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Australian Government
**Australian Customs and
Border Protection Service**

Incoming Government Brief 2013



This brief provides:

- Advice on implementation of policy initiatives
- Key issues for your consideration
- An overview of Portfolio Budget Statement programs
- An overview of Border Risks

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ACBPS Overview



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Australian Customs and Border Protection Service (ACBPS) Overview

Our mission is to:

Protect the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border-related revenue and trade statistics.

We aspire to be:

- the community's trusted agent for border protection;
- respected by industry for the support we give to legitimate trade and travel;
- valued as a partner by other law enforcement and regulatory agencies.

Our corporate priorities are to:

- deliver on our border protection, facilitation and revenue commitments to government
- maintain community confidence in the way we perform our role, and
- build for the future, based on a comprehensive and continually refined analysis of future risks to the border and our future operating environment.

Responsibilities

In protecting Australia's border, ACBPS operates to:

- Prevent, deter and detect the movement of prohibited, restricted and regulated goods across Australia's border that can cause environmental, social or economic harm, or may pose a threat to national security, including:

- illicit drugs and precursors
- firearms and weapons
- tobacco
- objectionable material
- hazardous goods, and
- goods of counter proliferation concern across the border.

- Lead and coordinate the Australian Government's operational response to maritime people smuggling. This involves leading the whole-of-government strategy, as well as delivering intelligence, communications, aerial surveillance and on-water interception outcomes.
- Prevent, deter and detect unlawful activity such as illegal foreign fishing, in Australia's maritime environment.
- Progress international cooperation and engagement activities to strengthen maritime security in the region.
- Support whole-of-government counter terrorism strategies, primarily through passengers and cargo risk assessment activities, and as the lead Commonwealth agency responsible for the coordination of Maritime Counter-Terrorism incident response.
- Support whole-of-government biosecurity measures at the border, primarily through passenger and cargo processing and maritime patrols.

ACBPS supports Australia’s economic and commercial interests by:

- The collection of, in 2012-13, approximately \$9.1 billion in border taxes and duties, \$3.1 billion in GST and \$22.8 billion in deferred GST on behalf of the Australian Tax Office (ATO).
- Timely processing and passage/release for 2012-13 of over 34 million international air and sea passengers and crew, 2.70 million sea cargo manifest lines and over 28 million air cargo consignments.
- Effective delivery of industry assistance schemes, including Australia’s anti-dumping and countervailing and tariff concession schemes.

Our people

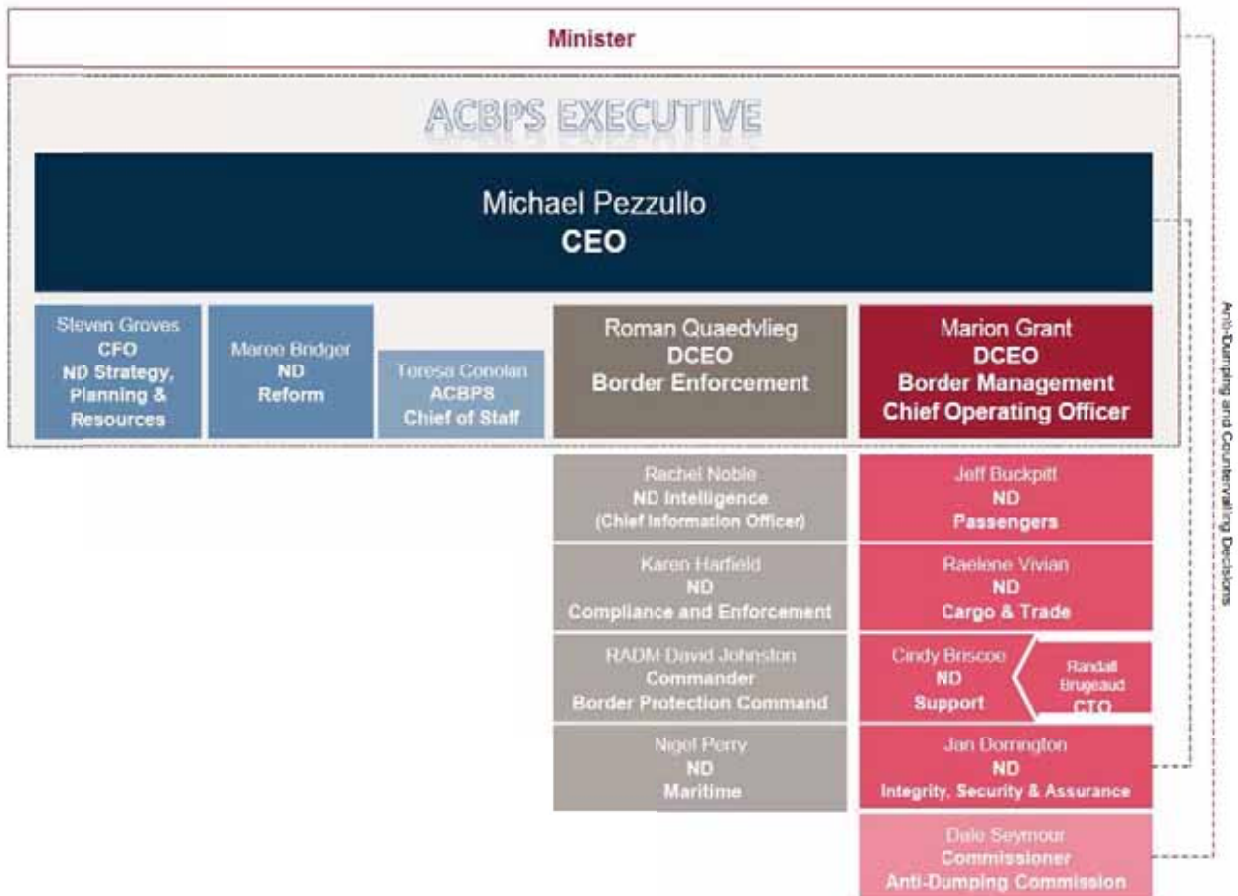
- In 2012-13, we had an average staffing level of 5,118 across Australia and internationally.
- In 2013-14, we are funded for an average staffing level of 5,000 across Australia and internationally.

Our budget

- Our total actual expenses for 2012–13 were \$1.138 billion.
- Our total estimated expenses for 2013–14 are \$1.136 billion.

Organisation Structure

A Chief Executive Officer (CEO), with the support of two Deputy CEOs leads the agency. The following diagram provides an outline of the organisational structure.



Snapshot

In 2012-13 ACBPS:

- Processed approximately 34.34 million international air and sea passengers and crew.
- Inspected 1.50 million and examined 84,000 air cargo consignments for 2,800 detections.
- Inspected 101,800 and examined 14,200 sea cargo manifest lines for 660 detections.
- Inspected 46.36 million and examined 223,200 mail consignments for 68,100 detections.
- Conducted 3,884 compliance interventions in relation to licensed s79 Warehouses, s77g Depots and s15 Cargo Terminal Operators. These interventions covered 709 establishments and included 1,992 physical visits. During these compliance interventions 81,389 lines of cargo were checked with 39,576 breaches found.
- Collected approximately \$12.24 billion in border-related tax and duties.
- Surveilled by aircraft over 141.36 million square nautical miles of the Australian maritime domain.
- The *Ocean Protector* vessel, Australian Customs Vessel (ACV) *Triton* and *Ashmore Guardian*, achieved 229, 304 and 341 patrol days respectively.
- Cape Class/Bay Class vessels achieved 2,108 patrol days.
- Intercepted 403 Suspected Irregular Entry Vessels (SIEVs) carrying 25,092 people and 663 crew.
- Made 13,169 detections of illicit drugs and precursors, totalling 5,169 kilograms [Note: that this is for main illicit drug and precursor types only: heroin, cocaine, cannabis, MDMA (Ecstasy), and ATS (methamphetamines and amphetamines excluding MDMA)].
- Made 2,403 undeclared detections of firearms and firearm parts, accessories and magazines.
- Conducted 569 warrant actions.

Volumes of Passengers and Trade

	Forecasts					Percentage increase from 2012/13 to 2016/17
	Actual In 2012/13	2013/14	2014/15	2015/16	2016/17	
International Air and Sea Passengers and crew	34.34 million	36.75 million	38.76 million	40.82 million	42.93 million	25%
Sea cargo manifest lines	2.70 million	2.87 million	2.99 million	3.11 million	3.24 million	20%
Air cargo consignments*	28.3 million	33.3* million	40.0* million	46.7* million	52.4* million	85%

* The forecasts of air cargo consignments has been revised down from the those published in the 2013-14 Portfolio Budget Statement (PBS) based on advice from Australia Post. These forecasts will continue to be monitored and adjusted over the coming months with a view to recommending a revision at PAES.

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Implementation of Policy Initiatives

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Implementation of Policy Initiatives

Operation Sovereign Borders

KEY POINTS:

- On 25 July the Coalition announced it would establish a military-led response to combat people smuggling and to protect Australia's borders – *Operation Sovereign Borders*.
- ACBPS and Border Protection Command (BPC) will play a key role in the Joint Agency Taskforce managing this policy, and in particular establishing the Detection Interception and Transfer Task Group, implementing turn-back and transfer operational effects and establishing a Communications Group.

Proposed Policy Initiative

The Coalition's *Operation Sovereign Borders* Policy released on 25 July 2013, will establish a military-led response to combat people smuggling and to protect Australia's borders. In addition, *The Coalition's Policy for a Regional Deterrence Framework to Combat People Smuggling* was released in August 2013 which further detailed the incoming government's border protection platform.

A senior military commander of 3-star ranking will lead *Operation Sovereign Borders*. This policy will be managed by a Joint Agency Taskforce including ACBPS and BPC.

Key initiatives to be undertaken in the first 100 days by *Operation Sovereign Borders* in which ABCPS will be a key contributor to :

- Establishing a Joint Agency Taskforce Headquarters (including establishing a communications group and contributing to whole of government coordination capability).

ACBPS is the lead agency for :

- Establishing a Detection Interception and Transfer Task Group (which will be formed by BPC); and
- Issuing protocols in support of turn back operations.

Implementation

ACBPS through its People Smuggling Task Force and BPC will work closely with the Australian Defence Force which was tasked with leading implementation of *Operation Sovereign Borders* as well as all other related government agencies through the Joint Agency Task Force.

Detailed briefings on implementation of this policy will also be provided to the incoming Minister.

Contact Details

Name Roman Quaedvlieg
Deputy Chief Executive Officer
Border Enforcement

Contact 02 6275 6750

The Coalition's Policy to Tackle Crime – Stop Illegal Guns and Drugs at the Border

KEY POINTS:

- On 19 August 2013, the Coalition announced their Policy to Tackle Crime, which includes \$100 million funding boost to ACBPS to increase screenings at our borders.
- The incoming Government has also committed to reducing criminal influence at ports and airports and has declared a zero tolerance for corruption – stamping out corruption within law and border enforcement agencies.

Proposed Policy Initiative

On 19 August 2013, the Coalition announced their Policy to Tackle Crime. Key components relevant to ACBPS include:

- more money for more inspections - \$100 million funding boost to ACBPS to increase screenings;
- reducing criminal influence at ports and airports – ensuring people with relevant criminal histories do not receive security clearances to work at ports and airports;
- zero tolerance for corruption – stamping out corruption within law and border enforcement agencies; and
- local anti-gang squads – building a series of small, targeted and regionally based taskforces.

Current Operations

ACBPS employs an intelligence-led risk-based approach to cargo inspections. This focuses on a system of controls, including:

- mandatory reporting of all air and sea cargo entering and leaving Australia;
- risk assessment of all reported air and sea cargo against intelligence and other information holdings for known and suspected indicators of border risks; and

- tailored interventions to treat identified risks or validate the level of risk, ranging from the use of non-intrusive technology, such as x-ray or detector dogs, through to
- intensive examinations where cargo is physically opened and additional technologies applied.

Currently, ACBPS has the following deliverables in the PBS for inspections each year:

- air cargo - 1.5 million air cargo inspections;
- sea cargo - 101,500 twenty-foot equivalent units (TEU) inspections and 14,000 TEU examinations;
- international mail – 25 million parcels/EMS/registered item inspections and 15 million letter class items inspected.

Implementation

A separate detailed briefing will be provided to the incoming Minister outlining options for implementation.

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National Director Reform

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Coalition Anti-Dumping Policy

KEY POINTS:

- The Coalition's anti-dumping policy is set out in the 'Real Solutions' document, released in January 2013, supplemented by the policy statement 'Boost the Competitiveness of Australian Manufacturing' released by the Coalition on 21 August 2013.
- The Coalition will transfer the Anti-Dumping Commission to the Industry portfolio.
- The Anti-Dumping Commission commenced on 1 July 2013 and is located in Melbourne.
- The Anti-Dumping Commissioner is Dale Seymour.

Proposed Policy Initiative

On 21 August 2013, the Coalition reaffirmed its existing Anti-Dumping policy platform in the release of 'The Coalition's Policy to Boost Australian Manufacturing'. This statement confirmed previous policy statements of November 2011 and January 2013.

The Coalition's policy will further enhance the existing jurisdiction that has been subject to major reform over recent years. The policy focuses on:

- Creating a level playing field through more effective anti-dumping measures;
- Cracking down on non-cooperative overseas producers subject to investigations;
- Strengthening enforcement provisions of the WTO subsidies and countervailing agreement;
- Introducing more stringent and rigorous enforcement of deadlines for submission;
- Reversing the onus of proof obligation; and
- Transferring the Anti-Dumping Commission to the Industry Department.

The Anti-Dumping Commission will undertake an immediate and comprehensive review of existing anti-dumping policy and legislation to assess those policy settings that are able to be implemented including compliance with Australia's obligations under the WTO agreements on anti-dumping and countervailing measures.

We would propose that this review include targeted consultation with key industry stakeholders and government agencies.

Current matters under investigation

The Commission routinely investigates a wide range of products that are imported to Australia at allegedly dumped and/or subsidised prices. Current investigations include:

- Hot rolled plate steel (China, Indonesia, Japan, Korea, and Taiwan);
- Prepared and preserved peaches (South Africa);
- Prepared and preserved tomatoes (Italy);
- Power transformers (China, Indonesia, Korea, Taiwan, Thailand, and Vietnam); and
- Quicklime (Thailand)

- The Commission is also undertaking a number of duty assessments, revocations, review inquiries, continuation inquiries, reinvestigations and accelerated exporter reviews.
- The workload of the Commission is reflective of an increasingly active jurisdiction.

Implementation of Policy

The Commission will work closely with the Industry department to give effect to the transfer of the ADC to that department.

A transfer to the Industry department would provide the Commission with closer connections to relevant aspects of the Industry portfolio, and the intrinsic links between anti dumping investigations and Australian manufacturers. Conversely, it would sever the Commission's connections with relevant aspects of ACBPS, including its compliance and enforcement functions. Likewise, the Commission does not impose and collect duty, which would necessarily remain with the ACBPS.

It is anticipated that a formal Service Level Agreement would need to be negotiated between the two agencies to maintain the effective management of Australia's anti-dumping and countervailing system.

Contact Details

Name Dale Seymour
Anti-Dumping Commissioner

Contact 03 9244 8903

Standing Council on Law, Crime and Community Safety

KEY POINTS:

- The incoming government has committed to establishing a Standing Council on Law, Crime and Community Safety (SCLCCS).
- The SCLCCS will be formed by merging two existing councils, the Standing Council on Law and Justice (SCLJ) and the Standing Council on Policing and Emergency Management (SCPEM).
- The priority areas of the Council will include establishing a national approach to border security arrangements and organised crime in Australia.
- ACBPS will seek to be represented on the SCLCCS.

Proposed Policy Initiative

As part of the Coalition's programme to improve community safety and fight crime, the incoming Government announced in a press release, on 8 June 2012, its intention to establish a new cross-agency crime body. The 'Real Solutions' booklet notes 'we will establish a new Commonwealth/State Standing Council on Law, Crime and Community Safety to bring together lawmakers and law enforcers to develop a national focus to fighting crime - and to report on key issues within 12 months.'

The SCLCCS will include state and territory police commissioners as well as heads of Commonwealth agencies including the Australian Security Intelligence Organisation (ASIO) and the Australian Crime Commission (ACC). The Coalition intends the Council will focus on five priority areas:

- encompassing border security arrangements within Australia;
- a national approach to organised crime gangs;
- co-ordination of community crime prevention;
- new ways to ensure cyber-safety, especially for children; and
- best practice approaches to the harmonisation of laws about working with children.

It is intended that the Standing Council would report back to the Prime Minister within 12 months on the progress of the five priority areas.

Current Operations

There are two existing sub-groups of SCPEM at the Secretary/Police Commissioner (and equivalent) level, the National Police and Senior Officers Group (NPSOG) and the Australia-New Zealand Emergency Management Committee (ANZEMC). Currently, ACBPS is provided access to the agenda and papers for all SCPEM and NPSOG meetings, providing comment and input to the AGD and AFP member briefs as required on issues relating to border activities.

Implementation

ACBPS is not a member of any of the groups that will form the SCLCCS. Given the areas of focus of the Council ACBPS will seek to have the Chief Executive Officer included in the membership of the new committee.

Contact Details

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Chief Operating Officer
Deputy Chief Executive Officer
Border Management

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Response to Southern Ocean Whaling

KEY POINTS:

- ACBPS has capability in the Southern Ocean to undertake surveillance and response against illegal unreported and unregulated (IUU) fishing in the Heard Island and McDonald Islands Exclusive Economic Zone (EEZ) with its Southern Ocean patrol vessel *Ocean Protector*, and contracted satellite surveillance and partnership arrangements, particularly with France.
- The only time the Australian Government deployed a vessel to the Southern Ocean specifically to monitor the Japanese whaling fleet was in 2007-08 for the purpose of evidence collection.
- A deployment of an Australian Customs Vessel to the Southern Ocean will need to be considered in the context of the impact on BPCs ability to transfer and hold Potential Irregular Immigrants (PII) under current operational tempo conditions in Australia's northern waters.

Proposed Policy Initiative

On 12 April 2013, the Coalition announced a commitment to respond to whaling in the Southern Ocean. In a media release by the Shadow Minister for Environment, the Hon Greg Hunt MP, the Coalition stated that a response vessel should monitor whaling, in addition to addressing the practice legally through Australia's case to the International Court of Justice.

This brief provides advice on the deployment of an ACBPS vessel in an independent monitoring role of whaling activity in the Southern Ocean. It does not address ACBPS Southern Ocean patrols for the purposes of illegal, unreported and unregulated fishing in the Heard Island and McDonald Islands EEZ or the waters covered by the International Convention on the Conservation of Antarctic Marine Living Resources.

Previous Operations to Monitor Whaling

During the 2007-2008 whaling season the Australian Government deployed ACV *Oceanic Viking* (the ACPBS previously contracted Southern Ocean vessel) to the Southern Ocean to observe the Japanese whaling fleet and gain evidence for future International Court of Justice (ICJ) proceedings.

This was the first and only time an asset was deployed to the Southern Ocean specially to monitor the Japanese Whaling fleet.

Australia's case against the Japanese whaling fleet is currently before the ICJ and it is hoped that a decision from the Court will be handed down before the 2013-14 Southern Ocean whaling season.

Legal Authority

Responsibility for the legal and jurisdictional aspects of this issue sits with AGD.

Australia can lawfully prevent whaling within its EEZ which includes an area 200 nautical miles around Macquarie Island in the Southern Ocean. Australia's jurisdiction over the Australian Antarctic Territory is not universally recognised. Japan regards the EEZ adjacent to Australia's Antarctic Territory as part of the high seas.

BPC is responsible for the International Maritime Organization (IMO) Security Forces Authority (SFA) arrangements. As the SFA for Australia, BPC is obliged to be notified [usually from the Australian Maritime Safety Authority (AMSA)] when an act of piracy, robbery, violence at sea or terrorism occurs with the Australian Security Forces Authority Area (SFAA).

It is notable that some sovereign Australian territories, namely Heard Island and McDonald Islands, Christmas Island and Norfolk Island, lie outside Australia's SFAA and in the SFAA of neighbouring nations.

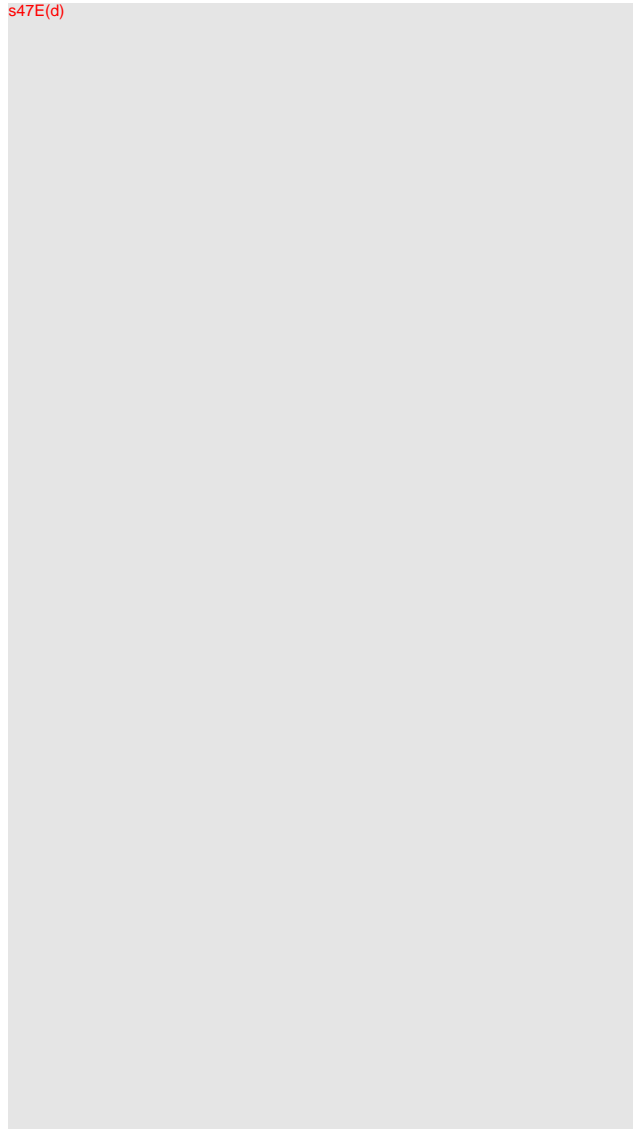
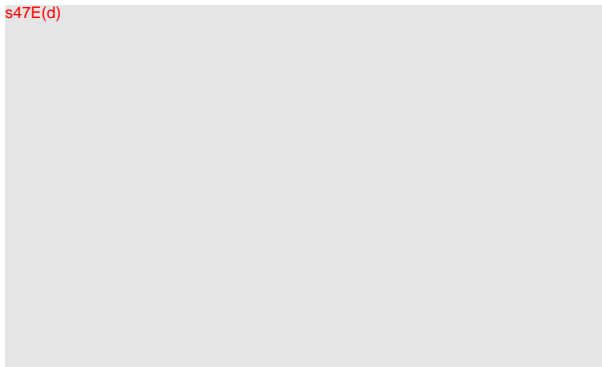
The SFAA does not expand Australia's jurisdiction or sovereign rights nor does it provide BPC, as the SFA, the authority or any specific powers to intervene in an incident occurring in the SFAA. The SFAA is analogous to the High Seas and therefore similar legal considerations exist. The legal basis for responding to a security incident in the SFAA therefore, is limited, and will depend on the particular circumstances of the case (where, who and what).

Implementation

The period that the Japanese whaling fleet is in the Southern Ocean is typically from late December to mid-March. Japanese whaling operations in the Southern Ocean have historically alternated each year between what is termed Whaling Research Area 1 and Whaling Research Area 2.



ACV *Ocean Protector* is rated to operate in the Antarctic (Ice Rated 1C– ice flow conditions for 0.6m ice thickness). In addition, ACBPS Marine Enforcement officers are well trained for Southern Ocean patrols.



Contact Details

Name Roman Quaedvlieg
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Border Enforcement

Contact (02) 6275 6750

2030 Vision for Developing Northern Australia

KEY POINTS:

- The incoming government has committed to preparing a White Paper on the development of Northern Australia (north of the Tropic of Capricorn) within twelve months after the election.
- The Coalition will look to develop Northern Australia's agriculture, tourism and industrial sectors.
- Some components of the Australian Public Service (APS) may be relocated to Northern Australia and further engagement with regional partners will be conducted.
- ACBPS already has a significant presence in Northern Australia, with a planned growth under the agency's reform programme.

Proposed Policy Initiative

On 21 June 2013 the Coalition announced plans to develop Northern Australia by increasing investment and infrastructure.

The '2030 Vision for Developing Northern Australia' document (the 2030 Vision) outlines policy options the Coalition will explore in government. The incoming government has committed the Department of Prime Minister and Cabinet (PM&C) to producing a White Paper on the development of Northern Australia within twelve months after the election.

The 2030 Vision paper defines 'Northern Australia' as a vast region north of the Tropic of Capricorn spanning Western Australia, the Northern Territory and Queensland. The paper also lists twelve policy options the incoming government will consider as a matter of priority, two of which are:

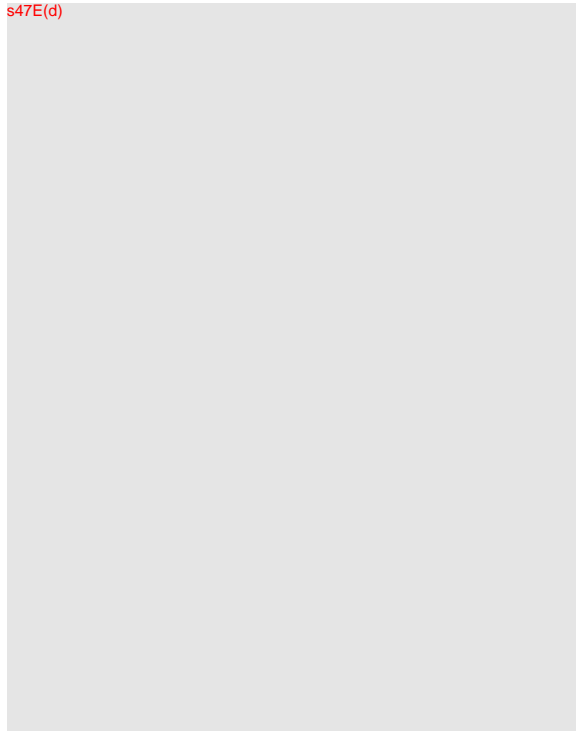
- inviting representatives of a number of neighbouring Asian, Pacific and Indian Ocean partners to regular talks designed to maximise partnership opportunities and to directly seek the valuable insights of our Asian neighbours; and

- relocating relevant components of Federal departments and Commonwealth agencies, such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Australian Quarantine and Inspection Service (AQIS) [the functions of AQIS have been absorbed into the Department of Agriculture, Fisheries and Forestry (DAFF)], to key urban zones in Northern Australia.

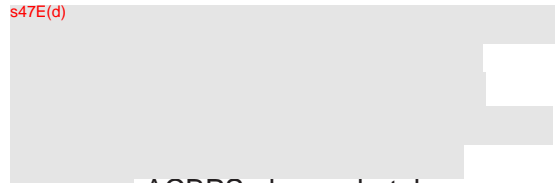
Current Operations

ACBPS has responsibility for enforcement operations and trade facilitations across the entire Australian coastline and international air and sea ports. Currently, ACBPS occupies 165 sites around Australia. These sites include 14 major offices (Customs Houses) and 29 regional offices. Thirteen offices are based in Northern Australia as defined by the 2030 Vision.

s47E(d)



s47E(d)



ACBPS also undertakes cross border marine patrols with PNG agencies and other Australian law enforcement agencies. These patrols assist in ensuring the integrity of the border between the two countries in the Torres Strait.

The Coalition's 2030 Vision document expresses the incoming government's desire to engage further with representatives from Asian, Pacific and Indian Ocean partners. ACBPS has significant international engagement programmes with counterpart authorities in all of these regions.

Contact Details

Currently ACBPS has approximately 306 staff in the region (excluding Christmas Island) that has been deemed Northern Australia. s47E(d)



In addition to these stationed officers, the 323 (as at 9 August 2013) sea-going officers of the Marine Unit predominately operate out of Northern Australia. With ACBPS vessels based or operating out of major and minor ports across the northern region.

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Border Enforcement

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Implementation

ACBPS is undergoing a significant programme of reform. The first of three reform tracks is 'our people and operating model' as stated in the Reform Blueprint 2013-2018. s47E(d)



Unmanned Aircraft Systems

KEY POINTS:

- A range of Unmanned Aircraft Systems (UAS) are sufficiently mature to deliver surveillance outcomes contingent on cost effectiveness, mission specific design and effective information management.

s47E(d)

Proposed Policy Initiative

On 11 April 2013 the Coalition's Defence Spokesman, Senator the Hon David Johnston, outlined the Incoming Government's plans to reopen negotiations with United States' (US) military companies regarding the purchase of unmanned surveillance aircraft.

On 3 July 2013 the Coalition's Immigration Spokesman, The Hon Scott Morrison MP stated in a doorstep interview that the Coalition had made no final decision on military acquisitions or long term surveillance capabilities.

Current Operations

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Implementation

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Key Issues



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Exempt information – section 47E(d)

Anti-Dumping System

KEY POINTS:

- The Anti-Dumping Commission investigates claims by Australian manufacturers that dumped or subsidised imports from other countries have caused it material injury. The Minister is the decision-maker and can apply remedial 'anti-dumping' duties to the imported goods, in line with the *Customs Act* and WTO agreements;
- Increasing pressure on Australian businesses, driven in part by external economic factors (such as the high Australian dollar) has increased the profile of, and demands on, the anti-dumping system; and
- The anti-dumping system has been subject to an intense legislative and administrative reform agenda over the past two years, with further legislative changes due to take effect on 1 January 2014.

Current Situation

The Anti-Dumping Commission (the Commission) administers Australia's anti-dumping and countervailing system. The Commission was established on 1 July 2013, as a division of ACBPS, by amendments to the *Customs Act*. The Commission undertakes investigations when an Australian manufacturing industry claims that dumped or subsidised goods have caused or threaten to cause material injury to the industry. 'Dumping' occurs when goods are exported to Australia at a price that is less than their normal value (generally based on domestic selling prices in the country of export). 'Countervailing' action may be taken where injury is caused by subsidies, which is the provision of financial assistance to exporters by foreign governments. Investigations are conducted in line with the *Customs Act* and World Trade Organization agreements. The *Customs Act* provides the Commission with 155 days to conduct its investigations; which is one of the shortest timeframes in the world for dumping and subsidy inquiries.

If dumping or subsidisation is established, and is found to have caused material injury to the Australian industry, the Commission may recommend that the Minister, who is the decision-maker in anti-dumping matters, apply 'anti-dumping' duties on those goods when they are imported into Australia.

The duty usually raises the price of the imported goods in the Australian market with a view to creating a level playing field.

Additionally, the Commission provides advice to the government on the operation of the anti-dumping system and potential reform options, in collaboration with government agencies responsible for trade, industry, competition and international law. It also manages the government's anti-dumping advisory body, the International Trade Remedies Forum (the Forum), whose industry members include companies such as BlueScope, Rio Tinto, SPC Ardmona, and the Australian Industry Group. The Forum is established by legislation.

The Commission has investigated a wide range of products ranging from metal products to chemicals; and preserved foods to power transformers. The current investigations are:

- Hot rolled plate steel (China, Indonesia, Japan, Korea, and Taiwan);
- Prepared and preserved peaches (South Africa);
- Prepared and preserved tomatoes (Italy);
- Power transformers (China, Indonesia, Korea, Taiwan, Thailand and Vietnam); and
- Quicklime (Thailand)

Outlook

A recent review indicated that case numbers are likely to continue to increase. The global economic downturn has created surplus goods in other markets and resulted in increased dumping by exporters seeking new markets for their goods. Australia is an attractive marketplace, and adverse economic conditions for Australian manufacturers mean that businesses are more susceptible to the effects of dumped and subsidised imports, leading to an increase in the number and complexity of cases.

Demand on the anti-dumping system has also been encouraged by recent reforms, notably, the Commission's own client engagement program and the (government-funded) International Trade Remedies Adviser (in the Australian Industry Group), which provides outreach to small and medium enterprises. Recent reforms which widen the types of decisions which can be reviewed are also likely to increase the Commission's overall workload.

The outcomes from, and conduct of, investigations are the subject of increasing scrutiny from Australian and overseas business interests and foreign governments. Outcomes can have significant impact on downstream users of the imported products and exporters. Also, Australia currently recognises China as a market economy and other WTO members are intensely interested in Australia's treatment of China given that they will be required to recognise China as a market economy from 2016 .

Current and Future Initiatives

The anti-dumping system has been subject to an intense reform agenda over the past two years, including six tranches of legislation passed by the Parliament over the past 18 months. All reforms to the anti-dumping system meet Australia's obligations under the relevant WTO agreements.

The reforms seek to provide businesses with better access to the anti-dumping system, improve timeliness and decision-making, and enforce stronger compliance. Key recent initiatives include:

- establishing the Anti-Dumping Commission and appointing the first Anti-Dumping Commissioner (approximately an additional \$28m over four years from 1 July 2013);
- resourcing and expanding the Commission's client engagement and stakeholder education functions;
- extending funding for the International Trade Remedies Adviser pilot program to continue assisting small and medium enterprises;
- establishing the Import Data Assistance program, to provide funding to assist potential applicants prepare dumping and countervailing applications;
- establishing an independent Anti-Dumping Review Panel;
- establishing an anti-circumvention framework to investigate business practices designed to avoid the payment of anti-dumping duties;
- establishing the government's advisory body, the International Trade Remedies Forum; and
- introducing a range of changes to the *Customs Act* to make the anti-dumping system more flexible and transparent.

A number of these initiatives are still being implemented by the Commission. Some reforms have only been recently initiated and will require a period of evaluation.

Contact Details

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Anti-Dumping Commissioner

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Exempt information – section 47E(d)

Low Value Threshold

KEY POINTS:

- There has been ongoing criticism and lobbying by the retail sector since 2010, in relation to the current \$1000 Low Value Threshold (LVT), and the perceived inequity this creates in the Australian retail environment.
- The threshold relates to the value point at which imported goods become subject to import duty and Goods and Services Tax (GST).
- As a result, the previous government commissioned a Productivity Commission Inquiry, then a Task force investigation and most recently the preparation of a detailed business case and potential implementation plan.
- Further progress in relation to the business case and potential LVT changes will be subject to the direction of the incoming government.

Current Situation

The previous government sought to review and assess current indirect tax arrangements in response to ongoing criticism and lobbying by the retail sector since 2010. In particular concerns relating to the current GST exemption afforded to domestic consumers who import goods into Australia valued under \$1000, and the perceived inequity this creates in the Australian retail environment. The threshold was set at \$1000 in 2005, following agreement from all State and Territory governments.

In 2010 (following an extensive inquiry into the retail sector), the Productivity Commission recommended lowering the current \$1000 LVT in order to promote tax neutrality - but only when it was cost effective to do so. Current business processes require goods over the threshold to be subject to a full import declaration for clearance at the border. This usually requires the services of a qualified customs broker and the detention and storage of the goods until duty and GST payment is complete. The Commission therefore recommended an independent taskforce be formed to investigate new approaches to the processing of low value imports.

In 2012 the independent Task force delivered a range of enhanced alternative end-to-end processing models including options that separate tax payment from the import process.

However, the Task force acknowledged that the development of a detailed business case would be necessary prior to implementation of any enhanced process.

Outlook

A government working group is currently developing a detailed business case and implementation plan based on the findings of the Task force. The business case is to provide a comprehensive analysis and assessment of the Task force options, and detail how these could fit within an integrated package of reform.

Current and Future Initiatives

It is intended that a final response (and business case) to the Task force report, outlining the future program on this issue, will be released in late 2013. Further progress in relation to the business case and potential LVT changes will be subject to the direction of the incoming government.

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Exempt information – section 47E(d)

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Portfolio Budget Statement Programs



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Portfolio Budget Statement Programs

Passenger Facilitation

KEY POINTS:

- ACBPS is responsible for the clearance of all departing and arriving passengers at Australian international airports. ACBPS performs the immigration control function on behalf of the DIAC, and regulates the movement of people and the goods they bring across Australia's borders on behalf of a wide range of government agencies.
- Portfolio Budget Statement (PBS) standards for timeliness of passenger facilitation are under pressure due to increasing volumes of travellers, the complex nature of border threats through the air passenger stream, and ageing core systems and business processes that are susceptible to overload.
- The current automated border processing capability, SmartGate, is installed at all eight major international airports. It is currently available upon arrival (but not departures) to eligible ePassport holders from Australia and New Zealand aged 16 years or over, with trials presently underway for United Kingdom and United States Global Entry members. In 2012-13 approximately 25% of all travellers successfully processed through SmartGate.
- The *Blueprint for Reform* outlines the key priorities for changes to traveller processing to 2018. They focus on increasing self-processing options at our borders through the use of upgraded and improved technology and trials of new 'low touch' technology such as 'face in the crowd' and 'face on the move'.

Current Situation

Purpose

ACBPS is responsible for end to end passenger and crew processing that supports legitimate travel and the interventions needed to prevent illegal movement of people and the goods they bring across the border. ACBPS is also responsible for the revenue implications arising from the importing and exporting of goods by passengers and crew, further expanded upon in the paper titled Border Related Revenue Collection.

The environment is characterised by increasing numbers of travellers, particularly from emerging tourism markets, reduced resources for the border agencies, along with complex and changing threats in the air passenger stream.

Measures

ACBPS continues to meet the PBS performance targets for air passenger facilitation of 92% of passengers processed within 30 minutes of joining the inwards queue. A rate of 94.4% was attained in FY2012-13. ACBPS also met the FY2012-13 PBS target of 95% for overall satisfaction of air passengers processed through the inward primary line.

Use of SmartGate rose to 60.7% of all eligible Australian / New Zealand travellers in FY2012/13.

Relationships

There is a formal relationship with aviation industry representatives through the National Passenger Facilitation Committee (NPFC), chaired by ACBPS. This committee is formed under the terms of the Convention on International Civil Aviation to which Australia is a signatory.

The purpose of the NPFC is for government and industry to collaborate in improving passenger facilitation while maintaining and enhancing border protection.

Operational relationships between industry and the border agencies in Australia's international airports are robust and healthy.

Pressures

There are several pressures that have the potential to seriously impact on passenger facilitation operations.

1. Air Passenger numbers continue to increase by about five to six per cent per annum.
2. Sea passenger numbers continue to increase by about 22% per annum.
3. Further FTE reductions required to meet the 2013-14 budget will be difficult to achieve as natural attrition falls well short of delivering affordable staffing levels.
4. Threats to our border continue to evolve and change.
5. The ACBPS passenger processing system is ageing, and is increasingly susceptible to failure through overloading by passenger volume. The system was not designed on open architectural standards and therefore, is not adaptable to the demands outlined in the *Blueprint for Reform*.

Further pressure is being applied as several prominent domestic airports continue their claims for recognition as international airports by virtue of presumptive indicators of securing regular passenger transport services. At this time, only Sunshine Coast airport has a regular service, although it is entirely seasonal. Avalon and Canberra cannot yet claim such relatively regular services. The Department of Infrastructure and Transport has the policy lead on this, but the operational pressures are exacted on the border agencies that must perform the border control functions.

Through the NPFC a range of activities have been implemented that have improved and standardised approaches to the clearance of cruise ships and passengers arriving at sea ports. Further opportunities have been identified for partnering with industry to jointly develop a strategy which more efficiently manages the significant growth in this area.

Outlook

Passenger numbers

Staff reductions of 12.74% that have been delivered over the last five years are in contrast to the steady increase in passenger numbers, which have risen by 30.41% over the same period. ACBPS processed 31.5 million passengers in 2012-2013, expected to rise to 39.6 million in 2016-2017, a further growth of 26%.

Automation

The higher targets set for SmartGate in 2013-14 are to be met through enhanced effort at channelling Australian and New Zealand ePassport holders through the appliances. Installation of additional SmartGate appliances in Sydney and Perth will also give more capacity for attaining the performance targets.

Current and Future Initiatives

VIP Facilitation

Private airlines and the airport operators have advocated for enhanced facilitation services for travellers willing to pay for them. It was proposed that the border agencies should participate on a cost-recovery basis. A review was conducted and the final report is ready for submission to the incoming Minister. ^{s47E(d)}

Traveller Processing of the Future (TPF)

The TPF project was formed to consider the challenges associated with the traveller environment (air and sea) over the next decade, including the impact of increasing traveller numbers, the changing nature of travel and tourism industries and the current environment of fiscal constraint. It informs the Traveller stream of the ACBPS *Blueprint for Reform*. Initial project effort has been directed at expanding eligibility to use SmartGate. Further expansion is being pursued for Singapore and Germany (2013), Sweden, Switzerland and Malaysia (2014) and China (2015). Eligibility for children between 10 and 16 years old will also be trialled in 2013.

ACBPS has received Budget funding for 2013-14 and 2014-15 to undertake a feasibility assessment of automated departures processing. Currently, ACBPS officers manually processing for all departing travellers.

A select Request for Tender has been issued to establish a panel of service providers for the technology components of the assessment.

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Trade Facilitation

KEY POINTS:

- ACBPS regulates and facilitates legitimate trade through:
 - Provision of advice and support to traders, the community and the Australian industry, including administration of industry assistance schemes such as the Tariff Concession System;
 - Intelligence-led risk-based inspection and examination of cargo and international mail in order to detect and prevent the import or export of prohibited items and to control the movement of restricted items;
 - Investigation of alleged dumping or subsidisation of goods and the determination, implementation, monitoring and review of appropriate measures to address them;
 - Referrals of matters for investigation and potentially prosecution;
 - Effective management of end-to-end cargo management processes and information systems;
 - Collection of import and export data and statistics; and
 - Undertaking an effective risk-based compliance program, which utilises pre- and post- clearance monitoring and intervention activities to promote observance of Australian border laws as they relate to the movement of cargo.
- ACBPS continues to work collaboratively with industry and other agencies to facilitate trade. Results of the ACBPS annual Time Release Studies (TRS) consistently show that border agencies are not a major impediment to the facilitation of trade.
- Enhancements to our intelligence-led, risk-based approach, along with initiatives to promote the importance of early reporting of goods by industry, has resulted in a continuing trend of earlier clearance of goods over the last six years. In 2007, goods were cleared nearly two days after arrival at an Australian port; in 2012, goods were cleared within a few hours of arrival.

Current Situation

ACBPS's intelligence-led, risk-based approach focuses on the identification and treatment of high risk cargo, supplemented by inspection of lower-risk cargo to test and validate risk assessments. Focussing interventions on high risk cargo supports the timely release of legitimate cargo.

This approach to intervention includes:

- examination of 100% of identified high risk consignments, including those showing anomalies during inspection;
 - campaign and coverage activity to provide detection and deterrence outcomes in areas of medium or unknown risk; and
 - sampling programs to monitor and assess underlying rates of leakage in the low risk population.
- mandatory reporting of all imported and exported air and sea cargo;
 - screening against intelligence and other information holdings;

Cargo processing

ACBPS aim to work with industry and relevant policy and regulatory agencies (at Commonwealth and State level) to apply border management based treatments appropriate to the nature and level of risk posed to the community or economy. Hence, we seek to disrupt significant risks, detect and deter less significant risks, and in case of low risk, identify and provide data to responsible regulatory agencies to manage these risks domestically.

ACBPS also works with industry to improve cargo processes and systems. The focus of these efforts is around:

- Delivering a stable and efficient system and business processes that meet the needs of industry and government;
- Improving the usability of these systems and implementing priority changes;
- Designing and implementing strategies that will ensure that Australia continues to have an end-to-end cargo processing system that provides effective border protection for the Australian community and facilitates legitimate trade; and
- Continuing to develop our border systems and processes to be highly efficient and sophisticated in order to best support traders and travellers.

The ACBPS National Consultative Committee (CBPNCC) provides a forum for the discussion of customs and border protection related issues which affect the trading community, business and import/export specialists. The committee reviews and provides advice on:

- Emerging strategic issues in the international trade operating environment;
- The work program of the sub-committees;
- Where appropriate, proposed changes to the *Customs Act* and other related legislation; and

- Recent developments in case law in ACBPS's commercial operating environment.

ACBPS has adopted a co-design approach to its engagement around major change. This approach ensures that we actively work with industry, government agencies and other key stakeholders in delivering and implementing change.

Cargo and International Mail Inspections

ACBPS intelligence-led risk-based approach focuses on physical **examination** of high-risk cargo and mail supplemented by **inspection** of medium, low and unknown-risk items to test, validate and identify risks. Focussing interventions primarily on high-risk cargo and mail supports the timely facilitation of legitimate trade.

The *Portfolio Budget Statement (PBS)* inspection targets for 2012–13 were:

Sea Cargo:

- number of TEU (twenty foot equivalent unit) inspected – 101,500 (approximately 3.8% of imported sea cargo volume)
- number of TEU examined – 14,000 (approximately 0.5% of imported sea cargo volume)

Air cargo:

- Number of consignments inspected – 1.5 million (approximately 5.3% of imported air cargo volume)

Mail:

- Number of parcels/EMS/registered items inspected – 25 million*
- Number of letter class mail items inspected – 15 million*

* ACBPS risk assesses all international mail. However, as there is no advanced electronic information, the approach is to direct most intervention activity towards international mail products that possibly contain a higher risk based on high risk indicators such as country of origin.

Note - Inspection means the use of x-ray technology, trace and substance technologies and detector dogs. Examination means physically opening and searching the cargo.

Timely Release of Cargo

ACBPS has conducted six annual domestic Time Release Studies (TRS) since 2007 measuring border clearance performance for cargo imported into Australia.

Results are shared with industry and used to encourage mutually beneficial behaviours such as the provision of required information to border agencies before the arrival of goods at the border. Advance information allows the border agencies to risk assess and often clear cargo before it arrives.

The TRS demonstrates that there have been continuing improvements in reporting and clearance performance over the last six years. On average, most goods are risk assessed and cleared for entry into home consumption before the goods arrive at an Australian port. In 2007, goods were cleared nearly two days after arrival at an Australian port; in 2012, goods were cleared within a few hours of arrival.

Early border clearance provides importers with certainty in organising transport and storage of their goods and reduces the burden on port infrastructure by reducing the amount of cargo required to be held by the Service or Department of Agriculture, Fisheries and Forestry (DAFF) biosecurity.

Anti-dumping and Countervailing

ACBPS administers Australia's anti-dumping and countervailing system. More information on anti-dumping can be found in the Key Issues paper, entitled Anti-Dumping System.

Current and Future Initiatives

ACBPS plays an important role in regulating and facilitating legitimate trade at and ahead of the border. Part of this role includes detecting and preventing the importation and exportation of prohibited items and controlling the movement of restricted items.

To achieve this, some key current and future initiatives for ACBPS include:

- the continued production of annual Time Release Studies to measure the effectiveness of customs clearance performance for import cargo;
- Continuing to work with partner agencies to refine and improve permit administration arrangements for regulated goods;
- the development of new reform strategies, including a trusted trader concept; and
- monitoring international developments in relation to Customs and international trade in the cargo environment.

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Border Protection and Enforcement

KEY POINTS:

- The primary objective of this program is to prevent, detect and deter prohibited, harmful or illegal goods or people entering Australia or operating illegally in the Australian Exclusive Economic Zone (AEEZ).
- There are 64 proclaimed seaports in Australia where international ships may arrive or depart. ACBPS staff are located in 36 ports including the seven capital cities and 29 District Offices.
- ACBPS's intelligence-led risk-based approach focuses on physical examination of high-risk cargo and mail supplemented by inspection of medium, low and unknown-risk items to test, validate and identify risks.
- Complexity is increasing in supply chains and travel routes, making the task of assessing threats and risks at the border more challenging and requiring more sophisticated approaches.
- Among 2013-14 key priorities is the establishment of the National Border Targeting Centre (NBTC).

Current Situation

ACBPS identifies and responds to threats and suspected breaches at the border through:

- land-based surveillance of the coastline, seaports and waterfronts;
- processing of apprehended illegal foreign fishers;
- risk assessment, boarding, compliance and search activities in relation to passengers, crew, ships and craft entering and departing Australia;
- targeted inspection and examination of goods at the border, including in international mail, in order to prevent and detect the unlawful importation or exportation of prohibited or restricted goods;
- maintaining waterfront and cargo security and through Joint Taskforce operations with partner law enforcement agencies;
- investigations and prosecutions related to breaches of the *Customs Act* and other relevant Commonwealth legislation;

- intelligence and targeting activities for the identification of people and goods of interest consistent with ACBPS's requirements, immigration, health, family law and other law enforcement and national security requirements;
- an effective compliance program, which utilises pre and post clearance monitoring and intervention activities, to promote observance of Australian border laws as they relate to the movement of cargo and revenue reporting and payment obligations;
- evaluation and deployment of a range of detection technologies; and
- developing cooperative strategies with other government agencies to protect the border.

Sea Ports

There are 64 proclaimed seaports in Australia where international ships may arrive or depart. ACBPS staff are located in 36 ports including the seven capital cities and 29 District Offices.

The unmanned seaports have limited Closed Circuit Television (CCTV) technology which enables remote port monitoring. A response capability may be rapidly deployed to unmanned ports if necessary.

The *Enforcement Operations Maritime Intervention Strategy 2010–15* (The Strategy) is the primary strategy that guides intervention in the inshore and onshore domain. The Strategy relies on intelligence and risk assessment to establish control this domain.

Highly sophisticated organised criminal syndicates continue to challenge ACBPS and pose an ever present and serious risk to the Australian border. The Strategy focuses resources where they have the greatest impact and where our borders are most vulnerable. We remain challenged by greater criminal sophistication, with organised criminal syndicates posing an ever present and serious risk to the Australian border.

The National Sea Passenger Facilitation Committee (a joint committee of government agencies, and cruise industry and port representatives formed in 2009) has helped improve and standardise the clearance of cruise ships and passengers. ACBPS continues to work with industry to further increase processing efficiency as international sea passenger numbers continue to increase.

First Port Boarding

All reported ships and crew are risk-assessed prior to arrival in Australia and this assessment drives our targeted intervention activity. For 2012–13 the PBS target was to board 6,450 commercial vessels at their first port of arrival. At this time significant numbers of staff were redeployed to Christmas and Cocos (Keeling) Islands to process irregular maritime arrivals and as a result only 6,322 vessels were boarded.

Northern Illegal Foreign Fishing

A comprehensive initiative to combat illegal foreign fishing was introduced in 2006.

The initiative has been very successful with a marked decrease in the number of illegal foreign fishers apprehended and processed onshore. Surveillance confirms that foreign fishing vessels have retreated from, but remain just outside of Australian waters.

Campaigns and Local Operations

ACBPS uses campaigns to quantify risks in cargo and international mail. For instance, if a new synthetic drug is discovered in the mail this may be investigated through a campaign to understand the number and quantity of its imports and the nature of the drug. In this way the severity of the risk the drug poses can be assessed.

Investigations

Investigations are done in accordance with the *Australian Government Investigations Standards*, the *Commonwealth Fraud Control Guidelines 2002*, the *Investigations Case Priority Model* and, where prosecution is contemplated, the *Prosecution Policy of the Commonwealth*.

Investigations Branch assesses all referrals and selects cases for further investigation in accordance with the *Investigations Branch Case Priority Model*. This model is reflective of current ACBPS, government and community expectations. Investigations Branch focuses its activity on cases that are assessed as higher priorities as these represent the more serious instances of non-compliance.

One key element of the current ACBPS reform agenda is a new strategic partnership between the Service and the Australian Federal Police (AFP) to manage crime at the border. Negotiation between the AFP and ACBPS has culminated in an agreement to trial an enhanced model of joint triaging and decision making relating to border detections of specified prohibited imports under the *Customs Act*. Under this initiative, an AFP Commander has also been permanently seconded to the Compliance and Enforcement Division of ACBPS. This new model is being piloted in Sydney between July-October 2013.

National Border Targeting Centre

The National Border Targeting Centre (NBTC) is a new initiative that will draw on the collective expertise and capabilities of eight Commonwealth agencies to target and respond to people and goods that may cause harm to the Australian community, at or before the border. Its key focus is supporting the fight against gang violence and organised crime in the community. ^{s47E(d)}

Technology

Technology research and acquisition occurs through a number of capital projects and the ACBPS Project Framework. Operational technology includes x-ray (from small parcels to shipping containers), substance identification using spectrometers and wet chemical pouches, radiation detectors and identifiers, closed circuit television networks, explosive detectors, trace particle detectors, computer forensics and radio and satellite communications. Future technology requirements are regularly reviewed and are being considered as part of the reform process. Technology is being considered for a range of capabilities including detection, communications, forensics and workplace health and safety (WHS).

Training

There are a number of broadly relevant training requirements that are undertaken by officers in a range of work areas including x-ray and technology certifications, WHS training such as manual handling and other specialised training including custodial firearms handling.

Specific areas of capability development include vessel search operations; vessel boarding operations; and operational safety, including the use of force. These capabilities are delivered within the ACBPS operational command framework.

There are 647 ACBPS officers trained in Use of Force and certified to carry personal defensive equipment, including firearms. This figure includes both marine and land based officers. In addition, 279 Marine and 135 land based officers have been trained and are certified in Boarding Vessels at Sea.

Detector Dog Program

The Detector Dog Program (DDP) plays an integral role in ACBPS's overall strategy to combat the movement of illicit and dangerous goods across the border.

The DDP has two sub-sections:

- Resource Development (incorporating breeding, development, training and annual appraisals); and
- Operations (incorporating the seven regional Detector Dog Units or DDUs).

The DDP deploys two types of detector dogs:

- Narcotic Detector Dogs (NDDs); and
- Firearms and Explosives Detector Dogs (FEDDs).

The DDP is currently evaluating a currency detection capability with a trial based in Sydney and Melbourne.

Detector dog teams are deployed across all appropriate operational areas in support of an intelligence-led, risk-based approach to managing Australia's border. On 05 December 2011, the ACBPS DDP commenced operations at the newly built National DDP Facility which is located in Bulla, Victoria. The new world-class facility has the capacity to breed, develop, train and deploy detector dog teams.

Outlook

Complexity is increasing in supply chains and travel routes, making the task of assessing threats and risks at the border more challenging and requiring more sophisticated approaches.

The range of goods, biosecurity hazards and economic risks is growing, as is the geographic area in which the ACBPS operates, with more remote ports developing. As the volume of passengers and cargo increases, each window of opportunity to intervene and prevent the unlawful or unregulated movement of people and goods remains limited.

Transnational criminal syndicates are increasing their sophistication, adapting to older detection technologies and methods. This requires our constant vigilance and continual review and adjustment of our strategies. Security imperatives mean that the need to protect Australia from those attempting to breach the border will not lessen. We are focused on achieving sustainable and enduring efficiencies in our operating model. ^{s47E(d)}

Current and Future Initiatives

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Civil Maritime Surveillance and Response

KEY POINTS:

- BPC is a multi-agency taskforce which utilises assets assigned from ACBPS and the Department of Defence to conduct civil maritime operations.
- The operational focus for BPC in the 2012-13 Financial Year (FY) was primarily structured to manage the high unauthorised maritime arrival (UMA) tempo. Resources assigned to BPC have also, where possible, been utilised to full capacity across the seven other civil maritime threat areas.
- ACBPS' Maritime Division provides the ACBPS assets utilised by BPC. It also manages the ACBPS contracted vessels and aerial surveillance assets that support BPC operations.
- ACBPS is managing a major project to replace the ageing ACBPS Bay Class vessels. The project is delivering Cape Class patrol boats which are progressively being commissioned into service in 2013 and 2014.

Performance in the 2012-2013 Financial Year – Program 1.4

Aerial surveillance coverage (square nautical miles)

Deliverables	Target	Actual
Combined ACBPS contracted aircraft & RAAF aircraft	140 million	141.36 million
Commercially contracted satellite coverage	9.6 million	10.98 million

Maritime Assets (Patrol Days)

Deliverables	Target	Actual
ACBPS Marine Unit (<i>Bay Class</i> and 1 <i>Cape Class</i> vessel)	2400	2108*
ACV <i>Ashmore Guardian</i> (station & steaming days)	330	340
Southern Ocean vessel - ACV <i>Ocean Protector</i>	120 [#]	229
Northern waters surveillance – ACV <i>Triton</i>	240 [^]	301

* The shortfall is due to a number of factors including: crew shortages, particularly in relation to critical skills; the need to significantly increase the number of patrol days on larger vessels (ACVs *Ocean Protector* and *Triton*); maintenance issues and the *Cape Class* transition.

As a result of additional funding provided at Portfolio Additional Estimates, this was revised to 263 days.

^ As a result of additional funding provided at Portfolio Additional Estimates, this was revised to 325 days.

Key Performance Indicators	Target	Actual
Number of irregular, unregulated and unreported vessels sighted and identified in Australia's Exclusive Economic Zone in the Southern Ocean	-	-
Number of irregular, unregulated and unreported vessels boarded in the Southern Ocean	-	-
Number of irregular, unregulated and unreported vessels apprehended in the Southern Ocean	-	-
Trends in sightings of potentially irregular foreign vessels in Australian northern waters (including illegal foreign fishing vessels)	-	16.71% decrease compared to 2011-2012 FY
Number of detections and interceptions of SIEVs	-	393 SIEVs were detected out of 403 SIEVs
Number of potential irregular immigrants intercepted at sea (including ship's crew)	-	25 091
Number of apprehensions of Illegal Foreign Fishing vessels	45	7*

* The deterrent effect of enforcement and surveillance efforts in northern waters continues to see a decrease in illegal foreign fishing activity. s47E(d)

Note: ACPBS officers have participated on Southern Ocean patrols conducted by French authorities under the Cooperative Fisheries Surveillance Treaty. ACPBS officers completed 3 Southern Ocean patrols with the French under this arrangement for the 2012-13 financial year. For this reporting period French Southern Ocean Patrols with ACPBS officers on board have sighted two IUU vessels (February and May 2013) outside the Heard and McDonald Islands EEZ and one IUU vessel was apprehended in the French EEZ in February 2013.

BPC Assets

BPC draws on a combination of ACBPS and Defence assets to deliver civil maritime surveillance and response. For standard operational activities, the maximum number of assets available to BPC includes:

ACBPS assets

- 7 Bay Class patrol vessel
- 1 Cape Class patrol vessel;
- 3 contracted vessels (ACV *Ashmore Guardian*, until December 2013; ACV *Triton*, until June 2014; and ACV *Ocean Protector*, until March 2014);*
- 10 Dash-8 contracted surveillance aircraft;
- 2 contracted helicopters;
- 2 Reims contracted aircraft (until June 2014);
- contracted commercial satellite coverage (of Heard and McDonald Islands); and

- radar coverage (to the north and east of Christmas Island).

* The loss of these vessels will significantly limit the capacity to carry Irregular Maritime Arrivals. ACV *Ashmore Guardian* will be replaced by ACV *Thaiyak* in late 2014.

Defence assets

- Up to 7 Navy Armidale Class Patrol Boats (ACPB);
- 1 Major Fleet Unit (MFU);
- 3 Air Force AP-3C Orion surveillance aircraft; and
- Army Regional Surveillance Units.

Defence can provide a surge capacity in times of high operational tempo, however this is negotiated on an as needs basis and is dependent on the availability of suitable assets.

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Border-Related Revenue Collection

KEY POINTS:

- ACBPS continues to play a significant role in supporting Australia's economic prosperity and protecting the community by providing assurance that border-related revenue is correctly collected.
- ACBPS's major revenue collections for imported goods comprise of:
 - Customs duty,
 - Goods and Service Tax (GST),
 - Luxury Car Tax (LCT), and
 - Wine Equalisation Tax (WET).
- Duty and taxes are imposed on goods when they are imported and is generally payable before delivery into home consumption. Some liabilities can be deferred (for example GST, LCT and WET). Duty liability can be reduced if the goods attract a tariff concession.
- Overall collections for significant revenue in 2012–13 was \$12.2 billion (net of GST deferred), with forecast collections for significant revenue for 2013–14 of \$13.5 billion.
- As part of its assurance activities, ACBPS undertakes an effective risk-based compliance program, which utilises pre- and post-clearance monitoring and intervention activities, to promote observance of Australian border laws as they relate to the revenue reporting and payment obligations.

Current Situation

ACBPS' border related revenue collection function provides 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, and
- revenue from passenger and crew processing is collected and that the Tourist Refund Scheme (TRS) is administered.

In order to achieve these objectives ACBPS works closely with the Australian Taxation Office (ATO) in dealing with GST, WET, the TRS and LCT. ACBPS works with the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education in dealing with all concessions.

The ATO administers excise equivalent goods on behalf of ACBPS (following a transfer of responsibility in 2010). The Treasury has overall responsibility for revenue policy.

Import Processing Charge (IPC)

ACBPS currently levies Import Processing Charges (IPCs) on all imported goods with a value greater than \$1,000 when an import declaration or warehouse declaration is lodged. The charges are levied on manual and electronic declarations with the quantum of the charge varying depending on the mode of entry (e.g. sea, post or air). Increases to the IPC are proposed to take effect on 1 January 2014, for details refer to Key Issues – Import Processing Charge (IPC).

Passenger Movement Charge

The Passenger Movement Charge (PMC) is imposed in respect of the departure of a person from Australia for another country, whether or not the person intends to return to Australia. The PMC is levied under the *Passenger Movement Charge Act 1978* (the Act) and collected by airlines and shipping companies as part of their ticketing arrangements under the Act. The revenue from the PMC is paid directly into the Commonwealth Consolidated Revenue Fund.

The PMC was increased by \$8 to its current rate of \$55 for all departure tickets from Australia sold on or after 1 July 2012.

The current revenue estimate for PMC for 2013–14 is \$862.2 million. This estimate is \$85.2 million greater than the actual for 2012–13 and is due primarily to the anticipated growth in air passengers and the full year impact of the increase in the PMC rate. The recent devaluation of the Australian dollar makes Australia a more attractive tourist destination which is expected to contribute to growth in air passenger numbers.

GST Administration

ACBPS has responsibility for the administration and compliance with GST and other indirect taxes (e.g. LCT, WET) in relation to goods that are imported into, and exported from, Australia.

A client's GST obligation is assessed from information provided on a declaration that is lodged with ACBPS via the Integrated Cargo System (ICS). The ICS allows clients to pay GST and to set up deferral of GST on goods that are to be stored in a licensed warehouse. Export goods are free from GST but pose a risk to Commonwealth revenue as goods intended for export could be diverted into home consumption to avoid GST obligations.

ACBPS also administers the TRS which, subject to certain conditions, enables travellers on their departure from Australia to claim a refund on GST and WET that they paid on goods purchased.

Industry support

ACBPS supports Australian industry by providing them with expert advice on tariff classification, origin and valuation of goods (known as advance rulings). Industry can rely on the advice to inform commercial decisions.

Accurate tariff classification of goods is an essential element of modern trading systems and provides the collection of accurate trade information and statistics, monitoring of controlled goods, collection of revenue, industry compliance with tariff laws, and the effective administration of some industry assistance schemes.

Rules of origin are used to determine the eligibility of goods for preferential tariff treatment under free trade agreements. Such rules prevent the benefits of free trade agreement tariff concessions extending to goods produced or manufactured in countries other than those which are party to the agreement.

ACBPS provides origin advice to importers and exporters to assist them to determine whether goods are eligible for preferential treatment. ACBPS also provides industry with advice on how to calculate the value of goods to provide greater certainty regarding their customs duty and tax liabilities. In 2012–13, ACBPS provided 2,500 advance rulings on clarification, valuation and origin.

Industry Assistance Schemes

The Tariff Concession System (TCS) provides duty-free entry for imports provided there is no manufacturer of substitutable goods. More than 14,000 Tariff Concession Orders (TCOs) exist dating back to 1982, with about 1000 new applications each year by importers.

Manufacturers can object to the making of a TCO or seek revocation of existing TCOs. Last year, the total value of concessions was \$1.8 billion. Commonly-imported goods that receive concessional entry include mining trucks, televisions and tyres. The value of most concessions is five per cent. Users claim the concession, via the ICS, when goods cross the border

The Export Duty Drawback Scheme allows exporters to obtain a refund of customs duty paid on imported goods or components where those goods will be incorporated into other goods for export, or are exported unused since importation. Drawback schemes are used internationally by most countries and operate through customs administrations. The value of approved drawback claims last year was \$70 million. Typical users are manufacturers who import some components for incorporation into exported products, e.g. vehicles. Users claim the concession by application to ACBPS.

The TCS is part of the responsibility of government industry policy. While ACBPS is administrator, the policy settings are taken by the Department of Innovation, Industry, Climate Change, Science, Research and Tertiary Education. The drawbacks scheme operates alongside the Tradex Scheme, administered by AusIndustry. Objectives for both schemes are similar, the main difference being that Tradex claimants receive duty concessions before export, and Drawbacks claimants receive duty for up to four years after export. ACBPS also administers the cheese and curd quota.

Compliance Program

ACBPS ensures compliance through pre and post clearance monitoring and intervention activities that are proportionate to the level of risk. Where ACBPS detects non-compliance, it has a variety of treatment options.

ACBPS may respond to lower order non-compliance with education, warnings or the imposition of infringement notices. For serious non-compliance, ACBPS may suspend or cancel licences, conduct prosecutions or refer cases to other agencies for investigation, including the Australian Federal Police (AFP).

Non-compliant trading can significantly affect the economy and the safety of the community. To address this risk ACBPS has adopted a tougher stance, increasing its use of sanctions and strengthening the border control framework through various initiatives including legislative change. ACBPS continues to adapt to the changing border environment by seeking to provide its officers with the right powers, sanctions, technology and other tools, to identify and treat non-compliance and to encourage lasting behavioural change. ACBPS continues to work smarter, building stronger international and cross agency connections to support its operational activities, including pursuing trade data exchanges with key trading partners. ACBPS also seeks new opportunities to work more collaboratively with Australian industry stakeholders to respond to border threats.

For the financial year, our compliance activities identified \$191,925,594 in GST/Duty/WET/LCT understatements and \$39,902,374 in GST/Duty/WET/LCT overstatements with a net revenue effect of \$152,623,219. This is an increase of \$107,634,598 net when compared with the 2011-12 financial year.

2012-13 snapshot of compliance program detection rates

Compliance assurance activity	
Number of customs cargo control and compliance checks	81,384
Targeted import/export declaration lines assessed post-transaction	32,313
Targeted import/export declarations assessed pre-clearance	189,362
Import/export declarations assessed pre-clearance through general monitoring program	7,020
Import/export declaration lines assessed as a result of voluntary disclosures	570,689

Proportion of compliance activities identifying a significant control breach	
Customs cargo control and compliance checks	48.63%
Targeted import/export declaration lines assessed post transaction	86.95%
Targeted import/export declarations assessed pre-clearance	7.93%

Outlook

In 2013-14, ACBPS seeks to effectively manage revenue collection by:

- assuring the border related revenue it administers and revenue collected on behalf of other agencies is correctly assessed, reported and paid;
- assuring that refunds, revenue concessions and exemptions are correctly applied;
- undertaking an effective risk-based compliance program, which utilises intelligence gathered from pre- and post-clearance monitoring and intervention activities, to promote observance of Australian border laws as they relate to the revenue reporting and payment obligations; and
- collecting the PMC and administering the TRS.

Current and Future Initiatives

The 2013-14 budget approved a measure to expand the Customs compliance assurance program and to establish a capability to continue a targeted review strategy to ensure TCOs are still valid and appropriate.

Contact Details

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Border Risks



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Exempt information – section 47E(d)