

QUESTION TAKEN ON NOTICE

SUPPLEMENTARY BUDGET ESTIMATES – 20 OCTOBER 2014

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(SE14/312) PROGRAMME – Australian Customs and Border Protection Service

Senator Carr (Written) asked:

The 2012-13 MYEFO included funding of \$13.5 million over the forward estimates period to expand the Australian Customs and Border Protection Service's (Customs) compliance assurance system at the border. This measure was budgeted to increase a gain to revenue of \$57.0 million, and an increase in GST payments to the States and Territories of \$22.8 million, over the forward estimates period. The 2014-15 budget foresees: "improved revenue collection of \$208.2 million over four years (\$346.6 million over six years) through the use of analytics and detailed data modelling, new processes for revenue collection and a targeted campaign to improve compliance." In relation to these measures:

- a. How many staff were recruited to focus on compliance assurance and addressing economic risk due to the 2012-13 MYEFO funding?
- b. Was this a significant expansion of the number of officials dedicated to addressing economic risk at the border through Compliance activity? If so by what metric? (i.e. 30%?)
- c. Is the budget measure performing over or under budget as per the estimates of the 2012-13 MYEFO?
- d. What if any additional resources (financial and/or staff) are budgeted to address economic risk at the border resulting in the estimated additional \$208.2 million over 4 years and \$346.6 million over four years?
- e. How much of the increased projection is attributable to the 2012-13 MYEFO measure?
- f. Is there a projected increase in GST payments to the State and Territories related to this \$208.2/346.6 million? If so, how much?

Answer:

- a) The measure provided an additional 2.5 FTE in 2012-13 and 33 FTE from 2013-14. Of this additional FTE, 25 FTE are dedicated to increased compliance activity targeted at recovering revenue shortfalls, 5 FTE are dedicated to the review of Tariff Concession Orders and 3 FTE are dedicated to the investigation and prosecution of serious fraud, as a complement to the increased compliance activity.
- b) The additional 25 FTE for compliance activity represented at the time of the announcement about a 40% increase on the number of FTE focussing on economic risk in the ACBPS compliance program.

- c) The measure provided that the 25 additional FTE for compliance activity would increase revenue by \$57.0 million (duty and GST) from Financial Year 13-14 to 15-16. That equated to an additional \$19 million in each financial year. The base amount on which the additional revenue was calculated was approximately \$47 million. In the Financial Year 13-14, the first year for increased revenue, the ACBPS compliance program delivered approximately \$133 million in revenue understatement detections far exceeding the target of \$66 million required by the measure.
- d) \$12.4M was provided to establish the Revenue and Trade Crime Task Force. This includes up to 14 FTE with the number varying each Financial Year.
- e) The \$208.2 million over four years and \$346.6 million over six years are in addition to any previous measures agreed by Government.
- f) The projected increase of \$208.2 million relates entirely to Duty related revenue. It is expected that there will be flow on increases to GST revenue as a result of this work but this was not specifically modelled.