

# Review finds Customs 'provides good value for money'

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*Customs provides good value for the taxpayer dollar, delivers effective border control and is a Commonwealth front-runner in risk management, according to a review by the Department of Finance and Administration and Customs.*

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**T**he review examined Customs output prices in the context of their contribution to funding for Customs.

The pricing embraced 22 output components, not including services provided free by Defence. Fifteen were subjected to detailed review or desk-based performance review. The other seven, affected by major re-engineering and recent or impending Government review or investment decisions, were reviewed in less detail.

Detailed review included external benchmarking, time series benchmarking, and 'value studies'. External benchmarking involved eight overseas Customs and immigration administrations, a major international airline, and six Commonwealth agencies. Previous international Customs benchmarking and independent studies by the Australian

National Audit Office (ANAO), other external auditors, and the air transport industry also were considered.

The review concluded that Customs provides good value for money, and that its output prices are reasonable.

It found that Customs delivered wide-ranging and effective border control, consistent with current Government requirements.

Another finding was that Customs used a robust and transparent activity-based costing system to price its outputs. ANAO said the system was a best-practice model. It was regularly validated through external audit and review. The strategic use of costing information was central to the way Customs allocated its resources in response to emerging workload pressures.

The review said that risk management was an integral part of Customs approach to managing its resources. The ANAO recognised Customs as a front-runner in risk management within the Commonwealth.

Customs was a world leader in its ability to identify full costs, staffing levels and operational performance information for its activities.

Customs had made good progress with workplace reforms. The review reported that Customs had better aligned its resources between staffing and technology, and had lifted productivity through revised working patterns and arrangements that better meet business outcomes. For example, shift reviews and greater use of part-time staff at airports had improved the alignment of resources and flight patterns. Revised marine





crew conditions had dramatically increased the number of sea days and flexibility in deployment of Customs vessels.

Customs had made significant progress with competitive tendering and contracting (CTC). It was accelerating its implementation of CTC, starting with corporate services. Savings were anticipated for those functions that are outsourced as a result of market testing.

The review said that Customs had an array of initiatives under way to improve the effectiveness and efficiency of service delivery into the future, and to combat the increasing sophistication of organisations associated with illegal activity. These included Cargo Management Re-engineering, advance passenger processing, passenger document readers, waterfront closed-circuit television, upgraded intelligence systems, the new marine fleet, modern drug-detection technology and improved communication systems.

With risk management, strategic use of costing information and coordination with other law-enforcement agencies were the ways in which Customs was controlling its costs while managing surging workloads and a range of other pressures such as the Olympic and Paralympic Games, East Timor, GST and other tax-reform implementation.

Findings for some output components in detail:

### ***Air passengers***

Costs are reasonable, but relatively expensive compared with some countries by virtue of current Government policy and other operational parameters. Independent benchmarking of passenger views showed that Australian Customs facilitation at airports is now world class. Customs also has a high rate of success in identifying suspect and illegal activity.

Australian Customs provides services at the border for a broader range of

government entities than occurs in any other surveyed country.

The review said there are considerable pressures on air-passenger management arising from the Olympics, East Timor, underlying annual passenger growth of 6-7 per cent, and Government aviation policy. The Passenger Processing Resource Agreement, an agreement with the Department of Finance and Administration for funding to be related to the growth in international passenger numbers, continues to be an appropriate funding mechanism.

### ***Sea and air cargo, ships and crew***

The review said Customs has very low intervention rates and high success rates. This suggests that Customs intelligence-driven approach delivers a high standard of border control services.

Workloads have shown strong growth over the past five years (48 per cent for sea containers and 58 per cent for air cargo).

Workloads should be monitored and the need for any resourcing agreement considered at the appropriate

time, in the context of the ongoing initiatives to improve efficiency and effectiveness mentioned earlier.

### ***Goods classification***

Timeliness and quality of binding tariff advices could be improved. Customs valuation advice compares favourably with overseas partners.

### ***Customs information***

Levels of efficiency and effectiveness achieved by Customs in telephone call management compare favourably with Commonwealth and private-sector call centres. Customs should examine centralisation of call management, but a cautious approach would be appropriate given the significant set-up costs involved.

### ***Intelligence and Investigations***

The review said that value studies had identified a number of indicators that demonstrate the efficiency and effectiveness of these components. This includes positive client feedback, strong demand for services, favourable internal and external review, and strategic alliances with other law-enforcement agencies.

