2012, formalising the Service's response to SIEV arrivals on the islands. The CIDF was tasked with in-shore and land-based patrol activities, as well as the initial transfer and processing of IMAs. At times DIBP officers were co-located with the CIDF, along with interpreters, nurses, and staff of the contract company Serco. CIDF numbers have fallen from a peak of 12 officers to four, though the risk of unannounced arrivals remains. To date, more than 200 officers have deployed to the islands, often on short-term secondments of up to 11 days.

NEW CUSTOMS HOUSE ON CHRISTMAS ISLAND

A new Customs House was officially opened on Christmas Island on 27 March 2015. Officers have been deployed on the island since 2001 and before the new premises were opened they had shared office space with the AFP. The new facilities provide a greater opportunity for continuing skill and professional development for officers on the island, including eight locally engaged Acting Officers of Customs (AOCs). The modern, well-outfitted Customs House is a strong operational base for planning and delivering the full range of functions across the Indian Ocean Territories, encompassing both Christmas Island and the Cocos (Keeling) Islands.

With the success of Operation Sovereign Borders, the Christmas Island district office is now focusing on cross-border movements pertaining to the legislation that applies to the Indian Ocean Territories where the Portfolio covers the broad functions associated with seaports, airports, post, and sea and air cargo. The ability to comfortably house detection technology, an armoury and dedicated IT services, as well as operational planning and general public enquiry facilities, has improved our operational status and standing within the community before the advent of the ABF.



PART 4

MANAGEMENT AND ACCOUNTABILITY

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GOVERNANCE, ACCOUNTABILITY AND EXTERNAL SCRUTINY

Our governance arrangements encompass the following key elements:

- strategic direction and planning—including leadership, values, culture, accountability, business planning, and individual performance plans and agreements
- management of implementation and performance—including oversight and ongoing direction of policy and programme implementation, and the adjustment of priorities and activities
- reporting and evaluation—including assigned responsibilities, compliance with legislated or defined policies and evaluation of performance
- internal and external review and assurance—including audit arrangements, external reviews, investigations, parliamentary inquiries and hearings.

THE PORTFOLIO'S DECISION-MAKING COMMITTEES

During the 2014–15 financial year governance arrangements, including the senior governance committee structure, were revised as part of the consolidation of the Australian Customs and Border Protection Service (ACBPS) with the Department of Immigration and Border Protection (DIBP). The integrated senior governance committee structure now includes an Executive Committee, a Strategic Command Group, a Strategy and Capability Committee and a Resources and Finance Committee. The chair of each committee is the decision-maker on all matters brought before the committee, while members of the committee advise the chair.

EXECUTIVE COMMITTEE

The Executive Committee is chaired jointly by the Chief Executive Officer (CEO) of ACBPS and the Secretary of DIBP. The CEO is the decision-maker on all matters brought before the committee relating to ACBPS while the Secretary is the decision-maker on all DIBP or Portfolio-wide matters.

STRATEGIC COMMAND GROUP

The Senior Command Group (SCG) is chaired by the CEO. The key responsibilities of the group include setting strategic operational priorities and reviewing these in line with emerging threats and risks. The committee is also responsible for considering operational performance and overseeing border-related operational matters.

STRATEGY AND CAPABILITY COMMITTEE

The Strategy and Capability Committee is chaired by Deputy Secretary Policy. The committee provides a forum for discussion, analysis and advice to the chair on all aspects of Portfolio strategy and capability management.

RESOURCES AND FINANCE COMMITTEE

The Resources and Finance Committee is chaired by Deputy Secretary Corporate. The committee provides a forum for discussion, analysis and advice to the chair on all aspects of the Portfolio's financial management framework and resource allocation.

PORTFOLIO REFORM BOARD

Throughout 2014–15, the Portfolio Reform Board provided strategic oversight and direction of the integration of DIBP and ACBPS, including the establishment of the ABF and associated reforms. Chaired by the Secretary and ACBPS CEO, the board approved key aspects of the nature and implementation of integration arrangements, ensuring—and reporting to the Minister on—steady progress of reform initiatives while minimising disruption to the Portfolio’s business as usual activities.

OTHER KEY COMMITTEES

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee provides independent assurance to the Executive on the Service’s risk, control and compliance frameworks and external accountability requirements.

The Portfolio Executive appoints the committee, within the scope of its role and responsibilities, to:

- obtain information it requires from any employee or external party (subject to their legal obligation to protect information)
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations)
- request the attendance of any employee, including the Portfolio Executive, at committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities.

The Internal Audit Section has supported the work of the Audit and Risk Committee. The internal audit function is outsourced to Ernst & Young, which conducts an annual programme of internal audits and reports its findings to the Audit and Risk Committee. The scope of internal audit work includes reviewing risk management procedures, internal control systems, information systems and governance processes. Internal audits may focus on an array of matters, including compliance, efficiency, efficacy, framework design and risk management. There were 20 internal audits conducted this financial year.

RISK MANAGEMENT

In 2014–15 ACBPS has worked towards aligning and implementing a Risk Management Policy and Framework which is aligned to the Commonwealth Risk Management Policy as required by the *Public Governance, Performance and Accountability Act 2013* (PGPA). Key areas of focus involved the integration of risk management into business processes and embedding it as fundamental input for decision-making.

Midway through 2014–15 the ACBPS worked closely with the Department to develop a new Risk Management Policy and Framework for the integrated Department, to support compliance with the PGPA.

ACBPS participated in the annual Comcover Risk Management Benchmarking Survey. This was the first survey designed to align with the nine elements within the Commonwealth Risk Management Policy and introduced a new Risk Management Maturity Model reflecting maturity against these elements. ACBPS achieved an overall risk management score of ‘advanced’; the strongest risk management capabilities were recognised as:

- defining responsibility for managing risk
- embedding systematic risk management into business processes
- understanding and managing shared risk.



STAFF PROFILE

BRONWEN SPARKES

Manager

Risk Management Office

Integrity, Security and Assurance Division

Bronwen has worked for the Service since 2001 when she started as a Customs Trainee in Melbourne. Bronwen worked as a customs officer at Melbourne Airport for more than 10 years before accepting a policy role in Enterprise Risk Management in 2012.

Bronwen moved to Canberra in late 2013 to take up an opportunity as Manager, Risk Management where she has been responsible for the design, implementation and maintenance of the ACBPS Risk Management Framework, aligning it to the new Commonwealth Risk Management Policy and World Customs Organization (WCO) Risk Management Compendium.

A key part of implementing the framework includes providing an internal risk management consultancy service, giving Bronwen a unique opportunity to gain exposure to all business operations across the ACBPS.

'I have enjoyed the privilege of working with divisions; running risk workshops and developing risk profiles to support the delivery of activities such as Reform and Integration, the Trusted Trader programme and the planning and design of many operational initiatives,' Bronwen said.

In May 2015 Bronwen attended the WCO Risk Management Accreditation Workshop in Brussels, Belgium, to complete the first phase of becoming an Accredited WCO Risk Management Advisor.

'Once I gain full accreditation status, I will be able to assist other developing customs administrations within the WCO, build their risk management capability, influence global standards setting and promote normative border management initiatives and practices that will support our intelligence-led, risk-based operating model, particularly within the Asia Pacific Region.'

EXTERNAL CONSULTATION

The nature of our business functions and operations often requires us to interact with numerous external groups and participate in whole-of-government forums on national security. These forums include:

SECRETARIES COMMITTEE ON NATIONAL SECURITY

Chair: Secretary of the Department of the Prime Minister and Cabinet (PM&C)

Members: Associate Secretary National Security and International Policy PM&C, Secretary Department of Foreign Affairs and Trade (DFAT), Secretary Department of Defence, Chief of the Defence Force, Secretary Department of the Treasury, Secretary Attorney-General's Department (AGD), Director-General Office of National Assessments (ONA). CEO ACBPS and Secretary DIBP are co-opted as required for specific items.

As a regular co-optee to the Secretaries Committee on National Security, the CEO ACBPS has contributed to the development of border protection policy within the context of major security issues of strategic importance to Australia and will continue to do so under the new structure.

BORDER MANAGEMENT GROUP

Chair: Deputy Secretary Policy

Members: ACBPS, AGD, Australian Crime Commission (ACC), Australian Federal Police (AFP), Australian Security Intelligence Organisation (ASIO), AusTRAC, CrimTrac, Department of Agriculture, DFAT, DIBP, Department of Infrastructure and Regional Development (DIRD) and PM&C.

Co-optees: Australian Public Service Commission (APSC), Austrade, Australian Commission for Law Enforcement Integrity (ACLEI), Defence Finance, Department of Social Services, Department of Industry and Science, Treasury.

The Service has had a leading role in driving collaboration between border agencies and the Border Management Group is one avenue through which the Service fulfils this responsibility. The group is responsible for coordinating strategic border management planning and the detailed work of implementing, reviewing and evaluating strategic border management planning activity.

The Border Management Group was established in October 2009, with Deputy Secretary level (or equivalent) representatives from border agencies. The Deputy Secretary Policy is the Chair of the group with secretariat support provided by DIBP. The Border Management Group also fulfilled the role of the Deputy Secretary level interdepartmental committee in support of the Portfolio reform activities to integrate the Department and the Service.

AUSTRALIAN CRIME COMMISSION BOARD

Chair: Commissioner of the Australian Federal Police

Members: ACBPS, ASIO, AGD, AFP, Australian Securities and Investments Commission (ASIC), ACC, AUSTRAC, Australian Tax Office (ATO) and all state and territory police commissioners.

The ACC was established under the *Australian Crime Commission Act 2002* as a statutory authority to combat serious and organised crime. The ACC board assists in ensuring the appropriate use of ACC powers and provides general oversight of, and direction to, ACC activities, including determining investigations and operations to reduce serious and organised crime nationally. Our CEO contributed to setting the Commission's strategic direction and priorities through membership of the ACC board.

BILATERAL WITH DEPARTMENT OF INFRASTRUCTURE AND REGIONAL DEVELOPMENT

Chair: CEO ACBPS and Secretary DIRD

Members: ACBPS and DIRD Deputy Secretaries and Deputy CEOs and National Directors/Executive Directors as required.

The ACBPS – DIRD Bilateral was established in 2014 to formalise the strategic relationship between the two agencies. Bilateral meetings help to coordinate activities to ensure efficiency improvements to Australia's operations at the border, in particular with the Office of Transport Security.

BILATERAL WITH DEPARTMENT OF FOREIGN AFFAIRS AND TRADE

Chair: Jointly chaired by Secretary DIBP and Secretary DFAT

Members: ACBPS CEO and Deputy CEO and National Directors/Executive Directors as required, Secretary DIBP and relevant Deputy Secretaries as required. Secretary DFAT and relevant Deputy Secretaries as required.

The DFAT Bilateral is held quarterly and is a forum for CEO ACBPS to exchange information on international developments that affect strategic border security, and to coordinate international engagement activities relating to border protection between the two portfolios.

HEADS OF COMMONWEALTH OPERATIONAL LAW ENFORCEMENT AGENCIES

Chair: Secretary AGD

Members: ACBPS, Australian Competition and Consumer Commission (ACCC), AFP, ATO, Commonwealth Director of Public Prosecutions (CDPP), AusTRAC, ASIC, AGD, ACC, Australian Prudential Regulation Authority, Department of Human Services, CrimTrac, DIBP.

The Heads of Commonwealth Operational Law Enforcement Agencies is the broad consultative mechanism for Commonwealth law enforcement policy and oversees the implementation of whole-of-government strategy on organised crime. It meets twice a year and comprises agency heads from 12 law enforcement and regulatory agencies. The ACBPS CEO represents the Portfolio.

STRATEGIC WORKING GROUP

Chair: ACBPS Deputy CEO Border Operations, ACBPS, and Deputy Secretary Biosecurity Services Group, Department of Agriculture

Members: ACBPS and Department of Agriculture Deputy Secretaries and Deputy CEOs and National Directors/First Assistant Secretaries as required.

The ACBPS and Department of Agriculture Strategic Working Group was established in 2010 to formalise the strategic relationship between the two agencies. The working group, which is covered by a memorandum of understanding, helps to coordinate activities to ensure efficiency improvements to Australia's operations at the border.

INTERNATIONAL ENGAGEMENT

The Service has engaged with international counterparts in the delivery of its three key functions: enforcement, facilitation and industry support. Our engagement has covered a broad range of issues and capacity-building initiatives. The Portfolio incorporates the Service's agreed International Engagement Strategy to guide collaboration and contact with international counterparts, including taking a leading role in customs-specific multilateral forums such as:

- World Customs Organization (Chair, Audit Committee, 2014–15; Vice-Chair, Asia-Pacific Region, 2012–14)
- Asia Pacific Economic Cooperation Sub-Committee on Customs Procedures
- Asia–Europe Meeting Working Group on Customs Matters
- Border Five (Australia, Canada, United Kingdom, United States of America and New Zealand).

Our relationship with global multilateral organisations has provided the Portfolio with the opportunity to understand emerging risks and influences on the development of international regulations, standards and cooperative frameworks. The Service has also actively contributed to Australia's whole-of-government multilateral negotiations, including United Nations Arms Trade Treaty, the Anti-Counterfeiting Trade Agreement and various free trade agreements. The Portfolio's overseas posts are at the forefront of Australia's engagement with international partner agencies and its representation in relevant forums.

In December 2014 the international engagement functions of DIBP and ACBPS were integrated within the Portfolio's International Division. The division sets the strategic direction for all international engagement and policy matters for the Portfolio. It is the central coordinating area on international activity, including management of international relationships and capacity-building.

ACCOUNTABILITY

The Service was accountable to the Australian Government through the Minister for Immigration and Border Protection, and to the Australian National Audit Office (ANAO), parliamentary committees and the Commonwealth Ombudsman. The ACBPS had also established a Client Service Charter and standards that set benchmarks for service delivery to the community, industry and other stakeholders. The charter and standards have now been integrated within the Portfolio.

EXTERNAL SCRUTINY

AUSTRALIAN INFORMATION COMMISSIONER

The Service received one notification of a privacy complaint made to the Australian Information Commissioner during the year. The complaint was made by a former ACBPS officer and the investigations both internally and by the Office of the Australian Information Commissioner are ongoing.

From 1 November 2014, the Commonwealth Ombudsman has handled complaints about the processing of freedom of information (FOI) requests. Any complaints received by the Office of the Australian Information Commissioner (OAIC) after that date were referred to the Commonwealth Ombudsman.

JUDICIAL DECISIONS OR DECISIONS OF ADMINISTRATIVE TRIBUNALS

This year we were subject to external scrutiny by applications for judicial review to the Federal Court and by applications to the Administrative Appeals Tribunal for merits review.

The number of applications and requests, for reasons under the *Administrative Decisions (Judicial Review) Act 1977* and Federal Court judicial review matters from 2012–13 to 2014–15, are shown below.

Table 24: Federal Court judicial review applications and Administrative Decisions requests for reasons

	2012–13	2013–14	2014–15
Federal Court applications for review	1	2	3
Requests for statement of reasons	5	3	2
Matters settled during the year	–	–	1
Matters withdrawn during the year	–	1	–

Table 25: Federal Court decisions in judicial review matters

	2012–13	2013–14	2014–15
Matters resolved in favour of ACBPS	–	1	1
Matters resolved against ACBPS	–	1	–
Total	–	2	1

Table 26: Administrative Appeals Tribunal applications for review

	2012–13	2013–14	2014–15
Tariff classification and Schedule 4 items	10	2	20
Valuation and origin	1	–	–
Tariff concessions	25	25	9
Refunds	2	3	3
Freedom of information	–	1	–
Other	1	3	2
Total number of applications	39	34	34

Table 27: Administrative Appeals Tribunal decisions handed down

	2012–13	2013–14	2014–15
ACBPS decisions set aside	3	1	3
ACBPS decisions affirmed	5	3	11
Tariff classification and schedule 4 items	3	–	1
Valuation and origin	–	–	–
Tariff concessions	4	4	10
Freedom of information	–	–	1
Other	1	–	2
Total decisions affirmed and set aside	8	4	14

PROSECUTION FOR EVADING CUSTOMS DUTY

On 7 April 2015, Shi Ho So, Singh Johal and Lun Shing Yip (jointly referred to as the defendants) arrived at Brisbane International Airport and presented a carnet² and individual incoming passenger cards to ACBPS. On each card the men responded ‘no’ to question three, which relates to goods obtained overseas with a combined value of more than \$900. Examination revealed 944 articles of jewellery, which were not detailed on the carnet. In addition to the jewellery, three Rolex watches were found on the person of one defendant and one Rolex watch in his computer bag. Each defendant also made false oral statements to the officer undertaking the baggage examination. The total value of the jewellery and watches not detailed in the carnet was \$194,118.93.

The three defendants were charged in the Brisbane Magistrates Court for attempted evasion of customs duty, contrary to Section 234(1) (a) of the *Customs Act 1901* and making various false statements to an officer of Customs (contrary to Section 234(1)(d) of the Act).

The duty evaded by each defendant was \$6,742.45. The defendants pleaded guilty to each offence. On 21 April 2015, the court ordered the defendants to pay a total of \$47,886 in fines and costs. The jewellery and watches were forfeited to the Crown.

The case highlights the significant penalties that courts may impose on any importer attempting to evade the payment of customs duty, including the possibility that items may be forfeited.

Table 28: Federal Court appeals from decisions by the Administrative Appeals Tribunal

	2012–13	2013–14	2014–15
Appeals resolved in favour of ACBPS	–	–	1
Appeals resolved against ACBPS	–	–	–
Tariff Classification and Schedule 4 items	–	–	1
Valuation and origin	–	–	–
Tariff concessions	–	–	–
Other	–	–	–
Total appeals in favour and against	–	–	1

² A carnet is an internationally recognised document for the temporary importation of goods that allows for their temporary admission without the payment of duties or taxes.

Table 29: Matters resolved before being heard by the Administrative Appeals Tribunal

	2012–13	2013–14	2014–15
Matters withdrawn/dismissed (section 42A)	9	18	12
Matters settled by consent (section 42C)	11	3	3
Tariff classification and Schedule 4 items	3	5	1
Valuation and origin	–	1	–
Tariff concessions	15	11	9
Refunds	2	2	2
Freedom of information	–	–	–
Other	–	2	3
Total matters dismissed and settled	20	21	15

Table 30: Administrative Appeals Tribunal requests for reasons

	2012–13	2013–14	2014–15
Tariff classification and Schedule 4 items	–	–	3
Valuation and origin	–	–	–
Tariff concessions	–	–	–
Refunds	–	–	–
Freedom of information	–	–	–
Other	–	–	–
Total requests for reasons	–	–	3

PARLIAMENTARY COMMITTEE REPORTS

There were no parliamentary committee inquiries into the operation of the Service during 2014–15. However, the Service contributed to a number of parliamentary committee inquiries including appearing and providing evidence before:

- the Review of Auditor-General's Reports Nos 42, 43, 48, 50, 52 (2013–14) Screening of International Mail (held by the Joint Committee of Public Accounts and Audit in October 2014)
- the inquiry into circumvention of anti-dumping laws in November 2014 (House of Representatives Standing Committee on Agriculture and Industry)
- the inquiry into Australian Border Force Bill 2015 [Provisions] and the Customs and Other Legislation Amendment (Australian Border Force) Bill 2015 [Provisions] (Senate Legal and Constitutional Affairs References Committee) in March 2015
- the airport and aviation security inquiry (Senate Standing Committees on Rural and Regional Affairs and Transport) in April 2015
- the inquiry into crystal methamphetamine (ice) (Parliamentary Joint Committee on Law Enforcement) in June 2015.

COMMONWEALTH OMBUDSMAN

The Service received 11 approaches from the Commonwealth Ombudsman this year. The complaints and issues table below provides information on ACBPS-related notices and complaints to the Commonwealth Ombudsman from 2011–12 to 2014–15.

Table 31: Ombudsman complaints and issues, 2012–13 to 2014–15

	2012–13	2013–14	2014–15
Number of approaches received from the Ombudsman	8	8	11
Number of approaches finalised by the Ombudsman	7 ^a	8 ^b	7
Findings of administrative deficiency following investigation by the Ombudsman	1	–	–
Decided not to investigate, or not to investigate further	7	8	7
Own motion investigations	–	–	–

a Two of these approaches were received in 2011–12.

b Two of these approaches were received in 2012–13.

REPORTS BY THE AUDITOR-GENERAL

The Auditor-General completed two audits of our operations during the year:

CAPE CLASS MANAGEMENT OF THE PATROL BOAT PROGRAMME

The objective of the audit was to assess the effectiveness of the Australian Customs and Border Protection Service's management of the Cape Class patrol boat programme.

ADMINISTRATION OF THE TARIFF CONCESSION SYSTEM

The objective of the audit was to assess the Australian Customs and Border Protection Service's administration of the Tariff Concession System.

CROSS-AGENCY AUDITS INVOLVING THE SERVICE

The Auditor-General completed two audits across agencies during the year:

CONFIDENTIALITY IN GOVERNMENT CONTRACTS: SENATE ORDER FOR DEPARTMENT AND AGENCY CONTRACTS (CALENDAR YEAR 2013 COMPLIANCE)

The objective of this audit was to assess the appropriateness of the use and reporting of confidentiality provisions in Australian Government contracts.

ENTITIES' USE OF LIMITED TENDERING

The objective of the audit was to assess whether selected entities had appropriately justified the use of limited tender procurement and whether processes adopted met the requirements of the Commonwealth Procurement Rules including the consideration and achievement of value for money.

CLIENT SERVICE EXCELLENCE

Our client service charter and standards establishes benchmarks for service delivery to ensure we are open and accountable to the community.

We welcome feedback on the range of services we provide and we monitor that feedback to identify areas for improvement. Members of the community and industry can provide feedback through a detachable portion of our Complaints and Compliments brochure, the ACBPS website, by telephone, mail or email. The tables below outline the compliments and complaints received this year.

We aim to respond to all complaints and compliments within 15 working days. Our average response time this year for complaint cases was 25 working days with our average response time for compliments being one day.

We received and investigated 1,466 complaints this year, compared to 1,331 complaints received and investigated in the previous year. This represents a 9.21 per cent increase overall from 2013–14 to 2014–15.

Table 32: The top five complaint sentiments

Sentiment	2014–15
Queue delay	265
Officer was rude	212
Hold on cargo consignment not removed	192
Goods were damaged	75
Cargo consignment always held	73

Table 33: The top five compliment sentiments

Sentiment	2014–15
Officer was helpful	67
Appreciated assistance	66
Officer was professional	39
Officer was friendly	16
Appreciated facilitation	13

Table 34: Ratio of complaints to cargo, passenger and client service volumes, 2012–13 to 2013–14

	Ratio 2013–14	Ratio 2014–15
Complaints to compliments	3.16:1	5.35:1
Complaints to air and sea passengers movements ^a	1:86,650	1:57,045
Complaints to TEU inspected at a container examination facility ^b	1:913	1:844
Complaints to ACBPS Information and Support Centre (CI&SC) contacts ^c	1:16,634	1:16,210

a All complaints cases related to air and sea movements (passenger and crew) compared to total passengers and crew movements.

b Twenty-foot Equivalent Units.

c Sea cargo complaints to total TEU inspected at Container Examination Facilities (CEF).

MINISTERIAL REPRESENTATIONS

This financial year, the Minister for Immigration and Border Protection and the Assistant Minister for Immigration and Border Protection received 700 items of correspondence related to the Service. We also supplied the Minister for Immigration and Border Protection and the Assistant Minister for Immigration and Border Protection with 315 briefings and submissions on Service-related matters, as detailed in the tables below.

Table 35: Ministerial correspondence and briefings

	2012–13	2013–14 ^a	2014–15
Ministerial correspondence received on ACBPS-related matters ^b	1,639	700	711
Ministerial briefings provided by ACBPS ^b	709	486	315

a Figures include Operation Sovereign Borders Joint Agency Taskforce (OSB JATF) correspondence, briefings and submissions—ACBPS provides ministerial support to OSB JATF, which was created on 1 October 2013.

b Due to the limitations of the Parliamentary Document Management System (PDMS) we are unable to accurately state the number of ministerial correspondence received and ministerial briefings provided in DIBP's tenet for PDMS that is related to the ACBPS.

Table 36: Questions on Notice directed to the Service

	2012–13	2013–14	2014–15
Questions on Notice received from the House of Representatives	19	1	2
Questions on Notice received from the Senate	17	6	2
Questions on Notice received from Senate Estimates	203	593 ^a	147 ^a

a This figure does not include questions where ACBPS provided input into non-portfolio agency responses or questions directed to the OSB JATF.

LEGAL SERVICES

During 2014–15 the Legal Services Branch of ACBPS amalgamated with the Legal Division of the Department of Immigration and Border Protection to form the Legal Division for the Immigration and Border Protection Portfolio.

In 2014–15 the Legal Division provided legal services that enabled the Portfolio, including the separate legal entities of the Department and ACBPS, to meet its obligations and strategic objectives in an efficient, cost-effective and lawful manner. In addition to the continued expansion of the Regional Legal Network in some of the busiest regional offices, the Legal Division has played an instrumental role in providing training through the Australian Border Force College and provided legal support to the ACT HQ accommodation project.

MAJOR LEGISLATIVE AMENDMENTS

Eight ACBPS-related Acts were passed in parliament during the year. The significant Acts are listed below:

- The *Customs Amendment (Japan-Australia Economic Partnership Agreement Implementation) Act 2014* and the *Customs Tariff Amendment (Japan-Australia Economic Partnership Agreement Implementation) Act 2014*. These Acts gave effect to the Japan-Australia Economic Partnership Agreement and enable goods from Japan that satisfy the rules of origin to enter Australia at preferential rates of customs duty.
- The *Customs Amendment (Korea-Australia Free Trade Agreement Implementation) Act 2014* and the *Customs Tariff Amendment (Korea-Australia Free Trade Agreement Implementation) Act 2014*. These Acts gave effect to Korea-Australia Free Trade Agreement and enable goods from Korea that satisfy the rules of origin to enter Australia at preferential rates of customs duty.
- The *Customs Amendment Act 2015* which, among other measures, extended powers of examination to the baggage of domestic passengers on international flights and voyages, and to domestic cargo that is carried on an international flight or voyage.

REFORM AND INTEGRATION WORK

In 2014–2015 the Legal Division (including the Service's former Legal Services Branch) provided significant assistance on programs under the ACBPS *Blueprint for Reform 2013–2018*. This assistance included options for the future employment model along with measures to strengthen integrity. Significant assistance was also provided on the procurement of new technologies to enhance the ACBPS's intelligence capability and approach for future travellers, and to modernise its approach to trade and goods.

Following the Government's announcement of the integration of ACBPS and DIBP on 1 July 2015, the Legal Division also provided significant assistance to facilitate transition to 'one agency' under the *Plan for Integration*. This included advice on the establishment of integrated divisions and associated employment and financial management issues, preparing new delegations, advice on the consolidation of procurements and contracts, and assisting business areas to achieve efficiencies in the transition period. Significant assistance was also provided on preparatory work to establish the Australian Border Force and ABF College from 1 July 2015.

REGIONAL LEGAL NETWORK

Members of the Regional Legal Network team are located in regional offices and provide advice and services to regionally based clients, including on-site at airports and seaports. The team consists of four permanent lawyers based in Melbourne, Cairns, Sydney and Perth and three non-ongoing lawyers in Cairns, Melbourne and Brisbane.

The Regional Legal Network provides a number of critical legal functions, primarily to regional operational areas. These include the management of customs prosecutions and condemnations and drafting of all related advice, court documents and submissions; supporting line areas through the provision of legal advice on operational matters, criminal investigations and on-site services; and providing training to operational areas as required.

In 2014–15 the Regional Legal Network provided more than 500 pieces of advice to operational areas in NSW and Victoria as well as managing Customs prosecutions and condemnation matters nationally. As its lawyers were formerly employed by the CDPP, the Australian Government Solicitor and NSW Police Force, the network has been able to provide in-house criminal law expertise to operational areas.

The establishment of the Regional Legal Network has not only led to a significant decrease in external expenditure but also resulted in increased client engagement with the Legal Division. It has allowed clients to obtain pre-operational advice—for example, advice about warrant issues before a warrant is executed, and advice about powers and offences before operations, leading to better outcomes.





STAFF PROFILE

ROGER NORTHCOTE

Director

Customs Law and Prosecutions

Legal Division

Roger joined the Service in 1993 and says that being a customs lawyer has provided a constantly challenging, diverse and interesting career. An average day might see Roger prepare submissions for a customs duty dispute, advise on the customs law aspects of a policy proposal, and advise investigators on enforcement options that might include administrative action such as cancelling a licence, commencing a customs prosecution, or referring potential criminal charges to the CDPP.

Roger says every year brings new challenges, and among recent highlights he nominates his involvement in establishing the Regional Legal Network to better support Regional Commands and legal aspects of Operation Sovereign Borders.

His legal work has touched on most of the Service's functions, including litigating and advising on all kinds of customs duty disputes, other aspects of cargo and trade, and border enforcement activities. He regularly liaises with other government agencies, including AGD, CDPP, the Department of Industry, Department of Defence and DFAT.

Since November 2014 Roger has supervised a blended team of immigration and customs lawyers within the integrated Legal Division. Its responsibilities include managing civil penalty actions for certain breaches of immigration law and all customs-related administrative law litigation for the Portfolio.

Roger is motivated by the public service aspects of his legal work: protecting the community and assisting Australian business by contributing to the fair enforcement and sound development of customs, immigration and other border-related law. For Roger, integration means a broader policy and operational perspective, associated new legal issues, and many new colleagues to work with in these essential government functions.

REWRITING THE CUSTOMS REGULATIONS

This year under review saw the Legal Division take a key role in an important project to replace the Customs Regulations 1926 (1926 Regulations), which lapsed on 1 April 2015 under the operation of the *Legislative Instruments Act 2003*.

Legislation Acts C Team and the Customs and Industry Branch worked closely with the Commonwealth's drafting agency, the Office of Parliamentary Counsel (OPC), to prepare the Customs Regulation 2015 (2015 Regulation) and the Customs (International Obligations) Regulation 2015 (International Obligations Regulation).

The 2015 Regulation and the International Obligations Regulation significantly improved the provisions in the 1926 Regulations by repealing redundant provisions, simplifying language and restructuring provisions without making substantive changes to existing policy.

Importantly, provisions which give effect to Australia's international obligations are now contained in the International Obligations Regulation. These provisions are exempt from sunsetting and have been placed into a separate instrument to ensure that they are not subject to sunsetting in the future.

The Legislation Acts C Team became involved in this process in June 2013. Their role included:

- reviewing the existing regulations
- attending meetings with the policy area and OPC
- obtaining legal advice on the 'necessary and convenient' regulation-making power in the *Customs Act 1901* and certain provisions in the 1926 Regulations
- preparing explanatory material to accompany both Regulations
- contributing to executive and ministerial briefings
- helping to respond to external stakeholder consultation
- ensuring that the new Regulations were made and registered for commencement on 1 April.

COLLECTIVE WORK ON THE AUSTRALIAN BORDER FORCE BILL

On 1 July 2015 the integrated Department was to come into existence and the ABF inaugurated.

The integrated Department and ABF are supported by significant legislative amendments that were the responsibility of the Legal Division. These legislative changes are contained in the *Australian Border Force Act 2015* (ABF Act), the supporting *Customs and Other Legislation Amendment (Australian Border Force) Act 2015* (the COLA Act) and the *Customs and Other Legislation Amendment (Australian Border Force) Regulation 2015* (the COLA Regulation).

Collectively, these Acts and Regulation give effect to the Government's decision to integrate the ACBPS and its functions into the DIBP, and to establish the ABF within the Department. The ABF Act also established the statutory office of the Australian Border Force Commissioner, who controls ABF operations.

In addition, the Department has a number of integrity-related regimes in place to ensure that staff uphold the highest standards of professionalism and integrity.

REPRESENTING THE SERVICE IN ADMINISTRATIVE LAW MATTERS

A small team of Canberra based lawyers within the Legal Division represented the Service in administrative law matters in the Administrative Appeals Tribunal (AAT). No external lawyers were engaged in these matters. Of the 14 decisions of the AAT in contested matters, 11 affirmed the decision under review. All of these AAT decisions, except one freedom of information matter, involved customs duty disputes for a diverse range of goods. A number of other AAT applications were withdrawn by the applicant and some were settled by consent with AAT orders that altered the decision under review in a manner favourable to the applicant.

There was only one decided judicial review application in the Federal Court this year. In *Primaplus Pty Ltd v CEO of Customs* [2014] FCA 1358 the court dismissed a challenge to a decision to collect anti-dumping duty on imported polyethylene on the basis that the Service wrongly classified the imported goods. An appeal from that decision to the Full Federal Court by the importer has been heard but not decided. AGS and Counsel were instructed in these matters, including providing arguments on the tariff classification issues.

In addition, Legal Division regularly advised on difficult reviewable decisions that were not made the subject of AAT or judicial review applications. These included decisions regarding: the licensing of customs brokers, depots and warehouses often in the context of alleged breaches of customs law; the refusal of applications for TCOs; and all aspects of customs duty.

Through its representation of the Service in administrative law matters, and in providing detailed and technical advice in other matters, Legal Division assisted both the Service and the AAT in their decision-making, and supported substantial operational and enforcement activities of the Service.

Notably, of the thousands of administrative decisions made by the Service that are subject to administrative and judicial review, in contested decisions only three were set aside by the AAT and none by the Federal Court. Considering the number of decisions made, the diverse interests affected and considerable revenue involved, this reflects well on the overall quality of the decision-making by operational areas and the quality of the legal support and representation provided.

SUMMARY OF LEGAL EXPENDITURE

The main areas of external legal expenditure are:

- ACBPS prosecutions which are actions to recover fines and condemn forfeited goods under the *Customs Act 1901*
- other court matters—including judicial review applications and common law claims
- commercial law and conveyancing services.

Table 37: ACBPS expenditure on professional fees paid to contracted service providers

	2012–13 (\$)	2013–14 (\$) ^a	2014–15 (\$) ^a
Australian Government Solicitor	2,682,230.98	1,883,521.40	2,071,068.76
Ashurst	16,423.73	16,994.87	44,562.84
Clayton Utz	287,236.51 ^b	59,141.90	100,939.00
Culshaw Miller	–	–	1,000.00
Dibbs Barker	550.00	–	1,200.00
DLA Piper	–	4,410.00	8,943.50
Gadens	–	–	6,000.00
HWL Ebsworth	–	–	175,810.46
Jackson McDonald	–	1,090.91	–
King & Wood Mallesons	350.90	–	–
Minter Ellison	–	–	10,147.60
Moray and Agnew	–	675.00	2,700.00
Norton Rose Fulbright	–	200.00	–
Piper Alderman	–	2,800.00	–
Proximity Legal	34,452.00	–	–
Sage Legal Services	–	66,600.00	–
Sparke Helmore	– ^c	–	18,177.32
Total	3,021,244.12	2,035,434.08^d	2,440,549.48^e

- a All amounts for 2013–14 and 2014–15 are exclusive of GST. All future reporting of legal services expenditure will be exclusive of GST to ensure consistency with the reporting requirements set by the Attorney-General's Department in Guidance Note 8 (Reporting of Legal Services Expenditure).
- b The reported expenditure for Clayton Utz in 2012–13 annual report incorrectly included disbursements, the above figure is the correct figure for professional fees.
- c The incorrectly reported \$1 for Sparke Helmore has been removed.
- d Total does not include \$22,481.78 paid to the Attorney-General's Department for tied work legal services.
- e Total does not include \$14,614.87 paid to the Attorney-General's Department for tied work legal services or \$10,000 paid to the Office of Parliamentary Counsel for drafting services.

Table 38: ACBPS total expenditure on legal services, and number and value of briefs to counsel by gender

	2012–13 (\$)	2013–14 (\$) ^a	2014–15 (\$) ^a
Total external legal services expenditure	3,637,398.57	2,410,553.91	2,828,140.29 ^b
Total number of counsel briefed	25	17	25
Male counsel briefed	21	15	21
Female counsel briefed	4	2	4
Total number of counsel direct briefed	—	—	—
Male counsel direct briefed	—	—	—
Female counsel direct briefed	—	—	—
Total value of counsel briefs	479,422.88	254,841.13	308,494.26
Value of male counsel briefs	433,377.88	236,204.31	299,160.17
Value of female counsel briefs	46,045.00	18,636.82	9,334.09
Total disbursements (excluding counsel)	136,731.57	97,796.92	64,481.68
Total professional fees paid	3,021,244.12	2,035,434.08	2,440,549.48 ^b
Total fees paid to AGD for tied work	—	22,481.78	14,614.87
Total internal legal services expenditure	3,920,379.81	3,928,462.40	4,347,352.37
Total costs recovered	271,131.19	398,202.67	490,993.00

a All amounts for 2013–14 and 2014–15 are exclusive of GST. All future reporting of legal services expenditure will be exclusive of GST to ensure consistency with the reporting requirements set by the Attorney-General's Department in Guidance Note 8 (Reporting of Legal Services Expenditure).

b Does not include the \$10,000 paid to the Office of Parliamentary Counsel for drafting services.

RESOURCE MANAGEMENT

In 2014–15 the Service focused on ensuring that mechanisms were in place to facilitate the most efficient and effective deployment of resources. By implementing sound financial governance arrangements to support the management of our asset and procurement processes, we have been able to optimise the delivery of the Service’s core activities while minimising resource use.

During 2014–15 resource management was especially challenging as we have continued our strong governance of the Service’s resources while also transitioning our processes to align with those of DIBP in preparation for integration.

The key processes that supported the effective and efficient allocation of resources within the Service include:

- coordinating the contribution to the Commonwealth’s budget processes
- actively managing the internal budget and allocations in line with our strategic direction and priorities
- actively managing the capital investment programme by aligning capital investment with key Service and Government priorities
- providing reliable financial systems and reporting to support effective budget and resource management
- reporting financial performance internally to executive management and externally to the Department of Finance
- continually reviewing Accountable Authority Instructions and other financial policies and delegations to ensure compliance with financial and procurement policies.

We maintained our strong controls environment throughout the year and this has ensured a high level of compliance with our financial and resource management responsibilities.

ASSET MANAGEMENT

Asset management has continued to be an area of focus. The Asset Management Framework continues to be refined and strengthened, along with our asset management practices to ensure compliance with accounting standards.

At 30 June 2015, we held non-financial assets with a value of \$841.0 million. This compares to \$638.3 million at 30 June 2014. This rise reflects the net addition of a number of assets acquired during the year—the most significant being ACV *Ocean Shield* (transferred from the Department of Defence) and Cape Class vessels ACV *Cape Nelson*, ACV *Cape Sorrell*, ACV *Cape Jervis* and ACV *Cape Leveque*.

PURCHASING

The Service based its purchasing and procurement policies on the *Public Governance, Performance and Accountability Act 2013* and the Commonwealth Procurement Rules (CPRs).

In 2014–15 the Corporate Group provided specialist advice and assistance to all areas engaged in procurement and contract management through:

- self-service, which included streamlined information, guidance and tools supported by a helpdesk function
- dedicated procurement staff to provide appropriate support and advice for approaches to market
- centralised management of high value/high risk procurement
- developing and maintaining policy documentation and guidance
- coordinating external procurement reporting responsibilities
- legal and probity advice.

Procurement documentation is published on AusTender in accordance with the requirements of the CPRs and other relevant guidelines. In addition to the information published on AusTender, the Service has an in-house contract reporting system. Quality assurance measures and assurance processes in the system are used to maintain the accuracy and completeness of procurement-related information.

PROCUREMENT INITIATIVES TO SUPPORT SMALL BUSINESS

ACBPS supports small business participation in the Australian Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website:

www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/

ACBPS procurement practices to support SMEs were consistent with paragraph 5.4 of the CPRs. Some initiatives and practices in 2014–15 that demonstrated this commitment included:

- adoption of the Commonwealth Contracting Suite for low risk procurements under \$200,000
- following the Australian Industry Participation Plans where applicable, to require that suppliers implement actions and strategies to provide full, fair and reasonable opportunity to Australian SMEs to supply goods and services to a project
- making ACBPS Purchase Order terms and conditions available publicly on the Internet for openness and transparency
- allowing flexible payment terms that can be less than the standard 30 days.

CONSULTANTS

The ACBPS engaged consultants where it required specialist expertise or when independent research, review or assessment was needed. Consultants were typically engaged to investigate or diagnose a specified issue or problem, carry out defined reviews or evaluations, or provide independent advice, information or creative solutions to assist in our decision-making.

Before engaging consultants, ACBPS took into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant was made in accordance with the PGPA Act and related regulations, the CPRs and relevant Accountable Authority Instructions and supporting documents. The majority of consultancies were sourced from the ACBPS Consultancy and Business Panel. However, open tender, prequalified tender and limited tender procurement methods were also used.

During 2014–15, 31 new consultancy contracts were entered into totalling actual expenditure of \$5,903,304.82. In addition 17 ongoing consultancy contracts were active in 2014–15, involving total actual expenditure of \$5,480,640.00.

Table 39: The number and value of consultancy contracts entered into during 2012–13, 2013–14 and 2014–15

Financial year	2012–13	2013–14	2014–15
Number of consultancy contracts	26	28	31
Contract value	\$10,771,123	\$5,564,377.91	\$8,627,796.76

ANAO ACCESS CLAUSES

The ACBPS officials entered into arrangements that are consistent with the relevant policies of the Commonwealth. ACBPS standard contract terms provide the Auditor-General with access to contractors' premises and records as part of the arrangements.

EXEMPT CONTRACTS

The ACBPS did not enter into any contracts that were exempt from being published on AusTender in 2014–15.

GRANTS PROGRAMMES

The ACBPS made three grant payments during 2014–15. Information on grants awarded by ACBPS during the period 1 July 2014 to 30 June 2015 is available on the DIBP website, www.border.gov.au

HUMAN RESOURCE MANAGEMENT

The integration of the ACBPS with DIBP from 1 July 2015 provides an opportunity to develop enhanced capability along the border continuum (pre, at and post) by aligning workforce and activities. Work has progressed over the 12 months to capitalise on the success of previous ACBPS reform activities on building an integrated workforce. There has been a specific focus on establishing the ABF, developing the Border Force Officer of the future and their posting and deployment model, expanding career opportunities for the integrated workforce, and exploring new opportunities that take advantage of the efficiencies from integration. Activities that focused on providing the integrated workforce platform include:

- implementing a single organisational structure for the Portfolio and blending ACBPS and DIBP teams
- establishing the ABF College
- implementing integrated approaches to career management
- integrating induction and graduate recruitment.

OUR WORKFORCE

The ACBPS workforce spans more than 50 locations around Australia and internationally. At 30 June 2015, the Service employed 5,181 ongoing and non-ongoing employees under the *Public Service Act 1999*.

ACBPS's workforce consisted of:

- 98.9 per cent ongoing employees and 1.1 per cent non-ongoing employees
- 89 per cent full-time employees and 11 per cent part-time employees
- 57 per cent male staff and 43 per cent female staff
- the average workforce age was 43.7 years.

Tables 40 and 41 provide statistics on staffing by gender, classification, location and employment status and comparisons with figures from 2012–13 to 2014–15.

Table 40: Officer numbers by gender 2012–13, 2013–14 and 2014–15

	30 June 2013	30 June 2014	30 June 2015
Female	2,357	2,279	2,218
Male	3,159	3,079	2,963
Total	5,516	5,358	5,181

Table 41: Officer numbers by classification and gender from 30 June 2013 to 30 June 2015

	30 June 2013		30 June 2014		30 June 2015	
	Male	Female	Male	Female	Male	Female
Indigenous Cadets	1	2	0	0	0	0
ACBPS Trainees	9	23	10	15	12	8
ACBPS Graduates	10	7	11	3	11	3
Customs Level 1 (Customs Officers)	1,288	1,007	1,253	926	1,165	876
Customs Level 2 (Senior Customs Officers)	771	585	704	594	743	594
Customs Level 3 (Customs Supervisors)	569	406	595	422	557	423
Customs Level 4 (Customs Managers)	342	231	336	220	322	227
Customs Level 5 (Customs Directors)	131	75	132	72	129	74
Senior Executive Service (SES) ^a	38	21	38	27	24	13
Total	3,159	2,357	3,079	2,279	2,963	2,218

a Includes the CEO, ongoing SES employed under the *Public Service Act 1999*, non-SES employees on higher duties and the CEO. As part of the Machinery of Government integration between ACBPS and DIBP a number of SES officers were moved from ACBPS to DIBP prior to 1 July 2015.

Note: *Figures include officers employed under the Public Service Act 1999, officers on leave, officers on higher duties and officers seconded from other agencies. Figures do not include contractors. Numbers reflect the actual occupancy (headcount derived from ACBPS human resource information systems). Financial statements report on officers numbers by average staffing levels.*

WORKFORCE DIVERSITY

The Portfolio is committed to creating a diverse and inclusive workforce, and to embedding equity and diversity principles and provisions into our business practices. We aim to create a culture that values diversity based on the objectives of responsiveness, equity, accountability and leadership.

The Service's draft Workplace Diversity Strategy provided guidance on diversity and inclusion in the workplace. It included initiatives supporting the National Disability Strategy 2010–2020 and the National Carer Strategy.

In 2014–15 the focus remained on increasing the representation of Indigenous staff and staff with disability.

The Service has acknowledged the valuable contribution made by peak non-government agencies to its diversity and inclusiveness and has retained membership to a number of external agencies such as the Diversity Council of Australia and the Australian Network on Disability.

The Service's commitment to workplace diversity was further strengthened with the appointment of Diversity, Disability and Indigenous Champions and Co-Champions. These roles have provided high-level, visible support for diversity and inclusion initiatives.

NATIONAL DISABILITY STRATEGY

The National Disability Strategy 2010–2020 was developed in partnership by the Commonwealth, state, territory and local governments, and replaced the Commonwealth Disability Strategy.

The strategy demonstrates a unified commitment to improving the lives of people with disability, promoting participation and supporting a more inclusive society.

The Service contributed to achieving the strategy's goals by, among other initiatives, forming a Disability Advisory Committee. This committee sought to promote disability awareness in the workplace and provided valuable input in the development of strategies and policies to support staff with disability.

Table 42: Representation of equity and diversity groups by officer classification at 30 June 2015

	Female		Non-English speaking background ^a		People with disability		Indigenous	
	No.	%	No.	%	No.	%	No.	%
Indigenous Cadets	0	0	0	0	0	0	0	0
ACBPS Trainees	8	40.00	1	5.00	0	0	0	0
ACBPS Graduates	3	21.43	1	7.14	0	0	1	7.14
Customs Level 1 (Customs Officers)	876	42.92	132	6.47	22	1.08	38	1.86
Customs Level 2 (Senior Customs Officers)	594	44.43	72	5.39	22	1.65	11	0.82
Customs Level 3 (Customs Supervisors)	423	43.16	58	5.92	19	1.94	9	0.92
Customs Level 4 (Customs Managers)	227	41.35	31	5.65	8	1.46	3	0.55
Customs Level 5 (Customs Directors)	74	36.45	4	1.97	2	0.99	1	0.49
Senior Executive Service ^b	13	35.14	0	0	0	0	0	0
Total^c	2,218	42.81	299	5.77	73	1.41	63	1.22

- a Number of officers from a non-English speaking background.
- b Includes ongoing SES employed under the *Public Service Act 1999* and non-SES employees on higher duties as at 30 June 2015. As part of the Machinery of Government integration between ACBPS and Department of Immigration and Border Protection a number of SES officers were moved from ACBPS to DIBP prior to 1 July 2015.
- c Includes officers employed under the *Public Service Act 1999*, officers on leave, higher duties and officers seconded from other agencies. Figures do not include contractors. Numbers reflect the actual occupancy (headcount derived from ACBPS human resource information systems).

Note: *These figures rely on voluntary self-identification and reporting levels vary from year to year.*

Table 43: Statistics on employees who identify as Indigenous 2013–14 and 2014–15

	30 June 14	30 June 15
Ongoing Indigenous staff	64	63
Non-ongoing Indigenous staff	0	0
Total	64	63

Table 44: Officer numbers by location and classification at 30 June 2015

	ACT	NSW	VIC	QLD	SA	WA	TAS	NT	Overseas
Indigenous Cadets	–	–	–	–	–	–	–	–	–
ACBPS Trainees	–	20	–	–	–	–	–	–	–
ACBPS Graduates	13	–	1	–	–	–	–	–	–
Customs Level 1 (Customs Officers)	296	603	398	375	90	218	6	55	–
Customs Level 2 (Senior Customs Officers)	382	326	266	166	53	103	6	35	–
Customs Level 3 (Customs Supervisors)	486	149	151	86	27	58	3	18	2
Customs Level 4 (Customs Managers)	408	36	43	30	5	16	–	4	7
Customs Level 5 (Customs Directors)	147	14	13	10	1	7	–	2	9
Senior Executive Service ^a	30	1	1	1	–	1	–	1	2
Total	1,762	1,149	873	668	176	403	15	115	20

- a Includes the CEO, ongoing SES employed under the *Public Service Act 1999* and non-SES employees on higher duties at 30 June 2015. As part of the Machinery of Government integration between ACBPS and DIBP a number of SES officers were moved from ACBPS to DIBP prior to 1 July 2015.

Note: *Figures include officers employed under the Public Service Act 1999, officers on leave, officers on higher duties and officers seconded from other agencies. Figures do not include contractors. Numbers reflect the actual occupancy (headcount derived from ACBPS human resource information systems). Financial statements report on officers numbers by average staffing levels.*

Table 45: Officer numbers by full-time and part-time status and classification at 30 June 2013, 30 June 2014 and 30 June 2015

	30 June 2013		30 June 2014		30 June 2015	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Indigenous Cadets	3	–	–	–	–	–
ACBPS Trainees	–	32	10	15	20	–
ACBPS Graduates	17	–	14	–	14	–
Customs Level 1 (Customs Officers)	1,814	481	1,748	431	1,733	308
Customs Level 2 (Senior Customs Officers)	1,228	128	1,177	121	1,212	125
Customs Level 3 (Customs Supervisors)	888	87	933	84	887	93
Customs Level 4 (Customs Managers)	529	44	500	56	498	51
Customs Level 5 (Customs Directors)	198	8	195	9	198	5
Senior Executive Service ^a	59	–	65	–	37	–
Total	4,736	780	4,642	716	4,599	582

a Includes the CEO, ongoing SES employed under the *Public Service Act 1999*, and non-SES officers on higher duties at 30 June 2015. As part of the Machinery of Government integration between ACBPS and DIBP a number of SES officers were moved from ACBPS to DIBP prior to 1 July 2015.

Note: Figures include officers employed under the *Public Service Act 1999*, officers on leave, officers on higher duties and officers seconded from other agencies. Figures do not include contractors. Numbers reflect the actual occupancy (headcount derived from ACBPS human resource information systems). Financial statements report on officer numbers by average staffing levels.

PLANNING FOR OUR FUTURE WORKFORCE

The *Blueprint for Reform 2012–13* provided a foundation for ACBPS to engage with the workforce on understanding career streams and pathways. Integration with DIBP on 1 July 2015 provides an opportunity to develop this work and offers our workforce expanded options for their careers.

The *Plan for Integration*, launched 20 February 2015, presented staff with an enhanced career management framework. The vocational model, consisting of the five vocational streams of border force, policy and regulation, intelligence, client services and enabling and support, has been developed to give staff information on the qualifications, competencies and experience required for roles within each vocation. This allows staff to consider whether they would like to move across vocations as their career progresses or whether they wish to specialise in one vocational stream. To formalise this process, staff were given the opportunity to build a career plan by 1 July 2015. This was facilitated through staff discussing their aspirations with their managers. Career coaches were available to provide further information on each of the vocational streams.

The five streams will be used to guide the way in which the integrated Department will recruit, develop and support its staff.

A people strategy has been developed to provide an overarching vision and culture for the new Department. The strategy is founded on the three pillars of strong leadership, values and culture, and a professional workforce. Underpinning these pillars is a range of targeted initiatives designed to build the overall capability of our workforce.

IMPROVING PRODUCTIVITY THROUGH TRAINING AND DEVELOPMENT INITIATIVES

The integration of ACBPS with DIBP from 1 July 2015 has provided more possibilities to develop the people responsible for protecting Australia's borders. Work has progressed steadily during the 12 months under review, with the focus on establishing the ABF and expanding career opportunities for the integrated workforce. Significant activity has focused on providing the platform for an integrated workforce from 1 July 2015 while meeting ACBPS requirements.

Key strategies and activities have included:

- establishing the interim ACBPS College in Sydney Customs House
- creating the ABF College
- developing a learning and development strategy for the integrated Department
- developing a learning framework to enable the integrated Department to standardise the way training is governed and delivered
- mapping the capability and competency requirements of work roles to project and describe future workforce needs
- developing and delivering the ACBPS five-day induction programme
- developing and rolling out the leading and managing change programme to support integration
- developing and piloting five new leadership programmes for non-SES staff to strengthen their leadership skills so they can support the integration
- developing and piloting coaching programmes.

ATTRITION AND RETENTION

For 2014–15, the attrition rate decreased to 6.69 per cent, compared with 6.82 per cent for 2013–14.

During 2014–15, the Service processed the following employee commencements and promotions:

- 237 engagements (including ongoing and non-ongoing employees)
- 3 external promotions into ACBPS
- 103 internal promotions.

Workforce separations for 2014–15 comprised of:

- 132 resignations
- 70 transfers to other Australian Public Service (APS) agencies
- 99 retirements
- 35 voluntary redundancies
- 2 dismissals
- 14 contract expirations
- 6 separations for other reasons.

EMPLOYMENT AGREEMENTS

Negotiations commenced in October 2014 for a new enterprise agreement to replace the *Australian Customs and Border Protection Service Enterprise Agreement 2011–2014*, which nominally expired on 30 June 2014.

In May 2014, the Government announced the ACBPS would be integrated with DIBP from 1 July 2015.

In March 2015, the Department and ACBPS commenced bargaining for a single enterprise agreement that will apply to the integrated Department. Negotiations for the enterprise agreement for the integrated Department will continue into 2015–16.

On 26 June 2015, transitional arrangements that maintain a range of conditions for ACBPS employees were put in place to apply from 1 July 2015 through determinations made under the *Public Service Act 1999*. The transitional arrangements will apply until a new enterprise agreement for the integrated Department is in place.

AUSTRALIAN WORKPLACE AGREEMENTS AND SECTION 24 DETERMINATIONS

At 30 June 2015, all substantive SES employees had their terms and conditions of employment contained in determinations under section 24(1) of the *Public Service Act 1999*.

INDIVIDUAL FLEXIBILITY ARRANGEMENTS

The Enterprise Agreement allows for individual flexibility arrangements that vary the terms of the agreement in relation to a number of matters, including arrangements about when work is performed, allowances, remuneration and leave. As at 30 June 2015, 105 non-SES employees had agreed individual flexibility arrangements in place.

COMMON LAW CONTRACTS

As at 30 June 2015, there are no common law contracts in place.

REMUNERATION

Our remuneration policy operates in accordance with the Government policy framework that applies to the APS.

SENIOR EXECUTIVE REMUNERATION

The Remuneration Tribunal sets remuneration and conditions for the CEO. The CEO sets remuneration and conditions for SES Band 3 employees, and determines remuneration and conditions for SES Band 1 and SES Band 2 employees, based on recommendations from the Remuneration Committee consisting of the Chief Operating Officer and the Deputy CEO Border Operations.

The base salary ranges for senior executives 2014–15 were as follows:

- SES Band 1: \$147,420–\$199,214
- SES Band 2: \$184,900–\$249,480.

OTHER EMPLOYEE REMUNERATION

The Enterprise Agreement covers remuneration arrangements for all non-SES employees. Base rates of pay are set out in the current agreement, with provision for salary advancement subject to satisfactory or higher performance.

Table 46: Classification of officers, APS-equivalent level and salary range at 30 June 2015

Customs classification	APS Level	Salary range (\$)
Indigenous Cadets	Not applicable	\$42,866–\$48,326
ACBPS Trainees	Not applicable	\$42,866–\$48,326
ACBPS Graduates	Not applicable	\$53,127–\$61,970
Customs Level 1 (Customs Officers)	APS Level 3	\$53,127–\$61,970
Customs Level 2 (Senior Customs Officers)	APS Level 5	\$66,652–\$72,806
Customs Level 3 (Customs Supervisors)	APS Level 6	\$73,469–\$86,923
Customs Level 4 (Customs Managers)	EL 1	\$94,022–\$108,833
Customs Level 5 (Customs Directors)	EL 2	\$110,582–\$143,092

PERFORMANCE PAY

Performance pay is not available to SES employees.

Performance pay is available to non-SES employees who are at the top of their salary range and receive a rating of 'performed above agreed requirements' or 'met agreed requirements' through the performance management system.

Details of performance ratings and pay awarded this year are provided in tables 47 and 48.

Table 47: Number of officers who rated as 'performed above agreed requirements' by classification, 2014–15

	CL 1	CL 2	CL 3	CL 4	CL 5	Total
Number of officers who rated as 'performed above agreed requirements'	76	148	165	167	129	685

Note: CL = Customs Level

Table 48: Performance pay outcomes (Enterprise Agreement), 2011–14

	CL 1	CL 2	CL 3	CL 4	CL 5	Total
Number of officers receiving bonus	1636	1032	710	417	137	3932
Total amount paid (\$)	1,804,820	1,513,539	1,304,220	1,079,668	559,806	6,262,053
Bonus amount average (\$)	1,103.19	1,466.61	1,836.93	2,589.13	4,086.18	1,592.59
Minimum bonus paid (\$)	22	3	417	102	99	643
Maximum bonus paid (\$)	3,099	3,783	4,463	5,675	7,297	2,4317

Note: CL = Customs Level

NON-SALARY BENEFITS

A range of non-salary benefits is available to SES and Director-level (Customs Level 5) officers. They include a motor vehicle allowance, car parking (where available), home garaging, limited personal use of an official mobile phone and airline lounge membership.

Manager-level (Customs Level 4) officers have access to limited personal use of an official mobile phone and airline lounge membership.

All ongoing employees have access to salary packaging for motor vehicles, airline lounge membership and superannuation.

NEW PERFORMANCE MANAGEMENT FRAMEWORK, CASCADING AGENCY OUTCOMES INTO INDIVIDUAL GOALS

Managing performance is a continuous process of communicating and clarifying expectations in line with business priorities. It is about measuring performance progress and encouraging employee development.

Following an extensive review of the Service's performance system during 2012–13, the way in which performance was managed changed to support the transition to a high-performance culture. This new process aims to enhance personal leadership by supporting and encouraging ownership and accountability for performance management through regular conversations about performance.

In the Portfolio, performance management is not just about primary tasks and responsibilities (what you do)—equally important are professionalism and conduct, the ability to demonstrate expected behaviour, attendance and appearance (how you do it).

Performance management contributes to a high-performance culture by governing and supporting the setting of personal performance and development goals, enabling continuous performance feedback conversations between employees and supervisors, and assessing individual

achievement and development against agreed goals and behaviour. Employees' individual performance contributes to the overall performance of the Portfolio.

To align individual goals to organisational outcomes, the Portfolio has designed a system that will enable individuals to set goals that relate to the deliverables of their team, section or branch. This will enable employees to see clearly the link between their work expectations and organisational objectives.

INTEGRATION OF FINANCE AND HUMAN RESOURCE FUNCTIONS INTO ONE SHARED SERVICES FUNCTION

Implementation of a Portfolio shared services approach coincided with the integration of DIBP and ACBPS.

Along with whole-of-government directions, initial analysis highlighted opportunities to apply lessons that other Commonwealth and state Government agencies had learnt in their transition to shared services. Consideration of the approaches that other Government agencies had adopted was balanced against the unique systems, geographic and cultural characteristics of the new Department and was informed by resource availability.

Significant initial achievements include the co-location of corporate transaction functions within the one Shared Services Branch and a single human resources call centre, with one HR, finance, property, travel and procurement contact point for staff of the integrated Portfolio.

In addition, information and communications technology (ICT) systems limitations were overcome to facilitate the shared service's first steps. Each agency had run a separate version of the SAP HR personnel management system. There was also duplication in systems for finance, learning management, performance management, telephony system to support corporate call centres and systems to 'ticket' and track work.

Ongoing work will continue to build on practice that:

- increases Portfolio agility
- supports responsiveness to whole-of-government directions
- allows gradual change in behaviour/practice for users
- helps corporate teams to transition to improved shared services processes while maintaining and improving service levels
- standardises processes and tests them for failure points while minimising the impact on users and limiting financial and administrative risk
- aligns service initiatives with systems capability
- increases responsiveness to industrial requirements (Enterprise Agreement negotiations).

WORKPLACE HEALTH AND SAFETY

In response to the diverse and complex corporate and operational risks in a fluid and demanding work environment, the Portfolio has focused on reducing its workers' compensation premium as an indicator of reduced injuries and improved return-to-work outcomes.

Implementation of the *Work Health and Safety Plan 2014–16* has ensured progress against our commitment to continuous health and safety improvement, and promoted a positive safety culture. Key achievements include:

- national Ebola awareness training for operational officers
- a national audit of the rehabilitation management system to establish a nationally consistent model
- a successful national Rehabilitation Case Manager Forum with a focus on a nationally consistent approach to case management
- a Portfolio Rehabilitation Case Manager Conference to develop a nationally consistent rehabilitation case management model for the integrated Portfolio
- integration of systematic hazard control and risk elimination and minimisation into all planning and operational activities
- supporting our People awareness training for managers, emphasising the importance of early intervention in minimising employee absences and improving return-to-work outcomes
- review of the workplace health and safety training framework.

These initiatives will underpin the development of a Portfolio Health and Safety Management System that will provide the integrated organisation with the means to achieve continuous improvement through integrated workplace management systems.

NATIONAL BULLYING AND HARASSMENT AWARENESS SESSIONS

Workplace bullying and harassment awareness sessions were delivered to more than 1,100 employees during 2014–15. The sessions aimed to promote the Service's policy on workplace bullying and harassment and to educate staff on the avenues that are available to them to address behaviour of this kind. The sessions promote an environment free from bullying and harassment and help to train supervisors in managing informal reports of bullying and harassment.

Table 49: Comcare claim data and unscheduled absences, 2012–13 to 2014–15

	2012–13	2013–14	2014–15
Accepted compensation incident claims	98	139	115
Claims per 100 officers (headcount)	1.77	2.59	2.22
Accepted compensation incident claims with time off work	98	101	82
Accepted compensation incident claims resulting in 5 or more days incapacity	85	90	66
Claims of 5 or more days incapacity per 100 officers (headcount)	1.54	1.68	1.27
Quality of return to work outcomes ^a	84%	69%	59%
Annual absenteeism (days per full-time equivalent)	13.92	13.91	13.88

a Number of officers who successfully returned to employment following the implementation of a return-to-work plan.

INVESTIGATIONS AND NOTICES

There is currently one investigation issued under Parts 8 or 10 of the *Work Health and Safety Act 2011*.

NOTIFIABLE INCIDENTS

The Portfolio is obliged to notify Comcare of notifiable events under the *Work Health and Safety Act 2011*. The categories prescribed in section 35, in order of severity, are:

- death
- dangerous incident
- serious injury or illness.

In 2014–15 the Service notified Comcare of 22 incidents. The Portfolio will continue to liaise with Comcare regarding the altered definition of a notifiable incident with the amended work health and safety legislation.

Table 50: Notifiable incidents, 2012–13 to 2014–15

	2012–13	2013–14	2014–15
Death	1 ^a	2 ^a	0
Dangerous incident	16	17	13
Serious injury or illness	13	11	9
Total	30	30	22

a Illegal maritime arrival.

Table 51: Notifiable incidents—mechanism of injury 2012–13 to 2014–15

Mechanism of injury	2012–13		2013–14		2014–15	
	No.	%	No.	%	No.	%
Falls, trips and slips	2	6.67	2	6.90	27	30.7
Hitting objects with body	1	3.33	—	—	4	4.5
Being hit by moving objects	11	36.67	3	10.34	10	11.4
Sound and pressure	—	—	—	—	—	—
Body stressing	1	3.33	—	—	39	44.3
Heat, electricity and other environmental factors	6	20	3	10.34	—	—
Chemical and other substances	4	13.33	7	24.14	—	—
Biological factors	1	3.33	1	3.45	1	1.1
Mental stress	—	—	1	3.45	5	5.7
Hazard	2	6.67	5	17.24	—	—
Vehicle accidents and other	2	6.67	1	3.45	2	2.3
Other and unspecified	—	—	6	20.69	—	—
Total	30	100	29	100	88	100

SOCIAL JUSTICE AND EQUITY

AGENCY MULTICULTURAL PLAN 2013–15

The Portfolio is committed to a diverse workforce and seeks to embed the principles of equity and diversity in its day-to-day business and people management.

Within the Service, the *Agency Multicultural Plan 2013–15* supported human resource practices in relation to recruitment and retention practices, education and staff development, and equity and diversity.

Externally, the Service sought to improve communication processes with travellers (including international passengers and business entities) and people who facilitate the transportation of cargo and goods across Australia's borders.

Initiatives such as the development of a language and communication plan for clients from different cultural and linguistic backgrounds have increased the workforce's understanding of the needs of a multicultural society and the importance of embracing the diversity of staff and clients.



PART 5

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

Our financial management function has been a core accountability mechanism for the Service and is one of the fundamental components of good corporate governance for the Portfolio. Proper management of risks ensures that we use our resources efficiently while complying with the Commonwealth's financial framework.

The financial statements include a statement by the Secretary and the Chief Finance Officer that financial records are maintained properly and that they give a true and fair view of the matters required by the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015. The Auditor-General provided the Service with an unmodified independent audit report for the financial statements and this is included in this Annual Report.

ACBPS STATEMENTS

The deficit attributable to the Government is \$36.6 million. When the change in asset revaluation surplus is factored in the Service reported a comprehensive loss of \$29.7 million compared with a loss of \$101.5 million in 2013–14. The loss results largely from the Government's decision to no longer provide appropriation funding to agencies for depreciation and amortisation under the Commonwealth's Net Cash Funding arrangements. Note 3 to the Financial Statements outlines the 'comprehensive income/(loss)' excluding depreciation and amortisation expenses. Note 3 reports comprehensive income less depreciation and amortisation as a surplus of \$90.9 million compared to a \$0.3 million surplus for 2013–14.

If the changes in our asset revaluation reserve, which totalled \$6.9 million for 2014–15, is excluded the underlying result for 2014–15 is \$84.0 million. This result includes gains resulting from the receipt of the *ADV Ocean Shield* valued at \$98.9 million. If the impact of the gain is excluded the underlying result would be an operating loss of \$14.9 million which is a more conventional measure of the Service's operating result.

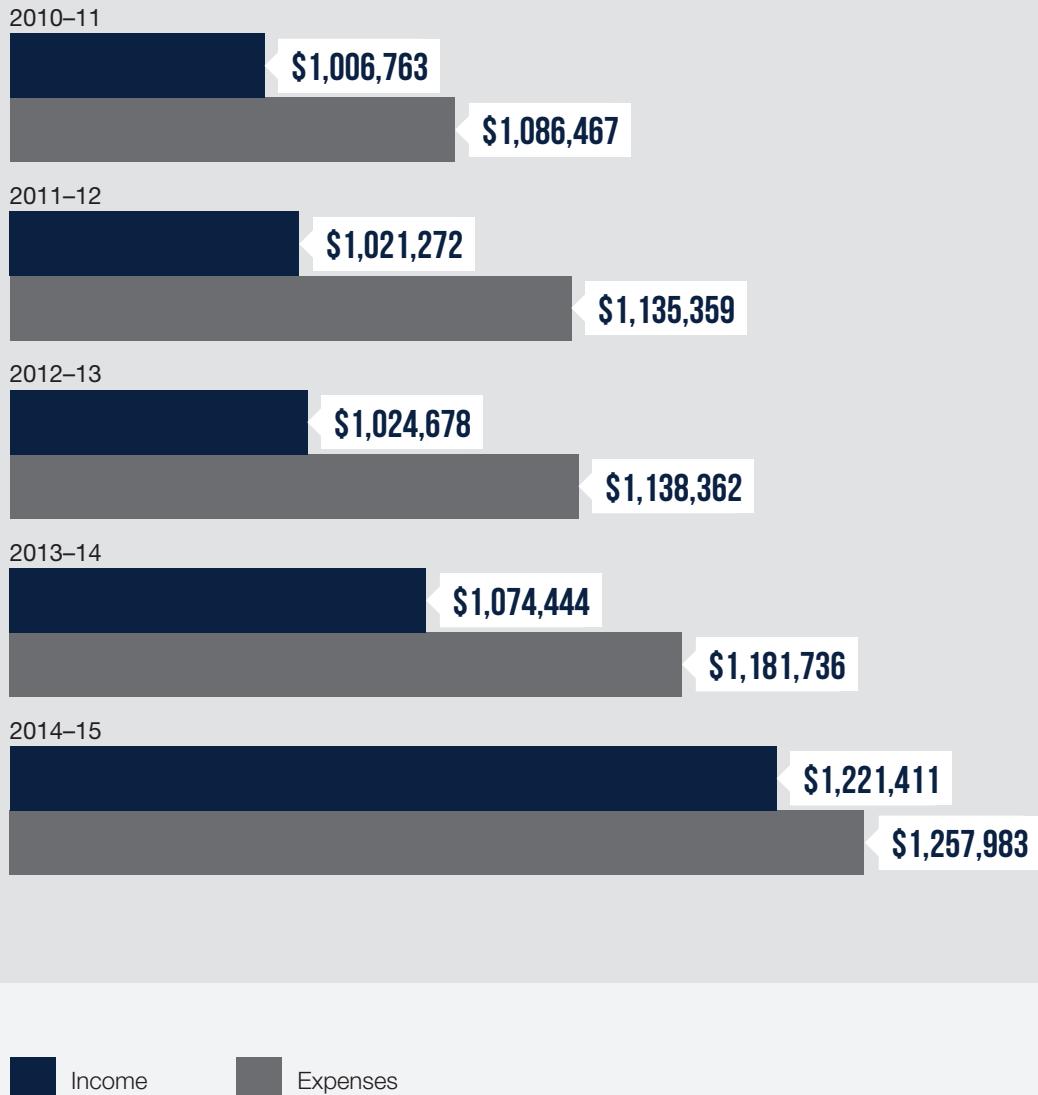
Our total operating income for this year was \$1,221.4 million compared to \$1,074.4 million in 2013–14. This operating income consisted of:

- revenue from Government of \$1,034.0 million
- sale of goods and services \$72.7 million
- other non-taxation revenue \$11.9 million
- total gains \$102.8 million.

Table 52: Departmental income and expenditure

	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)	2013–14 (\$'000)	2014–15 (\$'000)
Income {A}	1,006,763	1,021,272	1,024,678	1,074,444	1,221,411
Expenditure {B}	1,086,467	1,135,359	1,138,362	1,181,736	1,257,983
Deficit attributable to the Australian Government {A–B}	(79,704)	(114,087)	(113,684)	(107,292)	(36,572)

FIGURE 9 | DEPARTMENTAL INCOME AND EXPENDITURE (\$'000)



Note: From 2010-11 Commonwealth agencies were not funded for depreciation and amortisation expenses.

ADMINISTERED SCHEDULE

The schedule of administered items is presented in Tables 53 and 54. The financial statements disclosing all revenues, expenses, assets, liabilities, cash flows, commitments, contingent assets and liabilities are also within.

Table 53: Administered revenue and gains

	2010–11 (\$'000)	2011–12 (\$'000)	2012–13 (\$'000)	2013–14 (\$'000)	2014–15 (\$'000)
Income	6,590,364	7,901,009	9,103,184	10,381,141	12,130,117

FIGURE 10 | ADMINISTERED REVENUE AND GAINS (\$'000)

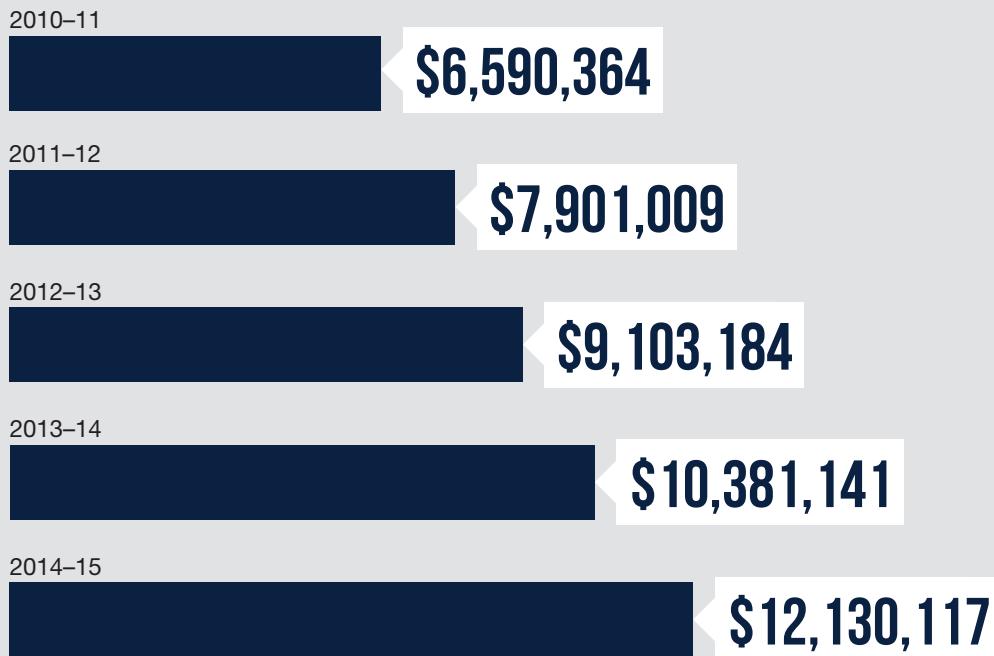


Table 54: Components of administered revenue

	2012–13 (\$'000)	2013–14 (\$'000)	2014–15 (\$'000)
Taxation revenue			
Customs duty	8,171,146	9,279,038	10,882,321
Passenger Movement Charge (PMC)	776,991	846,611	881,298
Import Processing Charge and Depot Charges	149,793	242,377	353,372
Total taxation revenue	9,097,930	10,368,026	12,116,991
Non-Taxation revenue			
Fees, fines and prosecutions	1,696	1,747	1,068
Interest	22	0	28
Other revenue	3,536	2,037	5,439
Total non-taxation revenue	5,254	3,784	6,535
Total administered revenue	9,103,184	10,371,810	12,123,526

Note: The effect of the gain (reversal of write downs and impairments) is not classified as revenue and therefore has not been included in this table.



INDEPENDENT AUDITOR'S REPORT

To the Minister for Immigration and Border Protection

I have audited the accompanying annual financial statements of the Australian Customs and Border Protection Service for the year ended 30 June 2015, which comprise:

- Statement by the Secretary and Chief Finance Officer of the Department of Immigration and Border Protection;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments;
- Administered Schedule of Comprehensive Income;
- Administered Schedule of Assets and Liabilities;
- Administered Reconciliation Schedule;
- Administered Cash Flow Statement; and
- Notes to and forming part of the financial statements, comprising a Summary of significant accounting policies and other explanatory information.

Secretary of the Department of Immigration and Border Protection's Responsibility for the Financial Statements

The Secretary of the Department of Immigration and Border Protection is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Secretary, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

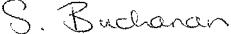
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Australian Customs and Border Protection Service:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Customs and Border Protection Service as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Serena Buchanan
Executive Director

Delegate of the Auditor-General

Canberra
15 September 2015

Australian Customs and Border Protection Service Statement by the Secretary and Chief Finance Officer of the Department of Immigration and Border Protection

Australian Customs and Border Protection Service consolidated into the Department of Immigration and Border Protection from 1 July 2015. The Department of Finance has authorised the Secretary and the Chief Finance Officer of the Department of Immigration and Border Protection to prepare the 2015 Australian Customs and Border Protection Service financial statements.

In our opinion, the attached financial statements for the year ended 30 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

From 1 July 2015, the debts and obligations of the Australian Customs and Border Protection Service will be met and paid by the Department of Immigration and Border Protection.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Department will be able to pay these debts as and when they fall due.

Signed

Michael Pezzullo
Secretary of the Department of Immigration
and Border Protection

Signed

Steven Groves
Chief Finance Officer of the Department of
Immigration and Border Protection

15 September 2015

15 September 2015

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Net cost of services			
Expenses			
Employee benefits	4A	577,641	568,306
Suppliers	4B	556,534	510,106
Grants - overseas governments		1,165	50
Depreciation and amortisation	4C	120,566	101,848
Finance costs - unwinding of discount		429	710
Write-down and impairment of assets	4D	1,618	703
Losses from sales - land and buildings		30	13
Total expenses		<u>1,257,983</u>	<u>1,181,736</u>
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	5A	72,704	62,887
Rental income - operating leases		2,597	3,074
Other revenue	5B	9,319	5,990
Total own-source revenue		<u>84,620</u>	<u>71,951</u>
Gains			
Gains from sales - property, plant and equipment		6	12
Foreign exchange gains - non-speculative		-	2
Reversals of previous asset write-downs and impairment		4	430
Other gains	5C	102,768	3,548
Total gains		<u>102,778</u>	<u>3,992</u>
Total own-source income		<u>187,398</u>	<u>75,943</u>
Net cost of services		<u>(1,070,585)</u>	<u>(1,105,793)</u>
Revenue from Government - departmental appropriations		1,034,013	998,501
Deficit attributable to the Australian Government		<u>(36,572)</u>	<u>(107,292)</u>
Other comprehensive income			
Items not subject to subsequent reclassification			
to net cost of services			
Changes in asset revaluation surplus		6,877	5,772
Total other comprehensive income		<u>6,877</u>	<u>5,772</u>
Total comprehensive loss attributable to the Australian Government		<u>(29,695)</u>	<u>(101,520)</u>

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Financial assets			
Cash and cash equivalents		4,830	5,023
Trade and other receivables	7A	143,650	166,235
Accrued revenue		2,363	1,331
Total financial assets		<u>150,843</u>	<u>172,589</u>
Non-financial assets			
Land and buildings	8A,C	129,111	142,866
Property, plant and equipment	8B,C	514,339	296,959
Intangibles	8D,E	164,581	174,879
Inventories	8F	12,813	7,062
Other non-financial assets	8G	20,143	15,455
Assets held for sale	8H	-	1,100
Total non-financial assets		<u>840,987</u>	<u>638,321</u>
Total assets		<u>991,830</u>	<u>810,910</u>
Liabilities			
Payables			
Suppliers	9A	95,723	60,636
Other payables	9B	43,609	40,719
Total payables		<u>139,332</u>	<u>101,355</u>
Provisions			
Employee provisions	10A	162,448	161,503
Provision for restoration	10B	16,455	23,925
Total provisions		<u>178,903</u>	<u>185,428</u>
Total liabilities		<u>318,235</u>	<u>286,783</u>
Net assets		<u>673,595</u>	<u>524,127</u>
Equity			
Contributed equity		1,012,190	833,027
Reserves		90,723	83,846
Accumulated deficit		(429,318)	(392,746)
Total equity		<u>673,595</u>	<u>524,127</u>

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Opening balance								
Balance carried forward from previous period	(392,746)	(285,454)	83,846	78,074	833,027	700,586	524,127	493,206
Adjusted opening balance	(392,746)	(285,454)	83,846	78,074	833,027	700,586	524,127	493,206
Comprehensive income								
Surplus/(deficit) for the period	(36,572)	(107,292)					(36,572)	(107,292)
Other comprehensive income	-	-	6,877	5,772	-	-	6,877	5,772
Total comprehensive income	(36,572)	(107,292)	6,877	5,772	-	-	(29,695)	(101,520)
Transactions with owners								
Distributions to owners								
Returns of capital								
Re-profile expenditure from 2013-14 to 2014-15	-	-	-	-	-	(3,000)	-	(3,000)
Restructuring - transfer funding from ACBPS to Department of Industry	-	-	-	-	-	(315)	-	(315)
Reduction - Appropriation Act (No. 2) 2010-11	-	-	-	-	-	(2,708)	-	(2,708)
Reduction - Appropriation Act (No. 2) 2014-15	-	-	-	-	-	(397)	-	(397)
Contributions by owners								
Equity injection - Appropriation Acts (Nos. 2 and 4) 2014-15	-	-	-	-	-	152,979	71,849	152,979
Departmental capital budgets - Appropriation Act (No. 1) 2014-15	-	-	-	-	-	32,604	60,592	32,604
Total transactions with owners	-	-	-	-	-	179,163	132,441	179,163
Closing balance attributable to Australian Government	(429,318)	(392,746)	90,723	83,846	1,012,190	833,027	673,595	524,127

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE CASH FLOW STATEMENT

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Operating activities			
Cash received			
Sale of goods and rendering of services		71,712	67,160
Appropriations		1,154,621	1,089,537
Net GST received		69,052	59,696
Other		319	164
Total cash received		<u>1,295,704</u>	<u>1,216,557</u>
Cash used			
Employees		565,124	567,679
Suppliers		576,191	520,314
Net GST paid		68,633	61,183
Section 74 receipts transferred to Official Public Account ^a		80,169	69,578
Fringe Benefits Tax paid		5,734	3,854
Total cash used		<u>1,295,851</u>	<u>1,222,608</u>
Net cash used by operating activities	12	<u>(147)</u>	<u>(6,051)</u>
Investing activities			
Cash received			
Proceeds from sales of property, plant and equipment		1,081	3,685
Total cash received		<u>1,081</u>	<u>3,685</u>
Cash used			
Purchase of land and buildings		13,862	10,939
Purchase of property, plant and equipment		125,070	102,071
Purchase of intangibles		27,027	20,269
Total cash used		<u>165,959</u>	<u>133,279</u>
Net cash used by investing activities		<u>(164,878)</u>	<u>(129,594)</u>
Financing activities			
Cash received			
Departmental capital budget		40,839	60,891
Equity injection		123,993	72,394
Total cash received		<u>164,832</u>	<u>133,285</u>
Net cash received from financing activities		<u>164,832</u>	<u>133,285</u>
Net decrease in cash held		<u>(193)</u>	<u>(2,360)</u>
Cash and cash equivalents at the beginning of the reporting period		5,023	7,383
Cash and cash equivalents at the end of the reporting period		<u>4,830</u>	<u>5,023</u>

^a Prior year was s31 *Financial Management and Accountability Act 1997*.

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE SCHEDULE OF COMMITMENTS

as at 30 June 2015

2015	< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
------	--------------------	------------------------	---------------------	-----------------

Commitments payable				
Land and buildings	1,200	992	-	2,192
Property, plant and equipment	134,263	52,612	14	186,889
Intangibles	6,210	1,507	-	7,717
Operating leases ^a	178,214	595,917	249,432	1,023,563
Other	139,059	133,485	-	272,544
Total	458,946	784,513	249,446	1,492,905

Commitments receivable				
Sublease rental income	1,735	456	-	2,191
Administration fee for GST collection	52,284	156,595	-	208,879
Net GST recoverable on commitments	41,629	71,193	22,638	135,460
Total	95,648	228,244	22,638	346,530
Net commitments	363,298	556,269	226,808	1,146,375

2014	< 1 year \$'000	1 to 5 years \$'000	> 5 years \$'000	Total \$'000
------	--------------------	------------------------	---------------------	-----------------

Commitments payable				
Land and buildings	3,354	2,862	-	6,216
Property, plant and equipment	118,922	114,888	-	233,810
Intangibles	7,635	5,528	-	13,163
Operating leases ^a	173,568	653,071	340,756	1,167,395
Other	172,951	104,217	1	277,169
Total	476,430	880,566	340,757	1,697,753

Commitments receivable				
Sublease rental income	2,209	2,068	-	4,277
Administration fee for GST collection	52,937	157,251	-	210,188
Net GST recoverable on commitments	43,175	79,942	30,978	154,095
Total	98,321	239,261	30,978	368,560
Net commitments	378,109	641,305	309,779	1,329,193

Commitments are GST inclusive where relevant. In 2014–15 ACBPS undertook a review of Commitments, and as a result of the review the comparative figures have been re-stated where required.

^a Operating leases included are effectively non-cancellable and comprise:

- commercial leases where most but not all lease payments are subject to annual adjustments based on fixed increases, consumer price index or market reviews; and
- commitments in respect of coastal surveillance and related commitments for aerial and maritime surveillance activities.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE ADMINISTERED SCHEDULE OF COMPREHENSIVE INCOME

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Net cost of services			
Expenses			
Suppliers – consultants and market research (external)		934	928
Impairment and write-down of assets	18	9,868	12,310
Total expenses		<u>10,802</u>	<u>13,238</u>
Income			
Revenue			
Taxation revenue			
Customs duty		10,882,321	9,279,038
Passenger Movement Charge		881,298	846,611
Import processing and depot charges		353,372	242,377
Total taxation revenue		<u>12,116,991</u>	<u>10,368,026</u>
Non-taxation revenue			
Fees, fines and prosecutions		1,068	1,747
Interest		28	-
Other		5,439	2,037
Total non-taxation revenue		<u>6,535</u>	<u>3,784</u>
Total revenue		<u>12,123,526</u>	<u>10,371,810</u>
Gains			
Reversal of previous asset write-downs and impairments	18	6,591	9,331
Total gains		<u>6,591</u>	<u>9,331</u>
Total income		<u>12,130,117</u>	<u>10,381,141</u>
Net contribution by services		<u>12,119,315</u>	<u>10,367,903</u>
Surplus		<u>12,119,315</u>	<u>10,367,903</u>

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE ADMINISTERED SCHEDULE OF ASSETS AND LIABILITIES

As at 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Assets			
Financial assets			
Cash and cash equivalents		2,667	7,704
Total financial assets		2,667	7,704
Non-financial assets			
Taxation receivables	18	286,538	257,271
Non-taxation receivables	18	5,802	4,138
Total non-financial assets		292,340	261,409
Total assets administered on behalf of Government		295,007	269,113
Liabilities			
Payables			
Unearned revenue	19A	3,550	2,948
Other ^a	19B	2,410	5,400
Total payables		5,960	8,348
Non-interest bearing liabilities			
Security deposits ^b		1,413	2,246
Total non-interest bearing liabilities		1,413	2,246
Total liabilities administered on behalf of Government		7,373	10,594
Net assets		287,634	258,519

^a All other payables are expected to be settled within 12 months.

^b Security deposits are settled on demand.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE ADMINISTERED RECONCILIATION SCHEDULE

As at 30 June 2015

	2015 \$'000	2014 \$'000
Opening assets less liabilities as at 1 July	258,519	222,091
Adjusted opening assets less liabilities	<u>258,519</u>	<u>222,091</u>
Net contribution by services		
Income	12,130,117	10,381,141
Expenses		
Expenses attributable to entities other than corporate Commonwealth entities	(10,802)	(13,238)
Transfers (to)/from Government		
Appropriation transfers from Official Public Account		
Annual appropriations		
Payments to entities other than corporate Commonwealth entities - Appropriation Act No.1	934	928
Special appropriations (unlimited)		
Payments to entities other than corporate Commonwealth entities	361,530	328,122
Payments to entities other than corporate Commonwealth entities - Security deposits	510	832
Appropriation transfers to Official Public Account		
Transfers to Official Public Account	(12,453,174)	(10,661,357)
Net drawings from Official Public Account on behalf of the ATO ^a	183,661	142,202
Net payments on behalf of the ATO out of special appropriations ^a	(183,661)	(142,202)
Closing assets less liabilities as at 30 June	<u>287,634</u>	<u>258,519</u>

^a The Australian Tax Office (ATO) is the responsible entity for these appropriations and the subsequent returns.

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE ADMINISTERED CASH FLOW STATEMENT

for the period ended 30 June 2015

	Notes	2015 \$'000	2014 \$'000
Operating activities			
Cash received			
Customs duty		11,222,437	9,556,122
Passenger Movement Charge		869,068	856,504
Import processing and depot charges		353,858	242,383
Interest		28	-
Tourist Refund Scheme drawings		1,703	864
Other non-taxation revenue		2,731	13,253
Security deposits		733	774
Total cash received		12,450,558	10,669,900
Cash used			
Refunds of duty and other taxes		362,297	328,946
Refunds of GST ^a (on imports), WET ^b & LCT ^c		17,927	18,920
Tourist Refund Scheme		167,437	124,146
Security deposits		510	832
Suppliers		934	928
Total cash used		549,105	473,772
Net cash from operating activities	20	11,901,453	10,196,128
Net increase in cash held		11,901,453	10,196,128
Cash and cash equivalents at the beginning of the reporting period		7,704	891
Cash from Official Public Account			
Appropriations		361,530	328,122
Refunds of GST ^a (on imports), WET ^b & LCT ^c		17,976	18,878
Tourist Refund Scheme		167,437	124,146
Security deposits		510	832
Supplier expenses		934	928
Total cash from Official Public Account		548,387	472,906
Cash to Official Public Account			
Administered receipts		(12,452,476)	(10,660,582)
Return of Tourist Refund Scheme drawings		(1,703)	(864)
Security deposits		(698)	(775)
Total cash to Official Public Account		(12,454,877)	(10,662,221)
Cash and cash equivalents at the end of the reporting period		2,667	7,704

^a Goods and Services Tax (GST)

^b Wine Equalisation Tax (WET)

^c Luxury Car Tax (LCT)

The above schedule should be read in conjunction with the accompanying notes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

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AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Summary of significant accounting policies

1.1 Objectives of the Australian Customs and Border Protection Service

The Australian Customs and Border Protection Service (ACBPS) was an Australian Government controlled not-for-profit entity for the reporting period. ACBPS played a vital role in the management of the border continuum by providing border protection services in a way that best supports legitimate trade and travel. ACBPS performed its activities at the border in partnership with, and on behalf of, the community, industry and other government law enforcement and regulatory agencies.

The ACBPS and the Department of Immigration and Border Protection merged into the Department of Immigration and Border Protection on 1 July 2015. The *Customs and Other Legislation Amendment (Australian Border Force) Bill 2015* repealed the *Customs Administration Act 1985*, and resulted in ACBPS, in the current form, no longer existing from 1 July 2015. It is the Government's policy that its programmes, administration and funding will be merged into the new Department of Immigration and Border Protection. The purpose of the new Department is to protect Australia's border and manage the movement of people and goods across it.

ACBPS was an agency within the Immigration and Border Protection Portfolio. ACBPS was structured to meet one Outcome:

'The protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and to ensure collection of border revenue and trade statistics.'

ACBPS activities contributing toward this Outcome are classified as either departmental or administered. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by ACBPS in its own right. Administered activities involve the management or oversight by ACBPS, on behalf of Government, of items controlled or incurred by Government.

For 2014–15, departmental activities were identified under three programmes:

Programme 1.1	Border Enforcement
Programme 1.2	Border Management
Programme 1.3	Border Revenue Collection

The major administered financial activities relate to the collection of Customs Duty, the Passenger Movement Charge and Import Processing Charges.

Details of planned activities for the year can be found in the Immigration and Border Protection Portfolio Budget and Portfolio Additional Estimates Statement for the 2014–15 financial year which have been tabled in the Parliament.

1.2 Basis of preparation of the financial statements

As noted in 1.1, ACBPS in its current form ceased to exist on 30 June 2015 and its functions, assets, liabilities and commitments transferred to the Department of Immigration and Border Protection with effect from 1 July 2015. There has been no change in the structure or amounts of funding provided to the former ACBPS and all its functions are continuing in the Department. The financial statements have been prepared on this basis.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The financial statements are general purpose financial statements and are required by Section 42 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

The financial statements have been prepared in accordance with:

- the Government's Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the Statement of Financial Position when, and only when it is probable that future economic benefits will flow to or from the entity and the amounts of the assets or liabilities can be reliably measured. Assets and liabilities that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant accounting judgements and estimates

In the process of applying the accounting policies listed in this Note, ACBPS has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

Land and buildings

The fair value of land and buildings has been taken to be the market value of similar properties as determined by an independent valuer. In some instances, ACBPS buildings are purpose built and may in fact realise more or less in the market if they were disposed.

Property Plant and Equipment

The fair value of property plant and equipment has been assessed by an independent valuer. In some cases there is insufficient observable market evidence and non-market approaches are utilised.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Ocean Shield Vessel

The fair value of the Ocean Shield vessel was determined by an independent valuer, Australian Valuation Solutions. Two forms of valuation were undertaken for cross-checking and correlation of estimates being parametric that utilised historical data (market approach), and straight-line depreciation. The parametric valuation was based on the Ocean Shield being modified back to a commercial offshore supply vessel with regard to current market conditions and similar vessels built and sold over the last 10 years. Due to the operation and condition of the offshore supply vessel, a dollar range estimate for the valuation was provided at 99% confidence. The mid-point has been adopted which represents a balanced view of current market conditions in the offshore oil and gas market as well as demand and supply for new and secondary offshore supply vessels. A cost approach was adopted for subsequent modifications made by ACBPS to provide humanitarian and transport capabilities. The useful life of these modifications was based on current ACBPS requirements and is supported by an independent assessment from the valuer.

Vessels

Assets under construction (AUC) are carried at cost and are separately identified as 'work-in-progress' in Note 8. They include expenditure to date on various capital projects, such as the Cape Class Patrol Boat project. AUC projects are reviewed annually for indicators of impairment. Prior to rollout into service, the accumulated AUC balance is reviewed to ensure accurate capitalisation.

Componentisation of non-financial assets

Major assets, such as vessels and internally developed software, are componentised if it is likely that the components will have useful lives that differ significantly from the other parts of the asset. The useful lives of components may be determined with reference to the individual component or the related primary asset.

Provision for restoration

The provision for restoration relates to leased accommodation both in Australia and overseas where the agency is required to restore the premises upon termination of the lease. Although the estimated quantum for restoration was provided by property consultants, the value of this provision will be affected by future changes in inflation rates as well as foreign exchange rates.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.4 New Australian accounting standards

Adoption of new Australian accounting standard requirements

The following new standard was issued prior to the signing of the statement by the Secretary and Chief Finance Officer, and was applicable to the current reporting period and had a material effect on the ACBPS financial statements:

Standard/ interpretation	Nature of change in accounting policy, transitional provisions and adjustments to the financial statements
AASB 1055 <i>Budgetary Reporting</i>	The purpose of the <i>Budgetary Reporting</i> standard is to specify budgetary disclosure requirements for public sector entities. In response to adopting this standard, Note 26 provides original budgeted financial statements along with explanations of major variances between reported actuals and the corresponding budget amounts.

ACBPS has chosen to early adopt AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. All other new standards, amendments to standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect.

1.5 Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- ACBPS retains no managerial involvement or effective control over the goods;
- the revenue and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to ACBPS.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when the:

- amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- probable economic benefits associated with the transaction will flow to the entity.

The stage of completion of contracts at the reporting date is determined by reference to:

- services performed to date as a percentage of total services to be performed; and
- the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30-day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at the end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Revenue from Government

Amounts appropriated for Departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when ACBPS gains control of the appropriation, except for certain amounts which relate to activities that are reciprocal in nature, in which case, revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

1.6 Gains

Resources received free-of-charge

Resources received free-of-charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free-of-charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements (refer to Note 1.7).

Sale of assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as owner

Equity injections

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) and Departmental Capital Budgets (DCB) are recognised directly in contributed equity in that year.

Restructuring of administrative arrangements

Net assets received from or relinquished to another Government entity under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

Other distributions to owners

The FRR require that distributions to owners be deducted from contributed equity unless these are in the nature of a dividend. There was no distribution to owners in the 2014–15 financial year.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.8 Employee benefits

Liabilities for ‘short-term employee benefits’ (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within 12 months of the end of reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period less the fair value at the end of the reporting period of plan assets (if any), from which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for personal leave as all sick leave is non-vesting and the average personal leave taken in future years by employees of ACBPS is estimated to be less than the annual entitlement for personal leave.

The leave liabilities are calculated on the basis of employees’ remuneration at the estimated salary rates that will be applied at the time the leave is taken, including ACBPS’s employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2015. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

Provision is made for separation and redundancy benefit payments. ACBPS recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

ACBPS staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap), or other schemes where employees have exercised choice.

The CSS and the PSS are defined benefit schemes for the Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance’s administered schedules and notes.

ACBPS makes employer contributions to the employee’s superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to Government. ACBPS accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits. ACBPS does not have finance leases.

Operating lease payments are expensed on a basis which is representative of the pattern of benefits derived from the leased assets. Lease incentives are recognised as other payables and amortised over the period of the lease on a straight-line basis.

1.10 Borrowing costs

All borrowing costs are expensed as incurred.

1.11 Fair value measurement

ACBPS deems transfers between levels of the fair value hierarchy to have occurred at 30 June 2015 following an assessment by the independent valuer, Australian Valuation Solutions.

1.12 Cash

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- cash on hand;
- demand deposits in bank accounts with an original maturity of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and
- cash in special accounts/security deposits.

1.13 Financial assets

ACBPS classifies its financial assets as 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets are recognised and derecognised upon trade date. All receivables are expected to be recovered within 12 months except where indicated.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets carried at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The associated loss is recognised in the Statement of Comprehensive Income.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.14 Financial liabilities

ACBPS classifies its financial liabilities as 'other financial liabilities'. Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received - irrespective of whether an invoice has been received.

All payables are expected to be settled within 12 months except where indicated.

1.15 Commitments

ACBPS includes the total value of all future payments in the schedule, regardless of the existence and detail of a termination clause within individual contracts.

1.16 Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position but are reported in the Notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.17 Acquisition of assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to restructuring.

1.18 Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$5,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to ‘make good’ provisions in property and vessel leases taken up by ACBPS where there exists an obligation to restore the property to its original condition. These costs are included in the value of ACBPS’s leasehold improvements with a corresponding provision for the ‘make good’ recognised.

Revaluations

Following initial recognition at cost, property plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets’ fair values at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to ACBPS using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. All new assets are generally assigned useful lives as identified in the table below. In some limited cases, specific management advice may result in a useful life, for a particular asset, being assigned outside the ranges specified below.

When assessing the useful lives of some assets, their total useful life (initial life plus extension) may extend beyond the ranges identified below. Any extension in useful life is performed with reference to the useful lives specified below and will not exceed the useful life periods applying to that category of asset.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives and methods:

	2014–15	2013–14
Buildings on freehold land	Up to 40 years	Up to 40 years
Leasehold improvements	Useful life of the fit out or lease term	Useful life of the fit out or lease term
Property, plant and equipment	3 to 7 years	3 to 7 years
ACBPS vessels	3 to 20 years	3 to 20 years

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Impairment

All assets were assessed for impairment at 30 June 2015. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if ACBPS were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.19 Intangibles

ACBPS's intangibles comprise internally developed software for internal use and purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful life of ACBPS software is 3 to 10 years (2013-14: 3 to 10 years). When reassessing the useful lives of some intangibles their total useful life may extend beyond the initial useful lives identified. Any extension in useful life is performed with reference to the useful lives specified above and will not exceed the useful life range applying to intangible assets.

The recognition thresholds for internally developed software are \$250,000 for new assets, \$100,000 for enhancements to existing internally developed software, and \$100,000 for purchased software.

1.20 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each item of inventory to its present location and condition are assigned:

- raw materials and stores - purchase cost on a first-in-first-out basis; and
- finished goods and work in progress - cost of direct materials and labour plus attributable costs that can be allocated on a reasonable basis.

1.21 Taxation

ACBPS is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST except where the amount of GST incurred is not recoverable from the ATO and for receivables and payables.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.22 Statement of Activities Administered on Behalf of the Government

The major administered financial activities are the collection of customs duty, the Passenger Movement Charge and import processing charges.

1.23 Reporting of administered activities

Administered revenues, expenses, assets, liabilities and cash flows are disclosed in the Administered Schedule and related notes. Except where otherwise stated below, administered items are accounted for on the same basis and using the same policies as for departmental items, including the application of Australian Accounting Standards.

Administered cash transfers to and from the Official Public Account

Revenue collected by the ACBPS for use by the Australian Government rather than the entity is classified as administered revenue. Collections are transferred to the Official Public Account (OPA) maintained by the Department of Finance. Conversely, cash is drawn from the OPA to make payments under Parliamentary appropriation on behalf of Government. These transfers to and from the OPA are adjustments to the administered cash held by ACBPS on behalf of the Government and reported as such in the Schedule of Administered Cash Flows in the Administered Reconciliation Schedule.

1.24 Revenue

All administered revenues relate to ordinary activities performed by the entity on behalf of the Government. The ACBPS recognises both administered taxation and non-taxation revenues in the Administered Schedule of Comprehensive Income when the Government gains control of and can reliably measure or estimate the future economic benefits that flow from the revenue items that it administers. In line with the relevant applicable legislative provisions, the revenue recognition policy adopted for the major classes of administered revenue collected by ACBPS on behalf of the Australian Government is as follows:

Customs duty

Customs duty is a monetary amount charged on imported goods by the Commonwealth as a condition of their importation. Rates of duty payable by an importer are determined by the classification of goods within the *Customs Tariff Act 1995*. Customs duty rates vary and depend on a number of factors, such as the type of goods and country of origin. Customs duty is reported by the ACBPS in the financial statements as a net value. Net duty collections reflect gross duty less refunds paid on duty and drawbacks.

Gross Customs duty collections are comprised of the following items:

- Excise equivalent goods (EEG) which includes petroleum products, tobacco products and alcohol;
- Passenger Motor Vehicle (PMV);
- Textiles, clothing and footwear (TCF); and
- Other General Revenue (this category includes machinery, base metals, plastics and rubber, furniture, live animals, foodstuffs, chemical products, pulp and paper).

Compliance framework - revenue

ACBPS has a compliance regime in place addressing Customs duty and other collections. ACBPS's compliance activity is intelligence-driven and has been developed to deliver high levels of compliance in an environment where importers largely self-assess their liabilities to the Commonwealth.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Passenger Movement Charge (PMC)

The PMC is the administrative responsibility of ACBPS and it is levied under the *Passenger Movement Charge Act 1978*. The PMC is recognised when passengers depart Australia and is collected by airlines and sea carriers under formal arrangements with the Commonwealth. PMC is recognised within the reporting period when a passenger departs Australia, subject to certain legislative exemptions.

A specific compliance programme was developed for PMC and implemented in 2012–13 and is now undertaken as part of normal business activity.

Import processing and depot charges

This item includes Import Processing Charge (IPC), Depot Charges and the Depot Licence Charge. The charges are set by the *Import Processing Charges Act 2001* and changed from 1 January 2014 by the *Import Processing Charges Amendment Act 2013*. The IPC recovers the costs associated with ACBPS trade and goods activities. Import Processing Charges are levied on Full Import Declarations (FIDs) relating to goods valued at greater than AUD\$1,000. The IPC also includes charges relating to the issue of licences (primarily Depot Licences) under which brokers and importers have the right to store goods for a period of time before they are deemed to be either brought into home consumption and the relevant duty applied (that is consumption within Australia) or exported overseas. The Depot Licence Charges are recognised in the appropriate reporting period to which the licences relate.

Fees, fines and prosecutions

Revenue is generated from fines and prosecutions resulting from court-imposed penalties in respect of breaches or infringements of the relevant legislation. Customs prosecutions are regulated under Part XIV of the *Customs Act 1901*. Fees, fines and prosecutions are recognised at the time the fees and fines are imposed under the law or when a Court passes judgement.

Other revenue

Other revenue is generated predominantly through warehouse and broker licence fees; infringement notices; revenue from the sale of goods; or penalties in relation to unaccompanied baggage.

1.25 Administered significant accounting judgements and estimates

In the process of applying the accounting policies listed in this Note, the ACBPS has applied the following judgements to the way that the estimates, that have a significant impact on the amounts recorded in the financial statements, are calculated.

Customs Duty Revenue Recognition

ACBPS includes an estimate of revenue in each financial year for those goods that have entered into home consumption at the reporting period, but for which duty has not yet been paid. Under the current legislative arrangements, goods can be moved into home consumption with certain importers having up to seven days from the date of release of the goods to make the requisite payment. The value of revenue included in the financial statements is a best estimate of the amount of revenue that would have been payable, and is therefore recognised, for this seven day period.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1.26 Administered Expenses

Administered expenses include supplier expenses relating to an annual administered programme and the write-off and impairment of administered receivables.

An impairment expense is raised to recognise a provision for any doubtful administered debts, based on a review of outstanding accounts as at year end. Where an assessment of a debt that has previously been impaired is undertaken in a subsequent accounting period and the impairment expense is subsequently reversed, the value of the impairment expense reversed is recognised as a gain in the subsequent period.

1.27 Administered Assets

Administered assets include cash and cash equivalents, receivables and accrued revenues. The collectability of administered receivables is reviewed on an on-going basis.

Administered Receivables

All ACBPS administered receivables are statutory in nature with amounts determined under legislation or by court order. Administered receivables are held at statutory value less an allowance for impairment.

All ACBPS receivables were assessed for impairment as at 30 June 2015 using one of two methods – the prescriptive method and the analytical method.

The analytical method of assessing debts for impairment was used where the total value of all debts for an individual client is greater than \$250,000. The analytical method involved detailed research including: analysis of financial statements.

The prescriptive method of assessing debts was used to assess debts with an outstanding balance equal to or less than \$250,000. This method utilises a set of criteria that was developed for each different revenue stream. Using the prescriptive method, an assessment for impairment for each revenue grouping was undertaken based on the profile and the risk factors associated with each of these groups. The analytical method of assessing debts was used where appropriate for debts that exist within this threshold.

Credit terms for fees, fines and prosecutions are in accordance with the nature of these items. Credit terms do not apply to statutory charges.

Administered Financial Instruments

ACBPS has assessed that administered cash is the only financial asset which meets the definition of a financial instrument and is reported in the financial instrument disclosure. Administered receivables are statutory receivables and as such are not classified as financial assets.

1.28 Administered Liabilities

Administered liabilities relate to unearned revenue for warehouse, depot and broker licences. Payables are recognised for claims on hand for refunds and drawbacks.

Administered Financial Instruments

Financial liabilities are considered financial instruments if they give rise to a financial asset of one entity and financial liability or equity instrument of another entity. ACBPS has assessed that the only administered liability that meets this criterion is the liability relating to security deposits and amounts held in trust where the owner of those monies cannot be identified.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2: Events after the reporting period

On 1 July 2015, the functions of the Department of Immigration and Border Protection and the Australian Customs and Border Protection Service (ACBPS) were integrated into a single department (the Department of Immigration and Border Protection) and the ACBPS ceased to exist at that time. From this date the Australian Border Force was also established as a single front line operational border control and enforcement arm of the Department of Immigration and Border Protection.

The consolidated entity:

- has approximately 13,700 employees
- will collect \$12.7 billion in duties, taxes, fees and fines
- will manage departmental appropriation of \$2.8 billion, administered appropriation of \$2.2 billion
- will manage \$2.0 billion in departmental assets and \$2.5 billion in administered assets.

Note 3: Net cash appropriation arrangements

	2015 \$'000	2014 \$'000
Total comprehensive income/(loss) less depreciation/ amortisation expenses previously funded through revenue appropriations ¹	90,871	328
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(120,566)</u>	<u>(101,848)</u>
Total comprehensive income/(loss) - as per the Statement of Comprehensive Income	<u>(29,695)</u>	<u>(101,520)</u>

¹ From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through a capital appropriation. Capital budgets are appropriated in the period when cash payment for capital expenditure is required.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 4: Expenses

	2015 \$'000	2014 \$'000
Note 4A: Employee benefits		
Wages and salaries	342,410	348,982
Superannuation		
Defined contribution plans	26,229	24,783
Defined benefit plans	52,515	54,491
Leave and other entitlements	44,289	40,129
Allowances	33,198	30,139
Overtime	16,503	11,158
Penalties	38,000	37,231
Separation and redundancies	4,530	10,382
Other employee expenses	19,967	11,011
Total employee benefits	<u>577,641</u>	<u>568,306</u>
Note 4B: Suppliers		
Goods and services supplied or rendered		
Vessels and coastal surveillance (excludes operating leases)	63,965	61,541
Contractors and consultants	79,718	47,099
IT services (excludes operating leases)	50,729	42,657
Property (includes overseas posts and excludes operating leases)	19,828	18,775
Travel	25,319	24,052
HR related expenses	15,817	14,215
Legal and insurance	5,274	4,747
General operational	54,484	53,296
Other	17,689	15,198
Total goods and services supplied or rendered	<u>332,823</u>	<u>281,580</u>
Goods supplied in connection with		
Related parties	995	794
External parties	21,539	18,783
Total goods supplied	<u>22,534</u>	<u>19,577</u>
Services rendered in connection with		
Related parties	15,495	14,336
External parties	294,794	247,667
Total services rendered	<u>310,289</u>	<u>262,003</u>
Total goods and services supplied or rendered	<u>332,823</u>	<u>281,580</u>
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	203,917	212,254
Workers compensation expenses	19,794	16,272
Total other suppliers	<u>223,711</u>	<u>228,526</u>
Total suppliers	<u>556,534</u>	<u>510,106</u>

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
Note 4C: Depreciation and amortisation		
Depreciation		
Property, plant and equipment	58,469	45,018
Buildings	21,907	24,160
Total depreciation	<u>80,376</u>	<u>69,178</u>
Amortisation		
Intangibles	40,190	32,670
Total amortisation	<u>40,190</u>	<u>32,670</u>
Total depreciation and amortisation	<u>120,566</u>	<u>101,848</u>

Note 4D: Write-down and impairment of assets

Impairment on financial instruments	(25)	-
Impairment of property plant and equipment	726	698
Impairment on intangible assets	476	-
Write-off inventory	444	-
Write-off bad debts	(3)	5
Total write-down and impairment of assets	<u>1,618</u>	<u>703</u>

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 5: Own-source income

	2015 \$'000	2014 \$'000
Note 5A: Sale of goods and rendering of services		
Sale of goods in connection with		
Related parties	86	150
External parties	403	176
Total sale of goods	<u>489</u>	<u>326</u>
Rendering of services in connection with		
Related parties	71,378	59,890
External parties	837	2,671
Total rendering of services	<u>72,215</u>	<u>62,561</u>
Total sale of goods and rendering of services	<u>72,704</u>	<u>62,887</u>
Note 5B: Other revenue		
Resources received free of charge		
Property related	5,331	5,088
Remuneration of auditors	740	740
Senior executive services provided by DIBP	2,930	-
Other non-tax revenues	318	162
Total other revenue	<u>9,319</u>	<u>5,990</u>
Note 5C: Other gains		
Resources received free of charge		
Other - Ocean Shield Vessel	98,900	-
Other - CCTV Assets	3,868	2,331
Other - Discounts Received	-	1,217
Total other gains	<u>102,768</u>	<u>3,548</u>

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6: Fair value measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair value measurements, valuation techniques and inputs used

	Fair value measurements at the end of the reporting period			For Levels 2 and 3 fair value measurements	
	2015 \$'000	2014 \$'000	Category (Level 1, 2, or 3) ^{a,b}	Valuation technique(s) ^c	Inputs used ^{d,d}
Non-financial assets^e					
Land	19,990	22,865	2	Market approach	Adjusted market transactions
Land	2,975	2,635	3	Market approach	Adjusted market transactions
Buildings	26,550	30,087	2	Market approach	Adjusted market transactions
Buildings	6,960	7,875	3	Market approach	Adjusted market transactions
Buildings	10,560	10,959	3	Cost approach	Replacement Cost New (price per square metre)
Leasehold improvements	55,071	63,695	3	Cost approach	Replacement Cost New (price per square metre)
Vessels	1,849	2,357	2	Market approach	Adjusted market transactions
Vessels	105,279	-	3	Market approach	Adjusted market transactions
Vessels	242,071	92,828	3	Cost approach	Replacement Cost New
Other property, plant and equipment	18,571	14,932	2	Market approach	Adjusted market transactions
Other property, plant and equipment	81,640	81,848	3	Cost approach	Replacement Cost New
Total non-financial assets	577,516	330,081			
Total fair value measurements of assets in the statement of financial position					
	577,516	330,081			

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Assets not measured at fair value in the statement of financial position:

Non-financial assets	
Land held for sale	- 500
Buildings held for sale	- 600
Total assets not measured at fair value in the statement of financial position	- 1,100

a Recurring and non-recurring Level 3 fair value measurements—valuation processes:

ACBPS engaged Australian Valuation Solutions (AVS) to undertake a full asset revaluation as at 30 June 2015 and relied on valuation models provided by AVS. ACBPS reviews asset valuations at least once every 12 months using an asset materiality review, and a full revaluation is undertaken every three years. If a particular asset class experiences significant changes in fair value (i.e. where indicators suggest that the value of the class has changed materially since the previous reporting period), that class is subject to specific valuation in the reporting period, where practicable, regardless of the timing of the last specific valuation. AVS provided written assurance to ACBPS that the valuation models developed are in compliance with AASB 13 *Fair Value Measurement*.

b Significant Level 3 inputs utilised by the entity are derived and evaluated as follows:

Land and buildings—Adjusted Market Transactions

ACBPS controls assets situated in remote locations where property markets experience few transactions. Reference was made to available sales evidence together with other relevant information related to local economic, property zoning and property market conditions. The valuer has used significant professional judgement in determining the fair value measurements of these assets.

Vessels—Adjusted Market Transactions

The ACV Ocean Shield and certain assets within the Vessels asset class have been measured at fair value utilising the market approach. Reference was made to sales of assets with a limited level of comparability and adjusted by the valuer using professional judgement to take account of the differing characteristics.

Vessels (Cape Class), Leasehold Improvements, Property, Plant and Equipment—Consumed Economic Benefit / Asset Obsolescence

Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the cost (depreciated replacement cost or DRC) approach. Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account its consumed economic benefit/asset obsolescence (accumulated depreciation). Consumed economic benefit/asset obsolescence has been determined based on professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

^c There have been changes to the valuation techniques for assets in the other property, plant and equipment class. In instances where sufficient observable inputs, such as market transactions of similar assets, were identified at 30 June 2015, the valuation technique was changed from a cost approach to a market approach. In instances where sufficient observable inputs were not identified at 30 June 2015, the valuation technique was changed from a market approach to a cost (depreciated replacement cost or DRC) approach (2013-14; nil changes). Changes in valuation techniques are further discussed in Note 6C.

^d ACBPS has chosen to early adopt AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015. The future economic benefits of the entity's non-financial assets are not primarily dependent on their ability to generate cash flows. The entity has not disclosed qualitative information about the significant unobservable inputs or a narrative description of the sensitivities of the fair value measurements to changes in the unobservable inputs.

^e Fair value measurements—highest and best use differs from current use for non-financial assets:

ACBPS's assets are held for operational purposes, not for the purposes of deriving a profit. The highest and best use of all non-financial assets are the same as their current use.

Note 6B: Level 1 and Level 2 transfers for recurring fair value measurements

There have been no transfers between levels 1 and 2 during the year (2013-14; nil). ACBPS deems transfers between levels of the fair value hierarchy to have occurred at 30 June 2015 following an assessment by the independent external valuer, Australian Valuation Solutions.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 6C: Reconciliation for Recurring Level | 3 Fair Value Measurements

Recurring | level 3 fair value measurements - reconciliation for assets

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b) There have been transfers of certain land assets into level 3 during the year due to lack of market evidence and reliance upon the valuer's professional judgement. There have also been transfers of property, plant and equipment asset fair value measurements into level 3 during the year due to a change in the valuation technique from a model approach to a cost approach.

c There have been transfers of property, plant and equipment assets out of level 3 during the year due to changes in the market approach. Fair value measurements have been determined without the use of significant unobservable inputs

^a The entity has chosen to early adopt AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities at 30 June 2015. The future economic benefits of the entity's non-financial assets are not primarily dependent on their ability to generate cash flows. The entity has not disclosed the unrealised gains or losses recognised in net cost of services for assets held at the end of the reporting period.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 7: Financial assets

	2015 \$'000	2014 \$'000
Note 7A: Trade and other receivables		
Good and services receivables in connection with		
Related parties	2,768	667
External parties	2,426	2,163
Total goods and services receivables	<u>5,194</u>	<u>2,830</u>
Appropriations receivables		
Existing programmes	125,090	151,198
Total appropriations receivables	<u>125,090</u>	<u>151,198</u>
Other receivables		
Statutory receivables	6,848	7,118
Advances	1,406	1,395
Other	6,503	5,110
Total other receivables	<u>14,757</u>	<u>13,623</u>
Total trade and other receivables (gross)	<u>145,041</u>	<u>167,651</u>
Less impairment allowance		
Goods and services	(1,391)	(1,416)
Total impairment allowance	<u>(1,391)</u>	<u>(1,416)</u>
Total trade and other receivables (net)	<u>143,650</u>	<u>166,235</u>
Trade and other receivables (net) expected to be recovered		
No more than 12 months	143,650	166,235
More than 12 months	-	-
Total trade and other receivables (net)	<u>143,650</u>	<u>166,235</u>
Trade and other receivables (gross) aged as follows		
Not overdue	142,096	165,318
Overdue by		
0 to 30 days	670	183
31 to 60 days	107	108
61 to 90 days	68	30
More than 90 days	2,100	2,012
Trade and other receivables (gross)	<u>145,041</u>	<u>167,651</u>
Impairment allowance aged as follows		
Overdue by		
0 to 30 days	(71)	(41)
31 to 60 days	(5)	(12)
61 to 90 days	(13)	(20)
More than 90 days	(1,302)	(1,343)
Total impairment allowance	<u>(1,391)</u>	<u>(1,416)</u>

Credit terms for goods and services were within 30 days (2013-14: 30 days).

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the impairment allowance

Movements in relation to 2015

	Goods and services \$'000	Total \$'000
As at 1 July 2014	(1,416)	(1,416)
Amounts written-off	(3)	(3)
Amounts recovered and reversed	(1)	(1)
Increase recognised in net cost of services	29	29
Total as at 30 June 2015	(1,391)	(1,391)

Movements in relation to 2014

	Goods and services \$'000	Total \$'000
As at 1 July 2013	(1,846)	(1,846)
Amounts written-off	5	5
Amounts recovered and reversed	(21)	(21)
Increase recognised in net cost of services	446	446
Total as at 30 June 2014	(1,416)	(1,416)

Note 8: Non-financial assets

	2015 \$'000	2014 \$'000
Note 8A: Land and buildings		
Land		
Fair value	22,965	25,500
Total land	<u>22,965</u>	<u>25,500</u>
Buildings on freehold land		
Fair value	44,070	48,921
Total buildings on freehold land	<u>44,070</u>	<u>48,921</u>
Leasehold improvements		
Work in progress	7,005	4,750
Fair value	55,071	63,695
Total leasehold improvements	<u>62,076</u>	<u>68,445</u>
Total land and buildings	<u>129,111</u>	<u>142,866</u>

No indicators of impairment were found for land and buildings.

All independent valuations were conducted by Australian Valuation Solutions in accordance with the revaluation policy stated at Note 1.18.

A revaluation decrement of \$2.535 million for land, decrement of \$3.120 million for buildings on freehold land and increment of \$3.487 million for leasehold improvements were transferred to the asset revaluation reserve by asset class and included in the Statement of Changes in Equity. A decrement of \$2.086 million for leasehold improvements relating to make good was also transferred to the asset revaluation reserve. No decrements were expensed.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
<u>Note 8B: Property, plant and equipment</u>		
Vessels		
Work in progress	8	86,336
Fair value	349,199	95,185
Total vessels	<u>349,207</u>	<u>181,521</u>
Other property, plant and equipment		
Work in progress	64,921	18,658
Fair value	100,211	96,780
Total other property, plant and equipment	<u>165,132</u>	<u>115,438</u>
Total property, plant and equipment	<u>514,339</u>	<u>296,959</u>

An asset under construction with property, plant and equipment elements was impaired during the reporting period. Refer to Note 4(d).

All independent valuations were conducted by Australian Valuation Solutions in accordance with the revaluation policy stated at Note 1.18.

A revaluation increment of \$8.722 million for property, plant and equipment and \$2.409 million for vessels were transferred to the asset revaluation reserve by asset class and included in the Statement of Changes in Equity. No decrements were expensed.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8C: Reconciliation of the opening and closing balances of land, buildings, property, plant and equipment

Reconciliation of the opening and closing balance of land and buildings for 2015

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Total land and buildings \$'000
As at 1 July 2014	25,500	48,921	68,445	142,866
Gross book value	-	-	-	-
Accumulated depreciation and impairment				
Total as at 1 July 2014	25,500	48,921	68,445	142,866
 Additions				
Purchased or internally developed	-	774	12,878	13,652
Revaluations and impairments recognised in other comprehensive income	(2,535)	(3,120)	1,507	(4,148)
Depreciation	-	(2,505)	(19,402)	(21,907)
Reclassifications	-	-	(1,352)	(1,352)
Total as at 30 June 2014	22,965	44,070	62,076	129,111
 Total as at 30 June 2015 represented by				
Gross book value	22,965	44,070	62,076	129,111
Accumulated depreciation and impairment	-	-	-	-
Total as at 30 June 2015	22,965	44,070	62,076	129,111

**AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

Reconciliation of the opening and closing balance of property, plant and equipment for 2015

	Vessels \$'000	Other property, plant and equipment \$'000	Total property, plant and equipment \$'000
As at 1 July 2014	181,521	115,438	296,959
Gross book value	-	-	-
Accumulated depreciation and impairment			
Total as at 1 July 2014	181,521	115,438	296,959
 Additions			
Purchased or internally developed	87,847	73,481	161,328
Donation/gift	98,900	3,868	102,768
Revaluations and impairments recognised in other comprehensive income	2,410	8,722	11,132
Impairments recognised in net cost of services	-	(726)	(726)
Depreciation	(22,823)	(35,646)	(58,469)
Reclassifications	1,352	-	1,352
Disposals:			
Other			
Total as at 30 June 2015	349,207	(5)	514,339
 Total as at 30 June 2015 represented by			
Gross book value	349,207	165,132	514,339
Total as at 30 June 2015	349,207	165,132	514,339

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the opening and closing balances of land and buildings for 2014

	Land \$'000	Buildings \$'000	Leasehold Improvements \$'000	Total land and buildings \$'000
As at 1 July 2013				
Gross book value	28,915	51,780	103,454	184,149
Accumulated depreciation and impairment	-	(2,551)	(23,688)	(26,239)
Total as at 1 July 2013	28,915	49,229	79,766	157,910
Additions				
Purchased or internally developed	606	1,505	9,280	11,391
Revaluations and impairments recognised in other comprehensive income	(1,716)	3,206	953	2,443
Assets held for sale or in a disposal group held for sale	(500)	(600)	-	(1,100)
Depreciation	-	(2,606)	(21,554)	(24,160)
Disposals				
Other	(1,805)	(1,813)	-	(3,618)
Total as at 30 June 2014	25,500	48,921	68,445	142,866
Total as at 30 June 2014 represented by				
Gross book value	25,500	48,921	68,445	142,866
Total as at 30 June 2014	25,500	48,921	68,445	142,866

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the opening and closing balances of property, plant and equipment for 2014

	Vessels \$'000	Other property, plant and equipment \$'000	Total property, plant and equipment \$'000
As at 1 July 2013			
Gross book value	130,192	147,303	277,495
Accumulated depreciation and impairment	(5,624)	(32,129)	(37,753)
Total as at 1 July 2013	124,568	115,174	239,742
Additions			
Purchased or internally developed	63,655	34,034	97,689
Donation/gift	-	2,331	2,331
Revaluations and impairments recognised in other comprehensive income	1,146	1,224	2,370
Impairments recognised in net cost of services	-	(94)	(94)
Reversal of impairments recognised in net cost of services	-	7	7
Depreciation	(7,848)	(37,170)	(45,018)
Disposals	-	(68)	(68)
Other	-	(68)	(68)
Total as at 30 June 2014	181,521	115,438	296,959
Total as at 30 June 2014 represented by			
Gross book value	181,521	115,438	296,959
Total as at 30 June 2014	181,521	115,438	296,959

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015	2014
	\$'000	\$'000
Note 8D: Intangibles		
Computer software		
Internally developed—in progress	16,655	14,577
Internally developed—in use	436,743	430,979
Purchased	42,683	33,921
Accumulated amortisation	(314,272)	(287,370)
Accumulated impairment losses	(17,228)	(17,228)
Total computer software	<u>164,581</u>	<u>174,879</u>
Total intangibles	<u>164,581</u>	<u>174,879</u>

During the reporting period ACBPS assessed and in some cases amended the useful lives of computer software systems that would be impacted by the merger of ACBPS with the Department of Immigration and Border Protection on 1 July 2015.

An asset under construction with intangible elements was impaired during the reporting period. Refer to Note 4(d).

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8E. Reconciliation of the opening and closing balances of intangibles

Reconciliation of the opening and closing balances of intangibles for 2015

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2014			
Gross book value	445,556	33,921	479,477
Accumulated amortisation and impairment	(280,728)	(23,870)	(304,598)
Total as at 1 July 2014	164,828	10,051	174,879
Additions			
Purchased or internally developed	20,853	9,512	30,365
Impairments recognised in net cost of services	(476)	-	(476)
Reversal of impairments recognised in net cost of services	3	-	3
Amortisation	(33,901)	(6,289)	(40,190)
Disposals			
Total as at 30 June 2015	151,307	13,274	164,581
Total as at 30 June 2015 represented by			
Gross book value	453,398	42,683	496,081
Accumulated amortisation and impairment	(302,091)	(29,409)	(331,500)
Total as at 30 June 2015	151,307	13,274	164,581

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the opening and closing balances of intangibles for 2014

	Computer software internally developed \$'000	Computer software purchased \$'000	Total \$'000
As at 1 July 2013			
Gross book value	437,343	27,703	465,046
Accumulated amortisation and impairment	(252,855)	(19,468)	(272,323)
Total as at 1 July 2013	184,488	8,235	192,723
Additions			
Purchased or internally developed	8,824	6,613	15,437
Impairments recognised in net cost of services	(611)	-	(611)
Amortisation	(27,873)	(4,797)	(32,670)
Total as at 30 June 2014	164,828	10,051	174,879
Total as at 30 June 2014 represented by			
Gross book value	445,556	33,921	479,477
Accumulated amortisation and impairment	(280,728)	(23,870)	(304,598)
Total as at 30 June 2014	164,828	10,051	174,879

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
Note 8F: Inventories		
Inventories held for distribution	12,813	7,062
Total inventories	<u>12,813</u>	<u>7,062</u>

During 2014–15, \$9,707,974 of inventory held for distribution was recognised as an expense (2013–14 \$1,924,619).

All inventories are expected to be distributed in the next 12 months.

Note 8G: Other non-financial assets

Prepayments	15,090	12,087
Contract incentive	5,053	3,368
Total other non-financial assets	<u>20,143</u>	<u>15,455</u>
Other non-financial assets expected to be recovered		
No more than 12 months	11,024	9,163
More than 12 months	9,119	6,292
Total prepayments	<u>20,143</u>	<u>15,455</u>

No indicators of impairment were found for prepayments.

Note 8H: Assets held for sale

Land held for sale	-	500
Buildings held for sale	-	600
Total Assets Held For Sale	<u>-</u>	<u>1,100</u>
Assets held for sale expected to be recovered		
No more than 12 months	-	1,100
Total assets held for sale	<u>-</u>	<u>1,100</u>

Note 9: Payables

	2015 \$'000	2014 \$'000
Note 9A: Suppliers		
Trade creditors and accruals	85,056	41,876
Operating lease rentals	10,667	18,760
Total suppliers	<u>95,723</u>	<u>60,636</u>
Suppliers expected to be settled		
No more than 12 months	95,723	60,636
Total suppliers	<u>95,723</u>	<u>60,636</u>
Suppliers in connection with		
Related parties	20,167	5,150
External parties	75,556	55,486
Total suppliers	<u>95,723</u>	<u>60,636</u>

Settlement is usually made within 30 days.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2015 \$'000	2014 \$'000
Note 9B: Other payables		
Salaries and wages	22,644	21,161
Superannuation	3,926	2,797
Other employee entitlements	2,199	2,514
Prepayments received/unearned income	1,935	1,327
Fringe Benefits Tax	1,457	846
Lease incentive	746	1,184
Deferred rental	8,161	7,277
Statutory payable	168	19
Other payables	2,373	3,594
Total other payables	43,609	40,719
Other payables expected to be settled		
No more than 12 months	35,082	32,505
More than 12 months	8,527	8,214
Total other payables	43,609	40,719

Note 10: Provisions

	2015 \$'000	2014 \$'000
Note 10A: Employee provisions		
Leave	162,448	161,503
Total employee provisions	162,448	161,503
Employee provisions expected to be settled		
No more than 12 months	42,918	44,942
More than 12 months	119,530	116,561
Total employee provisions	162,448	161,503
Note 10B: Provision for restoration		
Provision for restoration	16,455	23,925
Total other provisions	16,455	23,925
Provision for restoration expected to be settled		
No more than 12 months	4,812	10,098
More than 12 months	11,643	13,827
Total provision for restoration	16,455	23,925

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	Provision for restoration	Total
	\$'000	\$'000
As at 1 July 2014		23,925
Additional provisions made	450	450
Amounts used	(8,256)	(8,256)
Amounts reversed	(93)	(93)
Unwinding of discount or change in discount rate	429	429
Total as at 30 June 2015		16,455

ACBPS currently has a number of agreements for the leasing of premises which have provisions requiring the restoration (make good) of the premises to their original condition at the conclusion of the lease. ACBPS has made a provision to reflect the present value of this obligation.

Note 11: Restructuring

Note 11 Departmental restructuring

	2015	2014
	Anti-Dumping Department of Industry	Anti-Dumping Department of Industry ^a
	\$'000	\$'000
Functions relinquished		
Assets relinquished		
Cash	-	1,665
Total assets relinquished	-	1,665
Liabilities relinquished		
Employee provisions	-	1,665
Total liabilities relinquished	-	1,665
Net assets/(liabilities) relinquished	-	-

^a The net liabilities relinquished for 2015 was Nil (2014: Nil).

As part of the Administrative Arrangement Orders that were signed by the Prime Minister on 18 September 2013 and 12 December 2013, Ministerial responsibility for the anti-dumping functions previously undertaken by the ACBPS pursuant to Parts XVB and XVC and s. 9 of the *Customs Act* were transferred from the ACBPS to the Department of Industry with an agreed date of transfer of 27 March 2014. The functions transferred relate to the administration of the relevant parts or of the *Customs Tariff (Anti-Dumping) Act 1975*.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 12: Cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents as per Statement of Financial Position to Cash Flow Statement		
Cash and cash equivalents as per		
Cash Flow Statement	4,830	5,023
Statement of Financial Position	<u>4,830</u>	<u>5,023</u>
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net (cost of)/contribution by services	(1,070,585)	(1,105,793)
Revenue from Government	<u>1,034,013</u>	<u>998,501</u>
Adjustments for non-cash items		
Other gains - CCTV	(3,868)	(2,331)
Other - Ocean Shield vessel	(98,900)	-
Depreciation/amortisation	120,566	101,848
Net write-down of assets	1,618	703
Reversal of impairment losses	(3)	(430)
Gain on disposal of assets	(6)	(12)
Unwinding of discount	429	710
Loss on disposal of assets	30	13
Movements in assets and liabilities		
Assets		
(Increase)/decrease in net receivables	35,909	19,052
(Increase)/decrease in inventories	(6,192)	(4,588)
(Increase)/decrease in prepayments	(4,688)	(2,241)
Liabilities		
Increase/(decrease) in employee provisions	945	(6,591)
Increase/(decrease) in suppliers payables	(4,048)	(6,282)
Increase/(decrease) in other payables	2,890	4,410
Increase/(decrease) in provision for restoration	<u>(8,257)</u>	<u>(3,020)</u>
Net cash from/(used by) operating activities	<u>(147)</u>	<u>(6,051)</u>

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Contingent assets and liabilities

Departmental

Unquantifiable contingent liabilities

As at 30 June 2015 ACBPS had a number of legal claims lodged against it for damages and costs. ACBPS has denied liability and is defending the claims. In addition, ACBPS has lodged a number of claims to recover costs which are being pursued. It is not possible to estimate the amount of any eventual payments or receipts in relation to these claims.

At any point in time, ACBPS is involved in a range of dispute resolution processes, including litigation, relating to Court costs. Details of the outcome of dispute resolution processes are uncertain until a final court or tribunal ruling is made and/or an agreement is reached with the importer at some future date. In some cases, the decision in relation to the cases above will be precedential. Furthermore, a negative court or tribunal ruling may result in refund claims being made by other importers. As a result, in most cases it is not possible to estimate with any reliability the likely financial impact of current disputes.

In the 2011–12 reporting period, a software audit led to a discovery of the possible use of a particular software product utilised by ACBPS without a software licence. As at 30 June 2015, the software provider involved has not initiated legal proceedings and ACPBS is still investigating this matter. As such there is no clear understanding as to the impact of this issue.

The Government has entered into a contractual arrangement with Gardline Australia Pty Ltd for the provision of a vessel to strengthen enforcement activities in Australia's northern waters. The contract with Gardline Australia contains unquantifiable indemnities relating to the use, or other operations, of armaments and the presence of armaments on the vessel. It also contains unquantifiable indemnities relating to damage to any property or injury to any person caused by the apprehended or escorted persons or their vessel.

Administered

Unquantifiable contingent liabilities

As at 30 June 2015 ACBPS had a number of legal claims lodged against it for damages and costs. ACBPS has denied liability and is defending the claims. In addition, ACBPS has lodged a number of claims to recover costs which are being pursued. It is not possible to estimate the amount of any eventual payments or receipts in relation to these claims.

At any point in time, ACBPS is involved in a range of dispute resolution processes, including litigation, relating to Customs duty disputes. Details of the outcome of dispute resolution processes are uncertain until a final court or tribunal ruling is made and/or an agreement is reached with the importer at some future date. In some cases, the decision in relation to the cases above will be precedential. Furthermore, a negative court or tribunal ruling may result in refund claims being made by other importers. As a result, in most cases it is not possible to estimate with any reliability the likely financial impact of current disputes.

Unquantifiable contingent assets

As at 30 June 2015, ACBPS hold a number of contingent assets in the form of securities that it collects as part of its revenue collection processes. The number of these securities that may be surrendered to the Commonwealth due to a failure to meet legislative requirements cannot be estimated. The amount that may be collected is not quantifiable. From time to time, ACBPS needs to enforce these securities and collect the associated revenue.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 14: Senior management personnel remuneration

	2015 \$	2014 \$
Short-term employee benefits		
Salary	8,044,586	10,475,394
Performance bonuses	-	544,773
Other	1,166,849	1,158,019
Total short-term employee benefits	<u>9,211,435</u>	<u>12,178,186</u>
Post-employment benefits		
Superannuation	1,436,917	1,784,755
Total post-employment benefits	<u>1,436,917</u>	<u>1,784,755</u>
Other long-term employee benefits		
Annual leave accrued	652,064	807,054
Long-service leave	212,899	263,503
Total other long-term employee benefits	<u>864,962</u>	<u>1,070,557</u>
Termination benefits		
Voluntary redundancy payments	1,196,901	184,976
Total termination benefits	<u>1,196,901</u>	<u>184,976</u>
Total senior executive remuneration expenses	<u>12,710,216</u>	<u>15,218,474</u>

The number of senior management personnel directly remunerated by ACBPS that are included in the above table is 56 (2013–14: 56). As this number includes senior management personnel who were only employed by ACBPS for part of the year, on the basis of full-time equivalency, the number of senior management personnel directly remunerated during the year ended 30 June 2015 was 40.11 (2013–14: 47.00).

During the financial year ACBPS and DIBP were transitioning towards consolidation from 1 July 2015 (refer to Note 2 for additional information). As a consequence, some senior executive services were provided to ACBPS by DIBP senior management personnel. The remuneration for those services was paid by DIBP and has been included in Note 5B as 'Resources received free of charge'. This amount has been excluded from the above table as it did not involve direct expenditure by ACBPS. On a proportion of efforts basis, these services equated to \$2,930,082. At the same time, ACBPS also provided senior management services to DIBP, which has been similarly disclosed in DIBP's financial statements. As the remuneration for these senior management personnel was paid by ACBPS, the costs have been included in the table above. On a proportion of efforts basis, these services equated to \$1,573,843.

Note 14 includes senior managers who acted at the senior executive level for a continuous period of six months or more.

Note 15: Average staffing levels

	2015	2014
The average staffing levels for ACBPS during the year were	4,903	5,000

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial instruments

	2015 \$'000	2014 \$'000
<u>Note 16A: Categories of financial instruments</u>		
Financial assets		
Loans and receivables		
Cash and cash equivalents	4,830	5,023
Trade receivables	3,803	1,414
Advances	1,406	1,395
Other receivables	6,503	5,110
Total loans and receivables	<u>16,542</u>	<u>12,942</u>
Total financial assets	<u>16,542</u>	<u>12,942</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Suppliers	95,723	60,636
Other payables	2,373	3,594
Total financial liabilities measured at amortised cost	<u>98,096</u>	<u>64,230</u>
Total financial liabilities	<u>98,096</u>	<u>64,230</u>

The net fair values of the financial assets and liabilities are at their carrying amounts. ACBPS derived no interest income from financial assets in either the current and prior year.

Note 16B: Credit risk

ACBPS is exposed to minimal credit risk as loans and receivables are cash, trade and other receivables.

The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total amount of trade receivables and other receivables (2014-15: \$11,697,000 and 2013-14: \$7,940,000). ACBPS has assessed the risk of the default on payment and has allocated \$1,391,000 in 2014-15 (2013-14: \$1,416,000) towards an allowance for the impairment of receivables.

ACBPS manages its credit risk by undertaking background and credit checks prior to allowing a debtor relationship. In addition, ACBPS has policies and procedures that guide employee's debt recovery techniques that are to be applied.

ACBPS holds no collateral to mitigate against credit risk. Note 7A provides aging of gross receivables past due and an analysis of impaired receivables.

ACBPS has not renegotiated any receivables that would otherwise be past due or impaired.

ACBPS received appropriation funding from the Government. ACBPS managed its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, ACBPS has policies in place to ensure timely payments are made when due and has no past experience of default. It is expected that this will continue from 1 July 2015 when ACBPS functions move to the Department of Immigration and Border Protection. ACBPS has no derivative financial liabilities in both the current and prior year.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16C: Liquidity risk

ACBPS's financial liabilities are payables. The exposure to liquidity risk is based on the notion that ACBPS will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to ACBPS, for example Advance to the Finance Minister, and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

ACBPS has no derivative financial liabilities in either 2014-15 or 2013-14.

Note 16D: Market risk

ACBPS holds basic financial instruments that do not expose it to currency risk, interest rate risk or other price risk.

Note 17: Financial assets reconciliation

	Notes	2015 \$'000	2014 \$'000
Total financial assets as per Statement of Financial Position		150,843	172,589
Less: non-financial instrument components			
Appropriation receivables		125,090	151,198
Statutory receivables		6,848	7,118
Accrued revenue		2,363	1,331
Total non-financial instrument components		<u>134,301</u>	<u>159,647</u>
Total financial assets as per financial instruments note	16A	<u>16,542</u>	<u>12,942</u>

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Administered assets

	Taxation		Non-Taxation	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Indirect tax				
Customs duty	163,813	153,693	-	-
Passenger Movement Charge	129,368	117,138	-	-
Import processing and depot charges	651	1,137	-	-
Other				
Fees, fines and prosecutions	-	-	31,379	30,278
Total receivables (gross)	<u>293,832</u>	<u>271,968</u>	<u>31,379</u>	<u>30,278</u>
Less: impairment allowance	(7,294)	(14,697)	(25,577)	(26,140)
Total receivables (net)	<u>286,538</u>	<u>257,271</u>	<u>5,802</u>	<u>4,138</u>
Receivables (net) expected to be recovered				
No more than 12 months	271,459	219,447	510	367
More than 12 months	15,079	37,824	5,292	3,771
Total receivables (net)	<u>286,538</u>	<u>257,271</u>	<u>5,802</u>	<u>4,138</u>
Receivables (gross) aged as follows				
Not overdue	274,346	242,593	1,086	416
Overdue by				
0 to 30 days	215	3,554	99	133
31 to 60 days	1,090	1,271	355	151
61 to 90 days	1,480	1,182	97	13
More than 90 days	<u>16,701</u>	<u>23,368</u>	<u>29,742</u>	<u>29,565</u>
Total receivables (gross)	<u>293,832</u>	<u>271,968</u>	<u>31,379</u>	<u>30,278</u>
Impairment allowance aged as follows				
Not overdue	-	-	(1)	-
Overdue by				
0 to 30 days	(110)	(361)	(67)	(83)
31 to 60 days	(73)	(62)	(41)	(99)
62 to 90 days	(12)	(631)	(28)	(7)
More than 90 days	<u>(7,099)</u>	<u>(13,643)</u>	<u>(25,440)</u>	<u>(25,951)</u>
Total impairment allowance	<u>(7,294)</u>	<u>(14,697)</u>	<u>(25,577)</u>	<u>(26,140)</u>

Credit terms for receivables are disclosed in note 1.25.

Refer to administered Note 1.24 and Note 1.25 for further explanation relating to the crystallisation points of the various classes of administered receivables.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Reconciliation of the impairment allowance

Movements in relation to 2015

	Taxation receivables \$'000	Non-taxation receivables \$'000	Total \$'000
As at 1 July 2014	(14,697)	(26,140)	(40,837)
Amounts written off	11,186	56	11,242
Amounts recovered and reversed	901	5,690	6,591
Increase/(decrease) recognised in net cost of services	(4,685)	(5,183)	(9,868)
Total as at 30 June 2015	(7,294)	(25,577)	(32,871)

Movements in relation to 2014

	Taxation receivables \$'000	Non-taxation receivables \$'000	Total \$'000
As at 1 July 2013	(18,449)	(27,757)	(46,206)
Amounts written off	8,346	2	8,348
Amounts recovered or reversed	7,375	1,956	9,331
Increase/(decrease) recognised in net cost of services	(11,969)	(341)	(12,310)
Total as at 30 June 2014	(14,697)	(26,140)	(40,837)

Note 19: Administered payables

	2015 \$'000	2014 \$'000
Note 19A: Unearned revenue		
Unearned revenue expected to be settled		
No more than 12 months	1,183	2,948
More than 12 months	2,367	-
Total unearned revenue	3,550	2,948
Note 19B: Other payables		
Refunds and drawbacks of non-taxation revenue payables	2,182	3,713
Other payables	228	1,687
Total other payables	2,410	5,400

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20: Administered cash flow reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of cash and cash equivalents as per Administered Schedule of Assets and Liabilities to Administered Cash Flow Statement		
Cash and cash equivalents as per Administered Cash Flow Statement	2,667	7,704
Schedule of Administered Assets and Liabilities	<u>2,667</u>	<u>7,704</u>
Discrepancy	<u>-</u>	<u>-</u>
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net contribution by services	12,119,315	10,367,903
Refunds of duty and indirect taxes on behalf of other entities	(183,661)	(142,202)
Movements in assets and liabilities		
Assets		
(Increase)/decrease in taxation receivables	(29,267)	(24,670)
(Increase)/decrease in non-taxation receivables	(1,664)	(1,782)
Liabilities		
Increase/(decrease) in unearned revenue	602	569
Increase/(decrease) in other payables	(2,990)	(3,674)
Increase/(decrease) in security deposits	(833)	(58)
Increase/(decrease) in liabilities administered on behalf of other entities	(49)	42
Net cash from operating activities	<u>11,901,453</u>	<u>10,196,128</u>

Note 21: Administered financial instruments

Note 21A: Categories of financial instruments

All administered financial assets are held as financial instruments. These are represented as cash and cash equivalents which are held at their fair value.

Note 21B: Credit, liquidity and market risk

ACBPS hold basic financial instruments that do not expose it to credit risk, currency risk, interest rate risk or other price risks as financial instruments are represented by cash and cash equivalents.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22: Appropriations

Note 22A: Annual appropriations ('recoverable GST exclusive')

Annual appropriations for 2015

	Appropriation Act Annual appropriation ^a \$'000	PGPA Act Section 74 \$'000	Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance ^b \$'000	Section 51 determinations ^c \$'000
Departmental						
Ordinary annual services	1,077,155	80,169	1,157,324	1,195,460	(38,136)	10,538
Other services- Equity	152,979	-	152,979	123,993	28,986	397
Total departmental	1,230,134	80,169	1,310,303	1,319,453	(9,150)	10,935
Administered						
Ordinary annual services- Administered items	934	-	934	934	-	-
Total administered	934	-	934	934	-	-

^a No adjustment has been made for the departmental budget supplementation for overseas Living-away-from-home allowance under the no-win no-loss arrangements.

^b Variance is due to the operating deficit in 2014–15 and appropriations applied in 2015 from prior years.

^c In 2014–15, there was an adjustment of \$10,538,000 of Appropriation Act 1 and \$397,000 of Appropriation Act 2 that met the recognition criteria of formal reduction in appropriation revenue under s. 51 Finance Minister Determination.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Annual appropriation for 2014

	<i>Appropriation Act</i>	<i>FMA Act</i>	Total appropriation \$'000	Appropriation applied in 2014 (current and prior years) \$'000	Variance ^b \$'000
Departmental					
Ordinary annual services	1,059,975	69,578	1,129,553	1,155,171	(25,618)
Other services- Equity	71,849	-	71,849	67,651	4,198
Total departmental	1,131,824	69,578	1,201,402	1,222,822	(21,420)
Administered					
Ordinary annual services- Administered items	928	-	928	928	-
Total administered	928	-	928	928	-

^a \$188,693.57 of Appropriation Act (No.1) 2013–14 has been quarantined due to the adjustment of departmental budget supplementation for overseas Living-away-from-home allowance under the no-win no-loss arrangements.

^b Variance is due to the operating deficit in 2013–14 and appropriations applied in 2014 from prior years. An expenditure of \$4,743,160.20 for the Long-Term Ashmore Capability project was incurred in 2012–13 for which ACBPS was appropriated in 2013–14.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22B: Departmental capital budgets ('recoverable GST exclusive')

	2015 Capital budget appropriations	Capital budget appropriations applied in 2015 (current and prior years)			Variance \$'000
		Total capital budget appropriations \$'000	Payments for non-financial assets ^b \$'000	Total payments \$'000	
Departmental					
Ordinary annual services - departmental capital budget (DCB) ^a	32,604	32,604	40,839	40,839	(8,235)

^a Departmental capital budgets are appropriated through Appropriation Acts (Nos. 1, 3 and 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriation, please see Table A: Annual appropriations.

^b Payments made on non-financial assets include purchase of assets, expenditure on assets which have been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

^c Variance is due to actual cash spending on ongoing capital projects, partly drawn down from carried forward departmental capital budgets of prior years.

**AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

	2014 Capital budget appropriations	Capital budget appropriations applied in 2014 (current and prior years)		
Appropriation Act	Total capital budget appropriations \$'000	Payments for non-financial assets ^b \$'000	Total payments \$'000	Variance ^c \$'000
Annual capital budget				
Departmental	60,592	60,592	65,634	(5,042)
Ordinary annual services - departmental capital budget (DCB) ^a				

^a Departmental capital budgets are appropriated through Appropriation Acts (Nos. 1, 3 and 5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts. For more information on ordinary annual services appropriation, see Table A Annual appropriations.

^b Payments made on non-financial assets include purchase of assets, expenditure on assets which have been capitalised, costs incurred to make good an asset to its original condition, and the capital repayment component of finance leases.

^c Variance is due to net actual cash spending on departmental capital being lower than budget amount for 2013–14 financial year. The available funding for departmental capital budget in 2013–14 was increased by \$4,743,160.20 which related to expenditure for the long-term Ashmore capability project. The expenditure was incurred in 2012–13 and ACBPS was appropriated the funding in 2013–14.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22C: Unspent annual appropriations ('recoverable GST exclusive')

	2015	2014
	\$'000	\$'000
Departmental		
Appropriation Act (No. 2) 2010-11 ^a	-	2,707
Appropriation Act (No. 1) 2013-14	-	150,198
Appropriation Act (No. 2) 2013-14 ^b	3,315	3,315
Appropriation Act (No. 1) 2014-15	48,066	-
Appropriation Act (No. 2) 2014-15	12,912	-
Appropriation Act (No. 3) 2014-15	63,803	-
Appropriation Act (No. 4) 2014-15	16,074	-
Total departmental	144,170	156,220

^a The unspent balance of Departmental Appropriation Act 2 for 2010-11 was extinguished due to the *Omnibus Repeal Day Act 2014* (Act No 109 of 2014) which received Royal assent on 16th October 2014.

^b The unspent balance of Departmental Appropriation Act 2 for 2013-14 represents the re-profiling of \$3.0 million from 2013-14 to 2014-15 for the Border Enforcement – Tackling Crime – increased screening at the Border measure; and a \$0.315 million movement from 2013-14 to 2014-15 for the Border Management – Anti-Dumping and Countervailing System enhancements. This funding related to IT work to be undertaken by the Anti-Dumping Commission, which transferred to the Department of Industry in the 2013-14 Machinery of Government changes.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 22D: Special appropriations applied ('recoverable GST exclusive')

Administered Authority	Type	Purpose	Appropriation applied	
			2015 \$'000	2014 \$'000
<i>Financial Management and Accountability Act 1997 - s. 28 a&c</i>	Unlimited amount	Repayments required or permitted by law	80,563	348,700
<i>Public Governance, Performance and Accountability Act 2013–s. 77 b&c</i>	Unlimited amount	Repayments required or permitted by law	300,171	-
<i>Taxation Administration Act 1953 - s. 16</i>	Refund	Refunds of receipts to individuals under the tourist refund scheme	165,734	123,282
Total special appropriations applied			546,468	471,982

^a The ATO is responsible for \$1,671,964 for 2014–15 (2013–14: \$18,921,574) of this appropriation relating to GST, WET and LCT on imports.

^b The ATO is responsible for \$16,255,300 for 2014–15 (2013–14: \$nil) of this appropriation relating to GST, WET and LCT on imports.

^c Payments totalling \$199,087 were made in 2014–15 (2013–14: \$857,664) by the Department of Industry in relation to refunds of dumping duty.

Subsequent legal advice indicated that this payment should have been made by ACBPS. The section 28 and 77 refunds detailed above do not include this amount.

Note 22E: Disclosure by agent in relation to annual and special appropriations ('recoverable GST exclusive')

Australian Taxation Office	2015 \$'000	2014 \$'000
Total receipts	165,734	123,282
Total payments	(165,734)	(123,282)

ACBPS administers the Tourist Refund Scheme on behalf of the ATO.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 23: Compliance with statutory conditions for payments from the Consolidated Revenue Fund

Section 83 of the Constitution provides that no amount may be paid out of the Consolidated Revenue Fund except under an appropriation made by law. ACBPS operates under a self-assessment regime for its Customs Duty collection and refunds, which facilitates legitimate trade and ensures collection of border related revenue in a cost effective manner. This process involves importers / brokers undertaking self assessments to determine duty payable and refunds of that duty. This self-assessment regime is supported by a compliance function which targets high risk transactions with a view to identifying intentional misstatement and fraud.

During 2014-15, ACBPS undertook a number of actions, including a structured risk assessment, with a view to providing stakeholders with assurance that the requirements of Section 83 are being complied with. The risk assessment and subsequent analysis for 2014-15 identified 270 breaches totalling approximately \$4,011,000 in relation to payments made under Section 77 of the *Public Governance, Performance and Accountability Act 2013*, and Section 28 of the *Financial Management and Accountability Act 1997*. As at 30 June 2015 \$3,736,000 of these amounts had been recovered or offset. ACBPS expects to recover or offset the remaining balance.

Further information on actual breaches identified in 2014-15 are shown in the table below.

Appropriations identified as subject to conditions	Payments in 2014-15 \$000	Review complete? (Yes/No)	Actual breaches identified during 2014-15		Actual breaches to date yet to be resolved Recovered/ offset as at 30/06/2015 \$000	Indicative extent Yes/No	Remedial action taken or proposed
			Number	Total Incorrect \$000			
Special Appropriations - Refunds and Drawbacks (Duty and GST)							
Section 77 (<i>Public Governance, Performance and Accountability Act 2013</i>)	300,171	Yes	19	101	101	Yes	0.0%
Section 28 (<i>Financial Management and Accountability Act 1997</i>)	80,563	Yes	251	3,910	3,635	Yes	4.9%

L = legislative change and P = planned

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 24: Reporting of outcomes

Net cost of outcome delivery

	Outcome 1		Total	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Departmental				
Expenses	1,257,983	1,181,736	1,257,983	1,181,736
Own-source income	187,398	75,943	187,398	75,943
Administered				
Expenses	10,802	13,238	10,802	13,238
Income	12,130,117	10,381,141	12,130,117	10,381,141
Net cost/(contribution) of outcome delivery	(11,048,730)	(9,262,110)	(11,048,730)	(9,262,110)

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 25: Cost recovery summary

	2015 \$'000	2014 \$'000
Amounts applied		
Departmental		
Annual appropriations ^a	303,527	229,058
Total amounts applied	<u>303,527</u>	<u>229,058</u>
Expenses		
Departmental	<u>341,285</u>	<u>257,240</u>
Total expenses	<u>341,285</u>	<u>257,240</u>
Revenue		
Departmental ^b	1,121	1,165
Administered	<u>355,560</u>	<u>244,376</u>
Total revenue	<u>356,681</u>	<u>245,541</u>
Receivables		
Departmental		
Not overdue	11	18
Overdue by		
0 to 30 days	7	5
31 to 60 days	4	-
61 to 90 days	1	-
More than 90 days	-	8
Total Departmental receivables	<u>23</u>	<u>31</u>
Administered		
Not overdue	1,302	940
Overdue by		
0 to 30 days	1	4
31 to 60 days	3	1
61 to 90 days	-	-
More than 90 days	37	193
Total Administered receivables	<u>1,343</u>	<u>1,138</u>
Total receivables	<u>1,366</u>	<u>1,169</u>
Amounts written off		
Departmental	6	4
Administered	10	1
Total amounts written off	<u>16</u>	<u>5</u>

^a Annual appropriations include the cash component of expenses plus any capital amounts for the given year. This will exclude the non-cash expenses of depreciation and amortisation and movement in provisions.

^b Charges collected under the IPC as section 74 revenue.

Cost recovered activities

Import Processing Charges (IPC) recover the costs of ACBPS's cargo and trade related activities. IPC includes fees for warehouse, depot and broker licences, warehouse declarations fees, location, time and travel fees along with the processing charges associated with administering the importation of goods into Australia. The majority of charges collected from the IPC are administered in nature, however government agreed that some charges of the IPC be collected as departmental revenue (2013-14: s31 departmental revenue).

Documentation (Cost Recovery Impact Statement [CRIS]) for the above activity is available at <http://www.border.gov.au/Busi/cost-recovery>

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26: Budgetary reports and explanations of major variances

The following tables provide a comparison between the 2014–15 Portfolio Budget Statements (Budget) and the final financial outcome in the 2014–15 financial statements. The Budget is not audited. Major material variances are considered where financial statement line items are greater than +/- 2% of the relevant sub-total. Judgement has been applied in providing explanations on other variances.

Note 26A: Departmental budgetary reports

Statement of Comprehensive Income

for the period ended 30 June 2015

	Actual	Budget estimate	
		Original ^a	Variance ^b
	2015	2015	2015
	\$'000	\$'000	\$'000
Net cost of services			
Expenses			
Employee benefits	577,641	544,726	32,915
Suppliers	556,534	511,057	45,477
Grants	1,165	-	1,165
Depreciation and amortisation	120,566	107,790	12,776
Finance costs	429	-	429
Write-down and impairment of assets	1,618	-	1,618
Losses from asset sales	30	-	30
Total expenses	1,257,983	1,163,573	94,410
Own-source income			
Own-source revenue			
Sale of goods and rendering of services	72,704	74,654	(1,950)
Rental income	2,597	-	2,597
Other revenue	9,319	4,047	5,272
Total own-source revenue	84,620	78,701	5,919
Gains			
Gains from sale of assets	6	-	6
Reversals of previous asset write-downs and impairment	4	-	4
Other gains	102,768	740	102,028
Total gains	102,778	740	102,038
Total own-source income	187,398	79,441	107,957
Net cost of services	(1,070,585)	(1,084,132)	13,547
Revenue from Government	1,034,013	976,342	57,671
Deficit attributable to the Australian Government	(36,572)	(107,790)	71,218
Other comprehensive income			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	6,877	-	6,877
Total other comprehensive income	6,877	-	6,877
Total comprehensive loss attributable to the Australian Government	(29,695)	(107,790)	78,095

^a ACBPS's original budgeted financial statements that were first presented to Parliament in respect of the reporting period, that is from the ACBPS's 2014–15 Portfolio Budget Statements (PBS).

^b Between the actual and original budgeted amounts for 2014–15. Explanations of major variances are provided further below.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Statement of Financial Position

as at 30 June 2015

	Actual	Budget estimate	
		Original ^a	Variance ^b
	2015 \$'000	2015 \$'000	2015 \$'000
Assets			
Financial assets			
Cash and cash equivalents	4,830	8,265	(3,435)
Trade and other receivables	143,650	191,078	(47,428)
Accrued revenue	2,363	855	1,508
Total financial assets	150,843	200,198	(49,355)
Non-financial assets			
Land and buildings	129,111	152,367	(23,256)
Property, plant and equipment	514,339	364,082	150,257
Intangibles	164,581	163,424	1,157
Inventories	12,813	2,474	10,339
Other non-financial assets	20,143	13,214	6,929
Total non-financial assets	840,987	695,561	145,426
Total assets	991,830	895,759	96,071
Liabilities			
Payables			
Suppliers	95,723	38,144	57,579
Other payables	43,609	50,474	(6,865)
Total payables	139,332	88,618	50,714
Provisions			
Employee provisions	162,448	191,646	(29,198)
Other provisions	16,455	27,017	(10,562)
Total provisions	178,903	218,663	(39,760)
Total liabilities	318,235	307,281	10,954
Net assets	673,595	588,478	85,117
Equity			
Contributed equity	1,012,190	999,212	12,978
Reserves	90,723	78,074	12,649
Accumulated deficit	(429,318)	(488,808)	59,490
Total equity	673,595	588,478	85,117

^a ACBPS's original budgeted financial statements that were first presented to Parliament in respect of the reporting period, that is from the ACBPS's 2014–15 Portfolio Budget Statements (PBS).

^b Between the actual and original budgeted amounts for 2014–15. Explanations of major variances are provided further below.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

**Statement of Changes in Equity
for the period ended 30 June 2015**

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	Budget estimate		Budget estimate		Budget estimate		Budget estimate	
	Actual	Original ^a	Variance ^b	Actual	Original ^a	Variance ^b	Actual	Original ^a
2015	2015	2015	\$'000	2015	2015	\$'000	2015	2015
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance								
Balance carried forward from previous period	(392,746)	(381,019)	(11,727)	83,846	78,074	5,772	833,027	829,705
Adjusted opening balance	(392,746)	(381,019)	(11,727)	83,846	78,074	5,772	833,027	829,705
Comprehensive income								
Surplus/(deficit) for the period	(36,572)	(107,790)	71,218				(36,572)	(107,790)
Other comprehensive income	-	-	6,877	-	6,877	-	6,877	-
Total comprehensive income	(36,572)	(107,790)	71,218	6,877	6,877	-	(29,695)	(107,790)
Transactions with owners								
Distributions to owners								
Returns of capital								
Re-profile expenditure from 2013-14 to 2014-15	-	-	-	-	-	(3,000)	-	(3,000)
Restructuring - transfer funding from ACBPS to Department of Industry	-	-	-	-	-	(315)	-	(315)
Reduction - Appropriation Act (No. 2) 2010-11	-	-	-	-	-	(2,708)	-	(2,708)
Reduction - Appropriation Act (No. 2) 2014-15	-	-	-	-	-	(397)	-	(397)
Contributions by owners								
Equity injection - Appropriation Acts (Nos. 2 and 4) 2014-15	-	-	-	-	-	152,979	136,905	16,074
Departmental capital budgets - Appropriation Act (No. 1) 2014-15	-	-	-	-	-	32,604	32,604	-
Total transactions with owners	-	-	-	-	-	32,604	-	32,604
Closing balance attributable to Australian Government	(429,318)	(488,809)	59,491	90,723	78,074	12,649	1,012,190	999,214
						-	179,163	169,509
						-	179,163	169,509
						-	12,976	673,595
						-	588,479	9,654
						-	588,479	9,654

^a ACBPS's original budgeted financial statements that were first presented to Parliament in respect of the reporting period, that is from the ACBPS's 2014-15 Portfolio Budget Statements (PBSs).

^b Between the actual and original budgeted amounts for 2014-15. Explanations of major variances are provided further below.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Cash Flow Statement for the period ended 30 June 2015

	Actual	Budget estimate		
		Original ^a	Variance ^b	
		2015 \$'000	2015 \$'000	
Operating activities				
Cash received				
Sale of goods and rendering of services	71,715	72,708	(993)	
Appropriations	1,154,621	975,389	179,232	
Net GST received	69,052	46,147	22,905	
Other	319	685	(366)	
Total cash received	1,295,707	1,094,929	200,778	
Cash used				
Employees	565,124	544,721	20,403	
Suppliers	576,194	504,061	72,133	
Net GST paid	68,633	46,147	22,486	
Section 74 receipts transferred to OPA	80,169	-	80,169	
Tax paid	5,734	-	5,734	
Total cash used	1,295,854	1,094,929	200,925	
Net cash used by operating activities	(147)	-	(147)	
Investing activities				
Cash received				
Proceeds from sales of property, plant and equipment	1,081	-	1,081	
Total cash received	1,081	-	1,081	
Cash used				
Purchase of land and buildings	13,862	-	13,862	
Purchase of property, plant and equipment	125,070	169,509	(44,439)	
Purchase of intangibles	27,027	-	27,027	
Total cash used	165,959	169,509	(3,550)	
Net cash used by investing activities	(164,878)	(169,509)	4,631	
Financing activities				
Cash received				
Departmental capital budget	40,839	-	40,839	
Contributed equity	123,993	169,509	(45,516)	
Total cash received	164,832	169,509	(4,677)	
Net cash received from financing activities	164,832	169,509	(4,677)	
Net decrease in cash held	(193)	-	(193)	
Cash and cash equivalents at the beginning of the reporting period	5,023	8,265	(3,242)	
Cash and cash equivalents at the end of the reporting period	4,830	8,265	(3,435)	

^a ACBPS's original budgeted financial statements that were first presented to Parliament in respect of the reporting period, that is from the ACBPS's PBS 2014–15.

^b Between the actual and original budgeted amounts for 2014–15. Explanations of major variances are provided further below.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26B: Departmental major budget variances for 2015

Affected line items (and schedule)	Explanation of major variances
Statement of Comprehensive Income and related lines in the Statements of Cash flows and Changes in Equity	
Employee benefits	ACBPS received an additional \$68.2 million of funding for a number of new measures as part of the 2014–15 Additional Estimates process. Of this funding, \$14.4 million related to Employee Benefits - accounting for half of the variance. The balance of the variance relates to the higher operational tempo conducted during the year with resulting increases to overtime and allowances. An actuarial review of provisions saw an upward adjustment to provisions with a corresponding increase to expenses.
Suppliers (Comprehensive Income and Cash flow)	ACBPS received an additional \$68.2 million of funding for a number of new measures as part of the 2014–15 Additional Estimates process. Of this funding \$52.0 million related to Suppliers. The expenditure associated with this new funding accounts for the variance.
Depreciation and amortisation	The additional depreciation associated with the transfer of the <i>Ocean Shield</i> was not factored into the original budget estimates. In addition, the useful lives of some ACBPS corporate systems were accelerated due to the integration with the Department of Immigration and Border Protection from 1 July 2015.
Other revenue	Increased resources received free-of-charge arising from consolidation and airport accommodation arrangements.
Other gains	The Department of Defence's gifting of the <i>Ocean Shield</i> vessel in July 2014 was not anticipated at the time of budget estimation.
Revenue from Government (Comprehensive Income) and Appropriation received (Cash flow)	ACBPS received an additional \$68.2 million of funding for a number of new measures as part of the 2014–15 Additional Estimates process.
Changes in asset revaluation surplus and Asset revaluation reserves	Asset valuations are market driven and thus not normally included in budget estimates.
GST received	Increased payments to suppliers and asset acquisitions resulted in higher than expected GST refunds.
GST paid	Higher than estimated 'Sales of goods and services' triggered increased GST payments.
Section 74 receipts transferred to OPA	The PBS templates included this cash movement within the appropriation receipts line.
Tax paid	The costed impacts of the expiry of Living Away From Home Allowance (LAFHA) concessions at the end of 2013–14 were not available at the time the budget was estimated.
Statement of Financial Position and related lines in the Statements of Cash flows and Changes in Equity	
Cash and cash equivalents (Statements of Financial Position and Cash flows)	Cash held by outsiders reported under 'Cash and cash equivalents' in 2013–14 was reclassified to 'Other receivables' in 2014–15. The cash held is based on business requirements at the time and cannot be consistently forecast with accuracy.
Trade and other receivables	Forecast 'Appropriations receivable' were updated at Additional Estimates to account for the prior year actuals. This reduced the budgeted balance to \$164.8 million. The prior year actuals were not known at the time of the original Budget development. The balance of the variance is a flow on effect from higher than budgeted levels of operational and capital expenditure.
Land and buildings	The revaluation of 'Buildings' reflected a decreased fair market value at the end of 2014–15 not anticipated in May 2014. Also, changes to the 'Leasehold' property footprint were not anticipated at Budget.
Property, plant and equipment (Statement of Financial Position)	Increases due to earlier than expected commissioning of Cape Class vessels and receipt of the <i>Ocean Shield</i> from Defence.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Affected line items (and schedule)	Explanation of major variances
Statement of Comprehensive Income and related lines in the Statements of Cash flows and Changes in Equity (cont.)	
Inventories	Larger than forecast acquisitions of new uniforms and related consumables were purchased in preparation for the commencement of the Australian Border Force on July 1, 2015.
Other non-financial assets	The variance reflects that a higher number of prepayment arrangements were entered into than originally forecast at the time of preparing the budget.
Suppliers	This reflects an expenditure pattern which had higher expenses incurred in June than was anticipated within the original Budget. This item was also impacted by a mapping issue in the Budget which understated Supplier Payables and overstated Employee Provisions.
Other payables	The variance relates to the level of accruals across a range of categories. Accruals will vary due to a number of factors such as operational activity.
Employee provisions	This item was impacted by a mapping issue in the Budget which understated Supplier Payables and overstated Employee Provisions.
Other provisions	Due to timing, the budget data did not include the <i>Ocean Protector</i> vessel make good payout.
Contributed equity (Financial Position, Changes in Equity, and Cash flow)	The equity injection at Additional Estimates was not anticipated in the original budget.
Reserves (Financial Position) and Asset revaluation surplus (Changes in Equity)	Asset revaluations are market driven and thus not normally included in budget estimates.
Accumulated deficit (Financial Position) and Retained earnings (Changes in Equity)	The reduction in the Accumulated Deficit reflects the additional gains associated with Ocean Shield and other gains which were not captured at Budget offset by underlying expenditure being higher than revenue.
Purchase of property, plant and equipment (Cash flow)	The Budget estimates present cash flows relating to asset acquisitions as a single line. Combined, the spending variance is within anticipated operational fluctuations.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26C: Administered budgetary reports

Administered Schedule of Comprehensive Income

for the period ended 30 June 2015

	Actual 2015 \$'000	Budget estimate	
		Original ^a 2015 \$'000	Variance ^b 2015 \$'000
Net cost of services			
Expenses			
Suppliers – consultants and market research (external)	934	934	-
Impairment and write-down of assets	9,868	2,500	7,368
Total expenses	10,802	3,434	7,368
Income			
Revenue			
Taxation revenue			
Customs duty	10,882,321	9,269,250	1,613,071
Passenger Movement Charge	881,298	907,936	(26,638)
Import processing and depot charges	353,372	346,455	6,917
Total taxation revenue	12,116,991	10,523,641	1,593,350
Non-taxation revenue			
Fees, fines and prosecutions	1,068	2,500	(1,432)
Interest	28	-	28
Other	5,439	-	5,439
Total non-taxation revenue	6,535	2,500	4,035
Total revenue	12,123,526	10,526,141	1,597,385
Gains			
Reversal of previous impairment and write-down of assets	6,591	-	6,591
Total gains	6,591	-	6,591
Total income	12,130,117	10,526,141	1,603,976
Net contribution by services	12,119,315	10,522,707	1,596,608
Surplus	12,119,315	10,522,707	1,596,608

^a ACBPS's original budgeted financial statements that were first presented to Parliament in respect of the reporting period, that is from the ACBPS's 2014–15 Portfolio Budget Statements (PBS).

^b Between the actual and original budgeted amounts for 2014–15. Explanations of major variances are provided further below.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Administered Schedule of Assets and Liabilities
as at 30 June 2015

	Actual	Budget estimate	
		Original ^a	Variance ^b
		2015 \$'000	2015 \$'000
Assets			
Financial assets			
Cash and cash equivalents	2,667	891	1,776
Total financial assets	2,667	891	1,776
Non-financial assets			
Taxation receivables	286,538	232,401	54,137
Non-taxation receivables	5,802	7,356	(1,554)
Total non-financial assets	292,340	239,757	52,583
Total assets administered on behalf of Government	295,007	240,648	54,359
Liabilities			
Payables			
Unearned revenue	3,550	-	3,550
Other	2,410	11,452	(9,042)
Total payables	5,960	11,452	(5,492)
Non-interest bearing liabilities			
Security deposits	1,413	2,304	(891)
Total non-interest bearing liabilities	1,413	2,304	(891)
Total liabilities administered on behalf of Government	7,373	13,756	(6,383)
Net assets/(liabilities)	287,634	226,892	60,742

^a ACBPS's original budgeted financial statements that were first presented to Parliament in respect of the reporting period, that is from the ACBPS's 2014–15 Portfolio Budget Statements (PBS).

^b Between the actual and original budgeted amounts for 2014–15. Explanations of major variances are provided further below.

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 26D: Administered major budget variances for 2015

Affected line items (and schedule)	Explanation of major variances
Administered Schedules of Comprehensive Income	
Write-down and impairment of assets (Comprehensive Income - expense)	The factors associated with the impairment are inherently difficult to predict, including the volume and risk profile of the underlying receivable recognised. The actual impairment and write-down of assets expense includes an impairment assessment based upon information available as at balance date. The corresponding Budget estimate did not include an estimate for Gains.
Customs duty (Comprehensive Income - taxation revenue)	The increase in the Customs Duty revenue is primarily a result of a major domestic tobacco manufacturer shifting production overseas. The timing of the shift was quicker than anticipated when the original Budget estimates were prepared in May 2014. The increase in Customs duty revenue was also due to increased import volumes for Textiles, Clothing and Footwear (TCF) and Other General goods. The increase in Other General revenue reflected the impact of the demand for building-related material resulting from the strength of the domestic construction sector. The strength of these sectors was partially offset by the reduction in Petroleum and Alcohol collections.
Fees, fines and prosecutions (Comprehensive Income - non-taxation revenue)	The Budget estimate was prepared at the aggregate of the Non-Taxation revenue classification level only. Therefore the attribution between the Fees, Fines and prosecutions and Other level is not provided at the estimate level. The greater than expected revenue for Non-Taxation revenue is attributable to the increase in infringement notices issued as part of the focus on compliance activities.
Interest (Comprehensive Income - non-taxation revenue)	The quantum is immaterial and therefore not included as part of the estimate. The interest is associated with the instalment plans being entered into by debtors who are unable to pay the full amount of the outstanding debt. This is due to increased debt management activity.
Other (Comprehensive Income - non-taxation revenue)	The Budget estimate was prepared at the aggregate of the Non-Taxation revenue classification level only. Therefore there is no attribution of the estimate between: Fees, Fines and prosecutions; Interest; and Other revenue.
Administered Schedules of Asset and Liabilities	
Cash and cash equivalents (Financial Assets)	This variance is purely a timing issue. The amount of cash as at 30 June 2015 that exists in the ACBPS administered bank account, prior to being returned to the Official Public Account (OPA), cannot be reliably determined at the time the Budget estimates are prepared.
Taxation Receivables (Financial Assets)	The increase in the taxation receivable is a direct correlation with the increase in the Customs Duty revenues in conjunction with a lower than expected impairment allowance.
Non-Taxation Receivables (Financial Assets)	The decrease in the non-taxation receivable is a result of the estimate anticipating a greater number of accruals based on the historical trend. The lower accrual was compounded by the greater than anticipated impairment allowance which underpinned the net reduction for the non-taxation receivable balance recognised.
Unearned Revenue (Liabilities - Payables)	The Budget estimate was prepared at the Total Payable aggregate level. A component of the variance at the aggregate includes the Unearned Revenue associated with the full effect of the three year Broker Licenses that were issued for payment in the 2014–15 year. These licences will be effective for the next three financial years effective 1 July 2015 with the unwinding of the Unearned Revenue being accounted for over the same period.
Other (Liabilities - Payables)	The Budget estimate was prepared at the Total Payable aggregate level. Payments for the bulk of outstanding payables were made in anticipation of integration with the Department of Immigration and Border Protection.
Security deposits (Liabilities - Non-interest bearing liabilities)	The reduction against the estimate is primarily due to the change in the recognition of legacy liabilities in 2014–15 year. This change is a one-off and was not anticipated as part of the 2014–15 Budget estimate.



PART 6

APPENDICES

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APPENDIX A

AGENCY RESOURCE STATEMENT AND RESOURCES FOR OUTCOME

Table A-1: Agency resource statement 2014–15

Agency Resource Statement 2014–15	Actual available appropriation for 2014–15 ^a (\$'000) {A}	Payments made for 2014–15 ^a (\$'000) {B}	Balance remaining 2014–15 (\$'000) ={A}–{B}
Ordinary annual services^b			
Appropriation receivable	150,198	145,179	5,019 ^g
Departmental appropriation ^{c,d}	1,066,617	970,305	96,312
Section 74 receipts	80,168	80,168	0
Total	1,296,984	1,195,653	101,331
Administered expenses			
Outcome 1	934	934	0
Total	934	934	0
Total ordinary annual services {C}	1,297,918	1,196,587	101,331
Departmental non-operating			
Equity injections ^e	152,979	123,993	28,986
Total	152,979	123,993	28,986
Total other services {D}	152,979	123,993	28,986
Total available annual appropriations and payments	1,450,897	1,320,580	130,317
Special appropriations			
Special appropriation ^f	420,000	380,734	39,266
Total special appropriations {E}	420,000	380,734	39,266
Total resourcing and payments			
{C} + {D} + {E}	1,870,897	1,701,314	169,583

a ACBPS information derived from information contained within the Department of Finance Central Budget Management System (CBMS).

b Appropriation Bill (No. 1) 2014–15 and Appropriation Bill (No. 3) 2014–15.

c This includes amounts for Appropriation Bill (No. 3) 2014–15 and an amount of \$10.5 million as part of s51 determinations.

d This includes \$32.6 million for the Departmental Capital Budget in 2014–15. For accounting purposes this amount has been designated as ‘contributed by owners’.

e Appropriation Bill (No. 2) 2014–15 and Appropriation Bill (No. 4) 2014–15.

f The total Special appropriation of \$380.7 million comprised payments made under s28 (*Financial Management and Accountability Act 1997*) of \$80.5 million and s77 (*Public Governance, Performance and Accountability Act 2013*) of \$300.2 million.

g This includes an amount of \$0.2 million which was quarantined and not available for payments in 2014–15.

Note: *Special Accounts have not been reported for 2014–15 as they were not utilised during the financial year and were revoked effective from 1 July 2014. Figures are rounded to the nearest hundred thousand and may not total exactly due to rounding.*

Table A-2: Resources for outcome

	Budget 2014–15 ^a (\$'000) {A}	Actual expense 2014–15 (\$'000) {B}	Variation 2014–15 (\$'000) ={A}–{B}
Programme 1.1: Border Enforcement			
Departmental expenses	1,025,658	1,040,532	(14,874)
Subtotal for Programme 1.1	1,025,658	1,040,532	(14,874)
Programme 1.2: Border Management			
Departmental expenses	126,462	147,530	(21,068)
Subtotal for Programme 1.2	126,462	147,530	(21,068)
Programme 1.3: Border Revenue Collection			
Departmental expenses	77,788	69,920	7,867
Subtotal for Programme 1.3	77,788	69,920	7,867
Total departmental expenses	1,229,908	1,257,982	(28,075)
Special appropriations			
Repayments required or permitted by law ^b	420,000	380,734	39,266
Total for outcome			
Department expenses	1,229,908	1,257,982	(28,074)
Administered expenses	3,434	10,802	(7,368)
Administered refunds (FMA Act s.28) ^b	420,000	380,734	39,266
Average staffing level (number of officers) ^c	4,920	4,903	17

a Data derived from the 2014–15 Portfolio Additional Estimates Statements.

b The total repayments required or permitted by law of \$380.7 million comprised of payments made under s28 (*Financial Management and Accountability Act 1997*) of \$80.5 million and s77 (*Public Governance, Performance and Accountability Act 2013*) of \$300.2 million.

c Reported as an average staffing level (ASL) basis.

APPENDIX B

ECOLOGICALLY SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PERFORMANCE

Under Section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), Commonwealth organisations have a statutory requirement to report on their environmental performance and how they accord with, and advance the principles of, ecologically sustainable development. This appendix provides information on our environmental performance in accordance with the requirements of s. 516A of the EPBC Act.

The Portfolio is committed to making a positive contribution to sustainable development. Sustainable development includes ecologically sustainable development, social justice and equity in policy development and operational activity. We demonstrate our success through metrics based on benchmark indicators provided by the Department of Industry. We are also committed to supporting other government agencies with environmental tasks.

The Service applied a rigorous risk management approach to ecologically sustainable development and environmental performance. Risk management includes the assessment of environmental, geographical, social, commercial and trading risks, and underpins our planning and project activities. The Service recognised the risk to Australia's health and safety environment if its operational response to enforcing legislation was ineffective. Newly established reporting and review processes, which will be used by the integrated Department, will ensure that risks are assessed regularly and managed effectively, and that deployed systems and processes support continuous improvement.

ENVIRONMENTAL POLICY

In 2014–15, the Service further demonstrated its commitment to ecologically sustainable development and environmental performance by ensuring that it complied with government policies contributing to sustainable development, including environmental policies as outlined in the Energy Efficiency in Government Operations (EEGO) Policy, the *Australian Government Data Centre Strategy 2010–2025*, *Australian Government ICT Sustainability Plan 2010–15* and Commonwealth Property Management Guidelines. Our compliance with these policies was visible through our working within set guidelines, the inclusion of model environmental clauses in request-for-tender documentation, and by taking into consideration tender responses that identify non-compliance with Government policies, particularly in relation to sustainable development.

ENVIRONMENTAL MANAGEMENT

The ACBPS Environmental Practice Statement outlined the Service's commitment to the key objectives of improving environmental performance and instituting better practices. We adopted an Environmental Management System that seeks to minimise environmental impacts by:

- educating officers through the intranet site, internal news articles and signage to reinforce environmentally friendly practices
- procuring information and communications technology (ICT) equipment with improved energy-saving capacity
- providing recycling facilities for paper, aluminium, glass, plastics, toner cartridges, batteries, mobile phones and fluorescent lighting tubes
- inclusion of contract clauses for recycling services and environmentally friendly products
- increasing the consumption of paper with a recycled content
- adoption of maintenance practices such as:
 - installation of water-saving devices
 - servicing plant equipment and air-conditioning systems to ensure effective operation
 - regular light inspections and replacement
 - installation of water-efficient shower heads and taps and dual-flush toilets where possible
 - providing a call centre for officers to report building faults
 - increasing the ratio of fuel-efficient vehicles in the national fleet
 - increasing officer-to-printer ratios
 - entering into Green Lease Schedules with the quarterly Building Management Committee
 - meetings with building owners to discuss building performance
 - conducting energy audits at key locations.

The Service measured performance against set energy targets and it conducts energy audits as required. Under the integrated arrangements, the Portfolio will continue with an Environmental Management System that targets major issues such as consumption of energy, generation of waste, water usage and management of hazardous materials.

ENERGY USE

It is not possible to report energy use data for 2014–15 until late 2015. As these figures were not available at the time of publication, figures from 2013–14 have been used.

Performance statistics show a positive trend overall, with energy consumption in 2013–14 decreasing by 9.6 per cent, to 65,787 gigajoules (GJs) compared with the previous year's 72,786 (see Table B-1). This was mainly due to the overall reduction in electricity usage under the categories of 'Office–tenant light and power' and 'Other buildings'. The 'Office–central services' category (consisting of lifts, lobby lights, security and hot-water systems) continues to be reported under 'Office–tenant light and power' as these areas are not separately metered. The category 'Transport and Passenger Vehicles' showed a 12.9 per cent decrease across all fuel consumption during 2013–14.

Table B-1: Direct energy use—tenant light and power, 2012–13 to 2013–14

Financial Year	2012–13	2013–14
Office—tenant light and power		
Electricity (kWh)	15,797,809	14,839,796
Green power (kWh)	(869,391)	(867,483)
Total GJ	56,872	53,423
Occupancy ^b	4,421	4,424
Area (m2)	102,598	102,598
MJ/Occupancy (people) / annum	12,864.08	12,075.78
MJ/Area (m2) / annum	554	521
m2 / person	23	23
Office—central services		
Total GJ^a	—^a	—^a
Other buildings		
Electricity (kWh)	3,416,212	2,436,171
Liquid Petroleum Gas (L)	107,580	79,147
Greenpower (kWh)	(211,404)	(113,259)
Total GJ	12,298	8,770
Area (m2)	130,015	130,015
MJ / Area (m2) / annum	95	67
Other uses		
Electricity kWh	944,609	988,506
Liquid Petroleum Gas (MJ)	107,580	35,840
Green power (kWh)	(46,932)	(58,915)
Total GJ	3,616	3,594
Area (m2)	47,947	47,947
KPI (MJ/m2)	76.8	74.9
Total GJ	72,786	65,787

L = Litres

kWh = Kilowatt Hours

GJ = Gigajoule

MJ = Megajoule

m2 = meters squared

a Central services are not separately metered therefore usage is included under the category –‘Office –tenant light and power’.

b Occupancy numbers consist of FTE officers extracted from Compass on 1 July at the beginning of the reporting year.

Table B-2: Direct energy use—transport, 2012–13 to 2013–14

Passenger vehicles	2012–13	2013–14
Automotive diesel (L)	130,237	114,701
E10 Bio-fuel (L)	58,902	47,293
Petrol (L)	215,148	189,747
LPG (L)	2,271	2,111
Total GJ	14,519	12,637
Distance travelled (km) / annum	3,567,812	3,111,638
MJ / distance travelled (km) / annum	4.07	4.06

L = Litres

Km = Kilometre

MJ = Megajoule

GJ = Gigajoule

ENVIRONMENTAL GOALS

The following table provides an overview of the performance of the Service in meeting its various environmental goals throughout 2014–15:

Table B-3: Environmental goals 2014–15

Environmental goals 2014–15	Result	Ongoing environmental goals
Maintain recycled paper content.	Individual sections are now responsible for purchasing office paper. The recommended minimum recycled content is 80 per cent or carbon neutral paper.	Sections will continue to purchase recycled paper as recommended in the Environmental Practice Statement.
Monitor and report on high energy usage sites.	Monitoring is ongoing.	Undertake energy audits as required.
Implement energy-saving solutions for office lighting.	The Environmental Management Instruction and Guidelines outline good practices such as turning off lights in empty rooms and after hours. Implement new sensor lighting where possible.	Officers will continue to be reminded of good practices in saving energy. Continue to install lighting sensors during new projects and fit-outs.
Introduce energy-saving solutions for computers and office equipment.	Portfolio continues to revise practices in accordance with the <i>Australian Government Data Centre Strategy 2010–2025 and the Australian Government ICT Sustainability Plan 2010–15</i> .	Portfolio will adhere to the recommendations for ICT equipment in the <i>Australian Government Data Centre Strategy 2010–2025 and the Australian Government ICT Sustainability Plan 2010–15</i> . Continue to procure energy-efficient ICT equipment with automatic power-saving options. Review officer-to-printer ratios in all major offices. The 2014–15 target is a ratio of 15:1. Review all server room temperatures to save A/C usage.

Table B-3: Environmental goals 2014–15

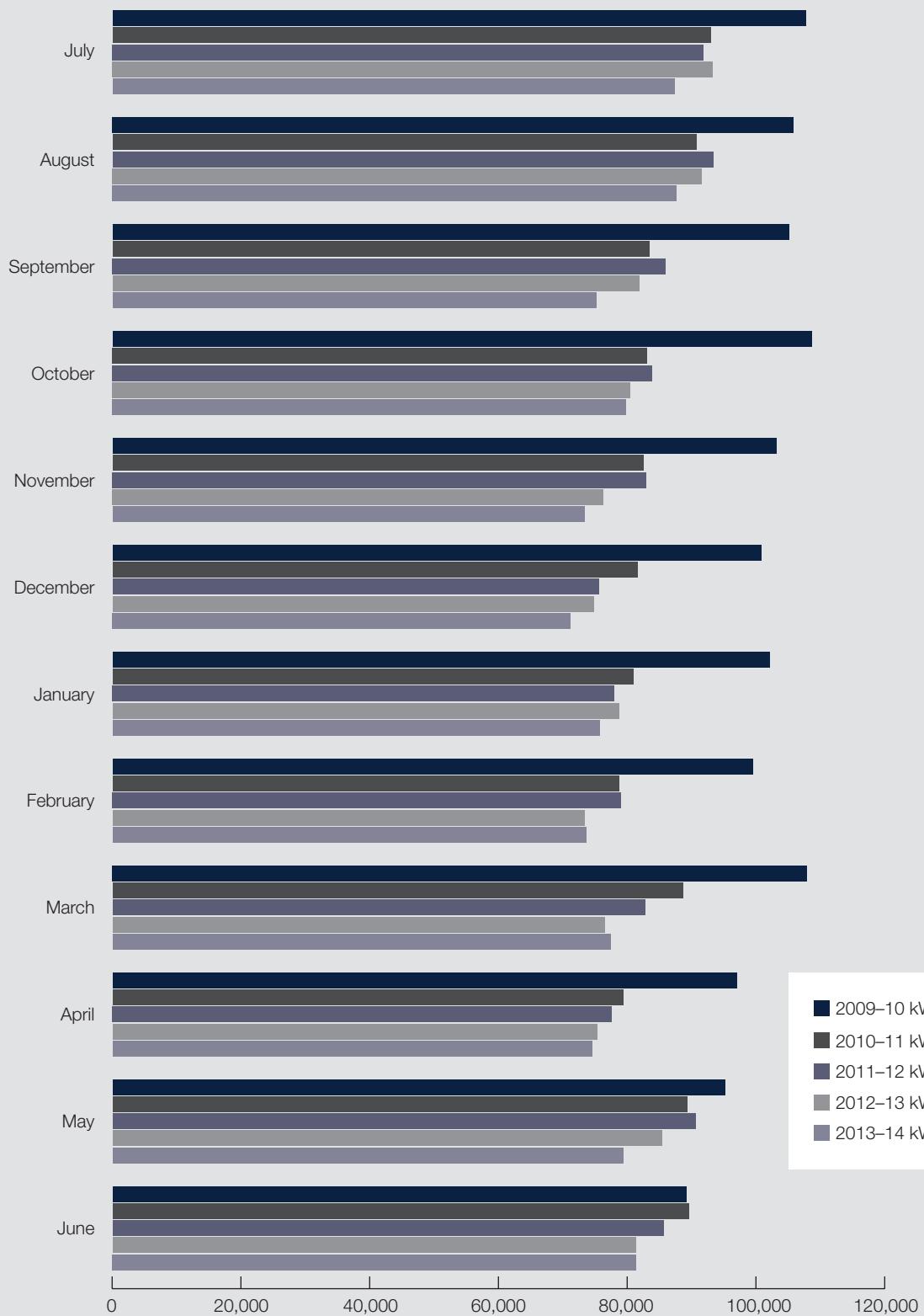
Environmental goals 2014–15	Result	Ongoing environmental goals
Continue existing Green Lease Schedules (GLS) to improve building energy performance and National Australian Built Environment Ratings System (NABERS) via Building Management Committee.	Four major offices contain GLS: <ul style="list-style-type: none">• 2 Constitution Ave, Canberra• Melbourne Customs House• Adelaide Customs House• Brisbane Customs House	Continue to seek improvements in building energy performance and, where required, enter into new GLS for major office renewals.
Maintain the Environmental Management intranet page containing information on expected practices and guidelines for all staff and contractors.	The Environmental Management intranet page is available to all officers and contains advice on expected practices of staff and contractors.	Continue to review and update the Environmental Management intranet page as required. Relevant internal news articles will contain links to the Environmental Management intranet page for greater officer awareness.
Promote and participate in Earth Hour.	The yearly event in March was successful.	Promote and participate in Earth Hour.

In June 2010 the Service completed the implementation of major energy-saving initiatives at nine locations around Australia. The energy savings from these sites continue to be monitored. One of the top performers was 5 Constitution Avenue, Canberra. After a complete lighting upgrade (finished in 2009–10), electricity consumption reflects the initial drops and remains consistent with the following years (2010–11, 2011–12, 2012–13 and 2013–14) as shown in Figure B-1.

Figure B-1 shows electricity usage remains consistent with the previous years, where the largest drop of energy was seen due to energy upgrades that were implemented.

FIGURE B-1

ELECTRICITY CONSUMPTION FOR
5 CONSTITUTION AVENUE, CANBERRA



ECONOMIC, ENVIRONMENTAL AND SOCIAL CRITERIA IN PROCUREMENT

The Service applied the economic, environmental and social criteria as outlined in the EEGO policy in procurement operations. ACBPS's compliance with these policies has been achieved by including evaluation criteria in procurement documents and considering those policies when determining value for money in a tender process. The Service has aimed to improve energy efficiency and reduce the whole-of-life cost and environmental impact throughout a product's life cycle—production, use or disposal.

ACBPS also included criteria such as hazardous or ozone-depleting substances and energy ratings in its procurement decisions. It has also taken account of a wide range of other government policies and requirements for effective purchasing, including:

- Australian Public Service values, ethics and Code of Conduct
- Chief Executive Instructions and Practice Statements
- work health and safety policy
- the *Freedom of Information Act 1982*
- the *Privacy Act 1988*.

HERITAGE

In accordance with the EPBC Act, each Commonwealth agency that owns or controls heritage properties is required to complete a heritage strategy and use it to manage those properties.

The Portfolio conserves the Commonwealth heritage values of the one property we occupy and control in conjunction with the Department of Finance which is on the Commonwealth Heritage List—the National Operational Training Centre at Neutral Bay in Sydney, NSW. In addition, we adhere to a 'good neighbour' policy to protect and conserve the heritage values of the heritage properties we occupy. In accordance with the 'good neighbour policy', we comply with state, territory or local government heritage management standards, wherever practical.

We lease each of the heritage properties we occupy, and we held consultations with the respective property owners on heritage-related matters as they arose in 2014–15.

APPENDIX C

INFORMATION PUBLICATION SCHEME STATEMENT

As an agency subject to the *Freedom of Information Act 1982* (FOI Act), the Service is required to publish information to the public as part of the Information Publication Scheme. An agency plan showing what information the Service publishes in accordance with the Information Publication Scheme requirements is available on the Service's website.

From 1 July 2014 to 30 June 2015, the Service received 213 requests under section 15 of the FOI Act, down from 218 requests last year.

Requests for access to information covered such matters as:

- import or export data associated with our operational matters
- processing of passengers at airports
- enquiries from media organisations on various issues including maritime people smuggling
- staffing matters.

Note: These numbers include requests carried over from the previous financial year and requests still being processed at the end of the financial year.

From 1 July 2014 to 30 June 2015, the Service received eight requests for internal review under Section 54 of the FOI Act, down from 12 internal reviews last year.

From 1 July 2014 to 30 June 2015, the Service was notified of 12 requests for Information Commissioner Review under Section 54B of the FOI Act, up from six notifications last year.

From 1 July 2014 to 30 June 2015, the Service received no notifications for a review by the Administrative Appeals Tribunal under Section 57A of the FOI Act, the same as last year.

APPENDIX D

On 10 June 1985, the *Customs Administration Act 1985* established the ACBPS as a separate statutory agency. This Act was repealed on 1 July 2015. When in existence, the ACBPS primarily derived its powers from the *Customs Act 1901* and related legislation.

The *Customs Administration Act 1985* provided for the appointment of a Chief Executive Officer (CEO), who, reporting to the Minister, controlled the ACBPS. The Governor-General appointed the CEO. Certain statutory functions and powers were vested in the Minister but most decisions made under ACBPS legislation were the responsibility of the CEO. The CEO had the ability to delegate (by signed instrument) to an officer of the Service the functions and powers of the CEO.

COMMONWEALTH LEGISLATION UNDER WHICH ACBPS EXERCISED POWERS

Following are some of the important Acts and Regulations under which the CEO and/or ACBPS officers exercised powers and performed functions:

- *Customs Act 1901*
- *Customs (Prohibited Exports) Regulations 1958*
- *Customs (Prohibited Imports) Regulations 1956*
- *Customs Regulations 2015*
- *Customs (International Obligations) Regulations 2015*
- *Customs Administration Act 1985*
- *Customs Tariff Act 1995*
- *Commerce (Trade Descriptions) Act 1905*
- *Maritime Powers Act 2013*.

From 1 July 2015, the powers under the above Acts and the *Australian Border Force Act 2015* are exercisable by the Comptroller-General of Customs and officers in the Department of Immigration and Border Protection.

Other legislation under which ACBPS officers exercised powers included:

- *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*
- *Australian Postal Corporation Act 1989*
- *Copyright Act 1968*
- *Crimes Act 1914*
- *Environment Protection and Biodiversity Conservation Act 1999*
- *Fisheries Management Act 1991*

- *Major Sporting Events (Indicia and Images) Protection Act 2014*
- *Migration Act 1958*
- *National Health Act 1953*
- *Olympic Insignia Protection Act 1987*
- *Quarantine Act 1908*
- *Trade Marks Act 1995.*

The ACBPS collected charges and revenue under the following legislation:

- *A New Tax System (Goods and Services Tax) Act 1999*
- *A New Tax System (Wine Equalisation Tax) Act 1999*
- *A New Tax System (Luxury Car Tax) Act 1999*
- *Customs Depot Licensing Charges Act 1997*
- *Import Processing Charges Act 2001*
- *Passenger Movement Charge Act 1978*
- *Passenger Movement Charge Collection Act 1978.*

Administrative legislation that the ACBPS complied with includes:

- *Administrative Decisions (Judicial Review) Act 1977*
- *Disability Discrimination Act 1992*
- *Financial Management and Accountability Act 1997*
- *Freedom of Information Act 1982*
- *Work Health and Safety Act 2011*
- *Privacy Act 1988*
- *Public Service Act 1999*
- *Maternity Leave (Commonwealth Employees) Act 1973*
- *Long Service Leave (Commonwealth Employees) Act 1976*
- *Workplace Relations Act 1996.*

These lists are not exhaustive and do not include all delegated legislation.

APPENDIX E

ADVERTISING AND MARKET RESEARCH

Under Section 321A of the *Commonwealth Electoral Act 1918*, any payments we make for advertising or market research greater than \$12,565 (inclusive of GST) must be reported in the Annual Report. In accordance with this legislation, the totals paid to these organisations and the services they provided are set out below.

During 2014–15, the Service conducted the following advertising campaigns:

- *Anti-People Smuggling Communication Campaign*
 - Don't throw your money into water
 - No Way. You will not make Australia home.

Further information on those advertising campaigns is available at www.border.gov.au and the reports prepared by the Department of Finance are available at www.finance.gov.au/advertising

Table E-1: Payments over \$12,565 (inclusive of GST) to advertising and market research organisations

Organisation	Services	Amount (GST inclusive)
Mitchell Adcorp Alliance	Online advertising	\$2,043,306.54
LOTE Marketing	Advertising translation and production	\$184,263.98
Mediabrands Australia Pty Ltd Trading as Airborne	Online production	\$16,527.50
Put It Out There Pictures	Production	\$3,158,936.00
Red Elephant Research	Research	\$534,350.00
Woolcott Research and Engagement	Research	\$28,380.00
Total (inclusive of GST)	\$5,965,764.02	\$5,965,764.02
Organisation	Services	Amount (GST not applicable)
STATT Consulting Ltd	Research public relations advertising	\$6,903,334.00
International Organisation for Migration Vietnam	Public relations advertising	\$198,092.49
International Organisation for Migration Indonesia	Public relations advertising	\$1,128,000.00
Thompson Associates (PVT) Ltd ^a / TAL Group / Total Media Direction (PVT) Ltd ^a	Public relations advertising	\$2,099,026.24
Organisation for Eelam Refugee Rehabilitation (OfERR) India ^a	Public relations advertising	\$29,226.92
Radio, cinema, rickshaw and transit advertising India ^a	Public relations advertising	\$127,786.25
Press, billboards, rickshaw, inflight advertising Pakistan ^a	Public relations advertising	\$301,774.09
Nalamdana Charitable Trust India ^a	Public relations advertising	\$34,423.84
Lapis	Public relations advertising	\$327,100.72
Leo Burnett Indonesia	Public relations advertising	\$485,361.76
Zanala Bangladesh	Public relations advertising	\$22,400.00
International Organisation for Migration Vietnam—Bangladesh	Research	\$36,000.00
Total (GST not applicable)		\$11,692,526.31

a These payments were made by the relevant overseas posts.

APPENDIX F

PURCHASER-PROVIDER ARRANGEMENTS

ACBPS functions were carried out in a particularly dynamic and complex operating environment during the period of reform. ACBPS faced an operating environment characterised by exponentially increasing volumes of trade and travel and increasing complexity in global routes and supply chains. It faced the challenge of keeping pace with the accelerating evolution of the border environment while meeting government and community expectations around border management and protection.

The Service's civil maritime surveillance and response programme was delivered with the assistance of a number of providers, although the Service was increasingly moving towards ownership of Australian Customs and Border Protection Vessels (ACVs). The Service's aerial and satellite surveillance programmes were both delivered by contracted providers. Leases for both ACV *Ocean Shield* and ACV *Triton* terminated in 2014–15. The contracted ACV *Ashmore Guardian* was replaced with ACBPS-owned ACV *Thaiyak*, and the ACV *Ocean Shield* was transferred to the Service from Defence during the period under review. It has been manned by a contracted crew until it moves to a fully ABF-crewed model in 2015–16.

This financial year each vessel contract has performed to expectations and no patrol days were lost due to contract non-performance. The Service's aerial surveillance providers also performed to expectations.

ACBPS container and cargo examination facilities had arrangements with logistics providers for the movement of containers to and from the facilities and the unpacking and repacking of containers requiring examination. In 2014–15, ACBPS inspected 101,273 twenty-foot equivalent units (TEUs) and physically examined 15,581 TEU sea cargo containers.

The arrangements for these services have worked effectively. Throughout 2014–15, services were delivered to the cost and standard required by the Service and this is reflected in the achievement of the annual Portfolio Budget Statement targets.

The Service's internal audit function was delivered through an outsourcing arrangement with Ernst & Young, an arrangement that commenced on 1 July 2013. The Internal Audit Section supports the Audit and Risk Committee, which meets five times a year to approve, administer and oversee the delivery of the Strategic Internal Audit Plan and Financial Statements requirements.

In 2014–15, the Internal Audit Section completed 20 internal audit reports, which were considered by the Audit and Risk Committee. These included performance and compliance audits, which were conducted over a diverse range of subjects, risk areas and business units across the Service. The Internal Audit Section also undertook extensive follow-up to monitor progress of open recommendations and verify activities undertaken to fully implement those recommendations.

Reporting to an ACBPS National Manager, the Internal Audit Section's management and administrative roles include servicing of the Audit and Risk Committee, the Chief Executive Officer and senior management, liaison with the Australian National Audit Office (ANAO), operational management of the Internal Audit team, follow-up of audit recommendations (external and internal), assessment against ANAO reports and better practice guides, and ongoing advice to management of control, risk and assurance matters. On 1 December 2014, the ACBPS Internal Audit Section integrated with DIBP's Internal Audit Section.

APPENDIX G

CORRECTION OF ERRORS IN THE 2013–14 AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE ANNUAL REPORT

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Table 14: Tobacco detections in sea cargo and amount of duty evaded

The equivalent tobacco weight in 2012–13 was reported as 343, the correct weight is 344.

The number of detections in 2013–14 was reported as 81, the correct number is 78.

The tobacco tonnes was reported as 178, the correct number is 183. Duty was reported at 139 million, the correct number is 142 million. The equivalent weight was reported as 296, the correct number is 301.

Note: tobacco data is live and is continuously updated as new information becomes available.

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Table 40: Officer numbers by location and classification as at 30 June 2014

The number of Senior Executive Service officers in the ACT and VIC was incorrectly reported as 55 (ACT) and 5 (VIC). The correct figures are 58 (ACT) and 2 (VIC).

This change impacts on the state totals for ACT and VIC. The total number of officers was incorrectly reported as 1,760 (ACT) and 928 (VIC). The correct figures are 1,763 (ACT) and 925 (VIC).

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Table 24: Administrative Appeals Tribunal applications for review

The number of other applications for review in 2013–14 was incorrectly reported as two.

The correct figure is three.

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Table B-3: Notifiable incidents—mechanism of injury 2012–13 to 2014–15

The percentage of other and unspecified mechanisms of injury in 2013–14 was incorrectly reported as 20.68. The correct figure is 20.69. The total number of injuries reported in 2013–14 was also incorrectly reported in this table as 30. The correct figure is 29.

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Table B-1: Comcare claim data and unscheduled absences, 2012–13 to 2014–15

The total numbers for annual absenteeism (days per full-time equivalent) in 2012–13 and 2013–14 were incorrectly reported as 13.10 (2012–13) and 12.88 (2013–14). The correct figures are 13.92 (2012–13) and 13.91 (2013–14). These corrections were required as previously published data was updated due to lag-time processing of leave applications.



PART 7

REFERENCE MATERIAL

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ABBREVIATIONS AND ACRONYMS

ABF	Australian Border Force
ACBPS	Australian Customs and Border Protection Service
ACC	Australian Crime Commission
ACLEI	Australian Commission for Law Enforcement Integrity
ACV	Australian Customs and Border Protection Vessel
ADF	Australian Defence Force
ADV	Australian Defence Vessel
AFP	Australian Federal Police
AFMA	Australian Fisheries Management Authority
AFSA	Australian Financial Security Authority
AMATF	Augmented Multi-Agency Task Force
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
APS	Australian Public Service
ASL	Average Staffing Level
ATO	Australian Taxation Office
ATS	amphetamine-type stimulants
AWOTE	Average Weekly Ordinary Time Earnings
B5	Border Five group (Australia, Canada, New Zealand, United Kingdom, United States)
BPC	Border Protection Command
CBMS	Central Budget Management System
CEO	Chief Executive Officer
CIDF	Cocos Island Deployment Force
CPR	Commonwealth Procurement Rules
CTU	Counter Terrorism Unit
DA	Department of Agriculture, previously Department of Agriculture, Fisheries and Forestry (DAFF)
DCEO	Deputy Chief Executive Officer
DFAT	Department of Foreign Affairs and Trade
DHEA	dehydroepiandrosterone/prasterone
DIBP	Department of Immigration and Border Protection
DSTO	Defence Science and Technology Organisation
E10	ethanol-blended fuel
EC	Executive Committee

EDW	enterprise data warehouse
EGO	Energy Efficiency in Government Operations
EEZ	Exclusive Economic Zone
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI Act	<i>Freedom of Information Act 1982</i>
FTA	free trade agreement
FTE	full-time equivalent
GBL	gammabutyrolactone
GHB	gamma-hydroxybutyrate (fantasy)
GJ	gigajoule
GST	Goods and Services Tax
ICE	Investigations, Compliance & Enforcement
ICS	Integrated Cargo System
ICT	information and communications technology
ID	Investigations Division
IMA	illegal maritime arrivals
IUU	illegal, unreported and unregulated fishing
IP	Intellectual property
IPC	Import Processing Charge
JAEPA	Japan-Australia Economic Partnership Agreement
JOCG	Joint Organised Crime Group
km	kilometre
kg	kilogram
KAFTA	Korea-Australia Free Trade Agreement
KPI	key performance indicator
LCT	Luxury Car Tax
LPG	liquefied petroleum gas
LSD	lysergic acid diethylamide
MDA	3,4-methylenedioxyamphetamine
MDEA	3,4-methylenedioxymethamphetamine (ecstasy)
MDMA	3,4-methylenedioxymethamphetamine (ecstasy)
MDP-2-P	3,4 methylenedioxophenyl-2-propanone
MJ	megajoule
MP	Member of Parliament
NBTC	National Border Targeting Centre
OC	Operations Committee
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PGPA	<i>Public Governance, Performance and Accountability Act 2013</i>
PIEDs	performance and image-enhancing drugs

PIIs	potential illegal immigrants
PMC	Passenger Movement Charge
PMV	Passenger Motor Vehicle
PNG	Papua New Guinea
RC	Regional Command
RAAF	Royal Australian Air Force
ReCAAP	Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia
RPOA-IUU	Regional Plan of Action to Promote Responsible Fishing Practices, including combating IUU fishing
SBC	Strategic Border Command
SBCC	Strategic Border Command Centre
SCG	Strategic Command Group
SES	Senior Executive Service
SIEV	suspected illegal entry vessel
SIP	Special Investigations & Programmes
TCF	textiles, clothing and footwear
TEU	twenty-foot equivalent unit (container measure)
TRS	Tourist Refund Scheme
UK	United Kingdom
USA	United States of America
WET	Wine Equalisation Tax
WH&S	work health and safety
WCO	World Customs Organization

GLOSSARY

anti-dumping and countervailing system	A system of laws and regulations that seeks to remedy the injurious effects on local industry caused by imports that are deemed to be unfairly priced.
AusTender	Australian Government's tendering system.
disability	<p>Under the <i>Disability Discrimination Act 1992</i> in relation to a person, disability is defined as:</p> <ul style="list-style-type: none"> • total or partial loss of the person's bodily or mental functions • total or partial loss of a part of the body • the presence in the body of organisms causing disease or illness • the presence in the body of organisms capable of causing disease or illness • the malfunction, malformation or disfigurement of a part of the person's body • disorder or malfunction that results in the person learning differently from a person without the disorder or malfunction • a disorder, illness or disease that affects a person's thought processes, perception of reality, emotions or judgement or that results in disturbed behaviour. <p>And includes a disability that:</p> <ul style="list-style-type: none"> • presently exists • previously existed but no longer exists • may exist in the future • is imputed to a person.
ecstasy	Colloquial name for 3, 4-methylenedioxymethamphetamine (MDMA).
ePassport	Passport with an embedded chip.
examination	Examination of cargo by a Portfolio officer.
Exclusive Economic Zone	The area beyond and adjacent to Australia's territorial sea, the outer limit of which does not extend beyond 200 nautical miles from the baseline.
fantasy	Colloquial name for gamma-hydroxybutyrate.
ice	Colloquial name for crystalline methamphetamine.
inspection	May include use of non-intrusive examination through X-ray technology (static or mobile), trace particle detection, detector dogs or physical examination of cargo.
intelligence-led approach	An approach that ensures strategic and operational decision-making is informed by intelligence.

intervention	Use of any or all processes, including risk assessment, inspection and examination, to prevent the import or export of prohibited items and to control the movement of restricted items.
'Onshore' and 'offshore'	Unless otherwise indicated, 'onshore' and 'offshore' refer to the location of the client at the time of application or visa grant.
passenger offload (CTU context)	A passenger offload is where a traveller subject to CTU intervention activity does not travel as originally intended. This includes where ABF, the AFP or the airline makes the decision to remove the traveller from the flight. An 'offload' does not directly translate to persons being stopped from joining or supporting hostilities in Iraq and Syria. In some cases, a person who was 'offloaded' may be allowed to continue with their travel plans if they are no longer considered a risk.
Patrols (CTU context)	Patrols include activity by CTU officers, both overt and covert, in the airport precinct with the intention of detecting, deterring and disrupting terrorist related activity.
potential illegal immigrant	A person who enters or seeks to enter Australia illegally by sea.
Real-Time Assessment (CTU context)	A Real-Time Assessment involves the CTU officer asking a series of five to 10 questions to determine risk and then making a decision on whether further action is required including baggage examination.
suspected illegal entry vessel	A vessel suspected of being used exclusively for the illegal movement of non-Australian citizens into Australia's Migration Zone or offshore excised areas by sea.
SmartGate	Automated border processing system.
sodium metabisulphite	A disinfectant and food preservative agent.
Tariff Concession System	A system that assists Australian industry to become more internationally competitive and reduces costs to the general community by removing customs duties where there is no local industry to protect.

COMPLIANCE INDEX

This list identifies information required by the *Requirements for Annual Reports for Departments, Executive Agencies and Other Non-corporate Commonwealth Entities* issued by the Department of the Prime Minister and Cabinet on 25 June 2015.

Items not applicable to the Service have been noted as such. Any items referred to as 'not applicable' have been assessed against the requirements.

Part of Report	Description	Requirement	Location
	Letter of transmittal	Mandatory	3
	Table of contents	Mandatory	5–6
	Index	Mandatory	282–289
	Glossary	Mandatory	275–276
	Contact officer(s)	Mandatory	2
	Internet home page address and Internet address for report	Mandatory	2
Review by Secretary			
	Review by Departmental secretary	Mandatory	16–21
	Summary of significant issues and developments	Suggested	17–19
	Overview of Department's performance and financial results	Suggested	20
	Outlook for following year	Suggested	21
	Significant issues and developments – portfolio	Portfolio Departments – suggested	19–20
Departmental Overview			
	Role and functions	Mandatory	26
	Organisational structure	Mandatory	28–30
	Outcome and programme structure	Mandatory	32–33
	Where outcome and programme structures differ from PB Statements/PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	40
	Portfolio structure	Portfolio Departments – mandatory	27

Part of Report	Description	Requirement	Location
Report on Performance			
	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	40–125
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	43–48, 73–75, 90–94
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	42–48, 72–75, 91–94
	Narrative discussion and analysis of performance	Mandatory	40–125
	Trend information	Mandatory	40–125
	Significant changes in nature of principal functions/services	Suggested	22–23
	Performance of purchaser/provider arrangements	If applicable, suggested	268
	Factors, events or trends influencing Departmental performance	Suggested	16–23, 40
	Contribution of risk management in achieving objectives	Suggested	129–131
	Performance against service charter customer service standards, complaints data, and the Department's response to complaints	If applicable, mandatory	134, 140–141
	Discussion and analysis of the Department's financial performance	Mandatory	20
	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations.	Mandatory	20
	Agency resource statement and summary resource tables by outcomes	Mandatory	252–253
Management and Accountability			
Corporate Governance			
	Agency heads are required to certify their agency's actions in dealing with fraud.	Mandatory	3
	Statement of the main corporate governance practices in place	Mandatory	128–134
	Names of the senior executive and their responsibilities	Suggested	28–30

Part of Report	Description	Requirement	Location
	Senior management committees and their roles	Suggested	128–133
	Corporate and operational plans and associated performance reporting and review	Suggested	40, 114–115, 124
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	129
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	139
	How nature and amount of remuneration for SES officers is determined	Suggested	162
External Scrutiny			
	Significant developments in external scrutiny	Mandatory	134–135
	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	135–136
	Reports by the Auditor-General, a Parliamentary Committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	139
Management of Human Resources			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	165
	Workforce planning, staff retention and turnover	Suggested	160–161
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	161
	Training and development undertaken and its impact	Suggested	18, 21
	Work health and safety performance	Suggested	166
	Productivity gains	Suggested	20, 172
	Statistics on staffing	Mandatory	155–161
	Statistics on employees who identify as Indigenous	Mandatory	156, 158, 162

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	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	161
	Performance pay	Mandatory	163–164
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	152
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	153
Consultants	The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	154
Australian National Audit Office Access Clauses	Absence of provisions in contracts allowing access by the Auditor-General	Mandatory	154
Exempt contracts	Contracts exempted from publication in AusTender	Mandatory	154
Small business	Procurement initiatives to support small business	Mandatory	153
Financial Statements	Financial Statements	Mandatory	172–248

Part of Report	Description	Requirement	Location
Other Mandatory Information			
	Work health and safety (Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>)	Mandatory	166–167
	Advertising and Market Research (Section 311A of the <i>Commonwealth Electoral Act 1918</i>) and statement on advertising campaigns	Mandatory	266–267
	Ecologically sustainable development and environmental performance (Section 516A of the <i>Environment Protection and Biodiversity Conservation Act 1999</i>)	Mandatory	254–262
	Compliance with the agency's obligations under the <i>Carer Recognition Act 2010</i>	If applicable, mandatory	156–157
	Grant programmes	Mandatory	154
	Disability reporting – explicit and transparent reference to agency level information available through other reporting mechanisms	Mandatory	156–157
	Information Publication Scheme statement	Mandatory	263
	Correction of material errors in previous annual report	If applicable, mandatory	269
	Agency Resource Statements and Resources for Outcomes	Mandatory	252–253
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