

SENATE LEGAL AND CONSTITUTIONAL LEGISLATION COMMITTEE
AUSTRALIAN CUSTOMS SERVICE

Question No. 68

Senator Bishop asked the following question at the hearing on 16 February 2004:

Could you provide the terms of reference for the review of ACS's financial health, when agreed and signed off by the two Ministers?

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

The terms of reference have been agreed between the Minister for Finance and Administration and the Minister for Justice and Customs. A copy of the terms of reference is attached.

Terms of Reference

Review of financial health of the Australian Customs Service

Recent changes in the international environment have required Australia to implement rapid responses at the border to protect our community. Australia's current level of border control and security is unprecedented, and Customs is a world leader in the use of innovative, cutting edge technology for border protection tasks.

At the same time, Customs' financial position has become tight, partly due to cost over-runs in areas like the Cargo Management Re-engineering project. Customs has recently sought a substantial equity injection, and the Government has agreed to a conditional capital facility of up to \$43 million in 2003-04 pending an independent review of Customs' financial health.

The Review will recommend a strategy for putting Customs' departmental budget and activities onto a firm financial footing. As part of this, it will:

1. Identify the services and business processes undertaken by Customs both in its own right and on behalf of other portfolios and, for each activity, detail:
 - a. its costs;
 - b. whether it has been mandated by Cabinet and/or Portfolio Ministers and specifically funded; and
 - c. whether its cost and quality is appropriate to achieve required results.
2. Analyse the influence on Customs' financial situation of environmental and other factors (for example, community expectations, Customs' industrial relations environment, and volumes of cargo/passenger movements)
3. Examine what can be done to improve Customs' ability to deliver essential services and nominated savings, with particular attention to:
 - a. the history of cost over-runs;
 - b. the governance arrangements and overall management of major capital projects such as the Cargo Management Re-engineering project; and
 - c. the extent to which costs, services or functions could be rationalised.
4. Recommend an appropriate funding level and accountability framework for Customs for 2004-05 and beyond.