

# Customs & Border Protection National Consultative Committee

## Combined Service Delivery and Administration Policy and Legislation Sub-committees Meeting

# 4

Executive Conference Room Customs House – Sydney International Airport

22 July 2010

### Attendees

<b>INDUSTRY</b>	
Customs Brokers & Forwarders Council of Australia	Mr Steve Morris
Customs Brokers & Forwarders Council of Australia	Mr Paul Zalai
Conference of Asia Pacific Express Carriers	Mr Geoff Clark
Australian Quarantine Inspection Service	Mr Jonathan Benyei
Observer for the Conference of Asia Pacific Express Couriers	Mr Ben Somerville
Shipping Australia	Mr Paul Alexander

<b>AUSTRALIAN CUSTOMS &amp; BORDER PROTECTION SERVICE</b>	
National Director Cargo Division Chair – Service Delivery	Ms Raelene Vivian
National Director Trade & Compliance Division Chair – Administration Policy and Legislation	Ms Sue Pitman
A/g National Manager Client Engagement & Cargo Systems	Ms Danielle Yannopoulos
National Manager Trade Services	Mr Anthony Seebach
National Manager Compliance Assurance	Mr Craig Sommerville
Director Industry Engagement (Cargo Division)	Mr Steve Moore
Director Capability & Resource Management (Trade & Compliance Division)	Ms Suzie Nermutova
Manager Executive Support (Cargo Division) Secretariat	Ms Jeannette Walsh

<b>APOLOGIES</b>	
Qantas Group/ Board of Airline Representatives of Australia	Mr Trevor Long
Australian Federation of International Forwarders	Daniel Anderson
Institute of Chartered Accountants	Mr Kevin Reilly
Law Council of Australia	Mr Bill Cole
Australia Post	Ms Judith Welsh

### 1. Welcome & Action Items

Ms Pitman opened the joint Sub-committees meeting. Apologies were received from:

- Mr Trevor Long, Qantas Group/ Board of Airline Representatives of Australia
- Mr Kevin Reilly, Institute of Chartered Accountants
- Ms Judith Welsh, Australia Post and
- Mr Bill Cole, Law Council of Australia

Ms Pitman introduced the new National Director Cargo Division, Ms Raelene Vivian who recently joined Customs and Border Protection from the Australian Taxation Office. Ms Vivian replaces Ms Jaelyne Fisher as the chair of the Service Delivery Sub-committee. Ms Vivian stated that a priority for her will be greater collaboration with industry on strategic issues and core business and she welcomed the opportunity to engage regularly with industry representatives.

Ms Pitman also welcomed Mr Jonathan Benyei for the Australian Quarantine Inspection Service who was attending his first Sub-committee meeting.

Ms Pitman advised industry that this was the first Sub-committee meeting since the 2010/11 budget was released and that several new strategies had been adopted by Cargo Division and Trade and Compliance Division. She stated that these included a new prioritisation model for compliance audits and a review of help desk functions.

The Minutes from the 25 March 2010 meeting were accepted. There were no action items from the last meeting.

## 2. Update of Industry Issues List

Mr Moore noted that at the last Sub-committee meeting Customs and Border Protection advised that a number of items on the industry issues list had been deferred. He stated that the issues list which had been provided prior to the meeting had been modified to reflect the changes.

Mr Moore provided an update on the work being undertaken on the Industry Issues List. Following is a précis of their status.

Issue Number	Issue	Status
13	EDI Solution for Client Create	The new implementation dates are now scheduled. Industry testing will occur on 29 October 2010 and it will go into production on 24 November 2010.
80	Master Air Waybill Re-Use	Business rules have been developed in conjunction with industry. Regular consultation will occur with industry and software developers leading up to the change. Costing and scheduling is underway with an anticipated delivery in the second quarter of next year. CAPEC would request that the Alternate Part Shipment Reporting initiative be included in this ICS enhancement.
31	Licensed Customs Broker Ongoing Accreditation	Little movement due to a restructure of Compliance Assurance Branch and a review of the current model. CBFCA understands the position and will work with Customs & Border Protection to progress the issue.
32	Assembly Order Goods	CBFCA considers the ACN does not adequately cover this complex issue. CBFCA will work with Customs & Border Protection to identify future possibilities.
33	Electronic Final Port Clearance	Industry advised that a solution outside of the ICS is being considered by Border Enforcement. Customs and Border Protection will meet with Shipping Australia shortly and update them on progress.

Mr Zalai noted that the progress made on Issue 32 and its progression to a working group demonstrates the effectiveness of the CBPNCC Sub-committees and reinforces the intent of the Sub-committee process. He welcomed the notion of industry consultation and further prioritising items on the industry issues list to ensure they do not fall off.

### **Action Item # 1: Director Industry Engagement**

Modify the Industry Issues List to create two lists that contain:

1. Issues that have not been scheduled but will be implemented long term, and
2. Issues where it is unlikely that any work undertaken in the foreseeable future

Client managers in conjunction with industry are to review and develop a priority list of work for the next year associated with ICS changes.

**Administration Policy and Legislation Sub-committee  
Chair - Ms Sue Pitman**

3. Working with Industry

(i) Compliance Program Forum

Ms Pitman advised that the major focus for her Division is on improving engagement with industry specifically in regards to compliance activity. She stated that her staff will shortly be conducting an industry education forum to aid their understanding of their compliance obligations.

Ms Pitman advised industry that a New Policy Proposal had applied savings to the Compliance Assurance Branch in relation to a new approach to managing revenue risk. She stated that this will see a reduction in the number of audits conducted with the focus to be on auditing where there is a considered risk.

Mr Morris stated that while industry appreciated the compliance reports that are provided to its members, greater benefit could be obtained from more notification as to what goods Customs and Border Protection is currently targeting for compliance activity.

Mr Sommerville suggested that perhaps Compliance staff could leverage off existing forums and industry workshops to provide additional education. These information sessions could also cover Tariff Advices and Concessions and Valuation and Origin issues.

Mr Clark suggested there may be value in printing flyers that provide a range of information on issues such as the compliance framework, the regulatory controls and how Customs and Border Protection administer and treat risk. He also suggested that consideration could be given to moving some compliance measures off shore to allow Customs and Border Protection to target high risk, non compliant activity and facilitating legitimate trade. Mr Clark also offered to work with Customs and Border Protection to identify which of the existing Customs and Border Protection fact sheets required updating as well as topics for future fact sheets.

Mr Zalai noted that his members would benefit from additional training on valuation aspects of exported goods as this area appears to receive little attention. Mr Clark stated that new data integrity initiatives on exported goods destined for the European Union will be introduced in 2011 at the port of entry to the European Union and as a result additional reporting and compliance may be required.

**Action Item 22/7 # 2 - NM Compliance Assurance**

**Customs & Border Protection are to notify industry of the Compliance Assurance education forum.**

(ii) Asbestos Issues

Ms Pitman stated that consumer safety issues continue to be a key priority for the CEO and that Customs and Border Protection is continuing to be proactive to ensure that overseas countries are aware of Australia's position on imported goods containing asbestos. Mr Morris suggested that Customs and Border Protection could issue an information paper detailing goods which may currently pose a consumer safety concern.

4. Legislation Update

Ms Pitman provided industry with an amended version of the legislation update and requested that previous versions be replaced. There was no comment on any issues arising from the report.

## 5 Compliance Update

Mr Sommerville advised that the next version of the Compliance Update will be sent out to members shortly. There was no further discussion on this issue.

## 6 Business Improvements

### (i) Review of TAS

Mr Seebach stated that Customs and Border Protection had now written to interested parties providing them with the outcomes of the tariff review. He advised that the tariff review found that economies of scale, greater consistency and quality advices could be achieved by centralising the functions in Melbourne and Sydney. This had now occurred in Melbourne and would commence shortly in Sydney.

Mr Morris stated that he would like to see the service standards for tariff advices and tariff concessions restated as part of the implementation process. Mr Seebach stated that tariff advices are generally issued within the agreed service standards however tariff advice reviews continue to exceed agreed standards. He stated that as the new processes are bedded down he hopes that review times will reduce.

### (ii) Regulated Trade Risk Strategies

An information paper was supplied and noted.

### (iii) Productivity Commission review of FTAs

Mr Seebach advised that the Productivity Commission had recently released its findings of the review into FTAs. He stated the findings concluded that there are more cost effective options than FTAs and that there is little evidence that FTAs have led to substantial commercial benefits.

Mr Seebach noted that industry still has an opportunity to input and that this would be valuable.

### (iv) Dumping and Countervailing Systems

An information paper was supplied and noted.

### (v) Electronic lodgement of Drawbacks

An information paper was supplied and noted.

## 7 Update on the Excise Equivalent Goods (EEGs) Administrative Arrangements Transition

Ms Pitman confirmed that the responsibility of dealing with Excise Equivalent Goods had been transferred to the Australian Taxation Office effective from 1 July 2010. She advised the transition went very smoothly.

## Service Delivery Sub-committee Chair - Ms Raelene Vivian

Ms Vivian welcomed members to the Service Delivery Sub-committee and stated that briefing papers had again been supplied on each agenda item in advance of the meeting.

### 8 Performance Metrics

Members advised that they had no questions in regards to the papers distributed for agenda items 8(i) to 8(iv).

### 9 ICS Outages and Business Continuity

Ms Yannopoulos discussed the recent outages in the ICS highlighting they were predominantly due to the Customs Connect Facility, the gateway to the ICS. These outages have resulted in Customs and Border Protection not meeting the Portfolio Budget Statement target for ICS performance. She advised that there is a large program of work to replace the supporting infrastructure over the next twelve months. Strategies will continually be assessed to mitigate outages.

Ms Yannopoulos stated that since the December 2009 outage substantial work had been undertaken to improve communications with industry. There is also a focus on improving business continuity procedures (BCP). She noted the error rate in relation to the format of files received from industry (about 60% accurate). Comments were sought from members on any further areas of improvement relating to BCP.

Mr Somerville stated that he thought there may be some disconnection between industry sectors rather than between industry and Customs and Border Protection. He stated that he would provide some examples to Ms Yannopoulos out of session.

#### **Action Item 22/7 # 3 - CAPEC**

**Mr Somerville to provide A/g NM Client Engagement and Cargo Systems with some examples of the disconnection between industry sectors during an ICS outage.**

Mr Clark acknowledged the improvements made in relation to communications however he considered that improvements could be made invoking the phased outages of business continuity. Whilst ICS messaging and phone calls worked well, emails are would also an efficient and effective tool for advising industry of an outage.

Mr Moore stated that procedures were already in place that automatically sends out emails to over 2500 registered subscribers when an outage had been called.

Mr Alexander advised that Tradegate now has the capability to change file formats during an outage and he is happy to discuss those procedures with Customs and Border Protection out of session.

#### **Action Item # 4 - Director Industry Engagement**

**Discuss with Shipping Australia the procedures they follow during an ICS outage and identify any joint opportunities to the BCP**

Mr Zalai commented on the effectiveness of the Customs and Border Protection business continuity procedures for the private sector and acknowledged the improvement in communications over the past year. He complimented Customs and Border Protection on the recent messaging that had been sent out to their members and added that it was well supported by the Cargo Support website. Mr Zalai

suggested that Customs and Border Protection could conduct additional BCP exercises, provide additional training for industry and advertise more extensively what training is available.

Ms Yannopoulos undertook to provide industry with the dates of the upcoming schedule of major changes to the supporting infrastructure mentioned earlier to ensure that industry is made aware of possible periods of ICS instability.

Mr Zalai enquired whether Customs and Border Protection expects any negative impact as a result of its digital certificate provider, Verisign being bought out by another company Symantec. Ms Vivian advised that she thought there would be no change to current business practices however Customs and Border Protection would continue to monitor events and inform industry.

#### 10 Cargo Status Enquiries to the Customs Information & Support Centre

Ms Yannopoulos advised that she is seeking to clarify for industry when they should make status enquiry calls to the Customs Information & Support Centre (CI&SC). She asked whether there were any other legitimate reasons apart from the circumstances listed in the paper provided prior to the meeting. She outlined that the CI&SC receives around 4500 calls per month in relation to cargo status and that Customs and Border Protection was looking to reduce the number of calls however conscious of continuing to meet the needs of industry.

Industry was asked to consider if there were additional circumstances to those provided at the meeting which require processing of the cargo. These are to be provided to the Secretariat in the next 2 weeks.

Mr Zalai noted the proposals outlined in the Information Brief stating that these are currently not viable and should only be considered upon enhancement of the ICS diagnostics as well as the provision of extra days free of storage for CEF targeted containers.

#### 11 Analysis of the Underbond Environment

Ms Vivian asked members whether they had any additional nominees for the working party that had been set up by David Leonard, NM Strategic Development (Cargo). Mr Alexander advised that he was the nominee for Shipping Australia and Mr Somerville stated he would be the representative for CAPEC.

#### 12 Update on Trans Tasman Time Release Study

Ms Vivian advised members that the Trans Tasman Time Release Study was in the process of being finalised. It was anticipated that findings will be available for discussion at the next CBPNCC Sub-committee meeting.

#### 13 Other Business

Ms Pitman advised members that one of the Terms of Reference for the CBPNCC Sub-committee was to review its operation after 12 months and report back to the CBPNCC meeting. She added that she thought the Sub-committee meetings had been a useful opportunity to discuss issues and had succeeded in achieving a number of outcomes. She sought the views of other members, who agreed that there was a great deal of merit in continuing the Sub-committee process.

Mr Clark noted that it was important to keep the Sub-committee meeting at a tactical level while the CBPNCC meeting should have a strategic focus. He suggested that information papers should be sent out 3-4 weeks before the meeting and that these should then drive the agenda.

The committee was of the view that the work and associated value of the Sub-committee were still maturing and that some improvements could be made to the supporting processes. Members were supportive of the committee continuing with the aim to develop a forward work program with the focus on exploring issues at a technical level.

#### 14 Next Meeting and Close

Ms Pitman closed the meeting by stating that both Chairs would review the Sub-committee process and agenda and prepare a report to the CBPNCC. The meeting proposed that the next Sub-committee meeting be convened in Sydney towards the end of October 2010 subject to assessment of the outcomes and involvement in the working groups to be convened during August/September. The final date will be communicated to industry once it has been determined.

#### **Action Item 22/7 # 5 - Chairs**

**The Chairs will prepare a report on the Sub-committee process and agenda and circulate to subcommittee members for comment and endorsement.**