



1. Meeting Agenda

Meeting Number: 01/07
Meeting Name: Trade Facilitation Forum
Date: Wednesday 21 March 2007
Time: 11.00am
Location: Customs House
10 Cooks River Drive
Sydney International Airport

2. Invitees/Attendees

Y-in attendance, A-apology

Customs

Y Gail Batman (Regional Director NSW)
Y Graeme Charlwood (National Manager Cargo Operations North)
Y Doug Greaves (Director Compliance Assurance Owner and Declarations)
Y Jim Fleming (Director Compliance Assurance Service Providers and Intervention)
Y Michelle Harper (Director Air Cargo Operations)
Y Dennis Murphy (a/g Director Customs Information & Support Centre)
Y Rhonda Stevenson (a/g Manager Trade)
Y Debbie Buck (Supervisor Revenue Assessments)
Y Susan Harris (Enhanced Client Management System Project Support)
A Peter Stankiewicz (Director Customs Information & Support Centre)
A Dave Swan (Manager Container Examination Facility)

AFIF

Y Brian Lovell (CEO AFIF)
A Paul Angel
A Stuart McFarlane

CBCFCA

Y John Law (President CBFCA NSW Branch)
Y Michael Hudson
Y Andrew Crawford
A Paul Zalai
A David Katte
A Tony Fatouros

CAPEC

Y Jackie Lekic
A Robert Battistel

3. Agenda

Item No.	Subject	Presenter
1.	Welcome and Apologies	
2.	Minutes from the previous meeting	
3.	Matters arising from the previous meeting	
4.	Regional ICS issues	Customs
5.	Container Examination Facility update	Customs
6.	Operation of the Infringement Notice Scheme	Customs
7.	General Business	
8.	Next Meeting	

4. Minutes

Meeting commenced: 11.15am

ITEM 1 Welcome and Apologies

Gail Batman formally welcomed everyone to the meeting. Michelle Harper was introduced to the meeting as the Director Air Cargo Operations, Dennis Murphy as the acting Director Customs Information and Support Centre and Rhonda Stevenson as the acting Manager Trade.

ITEM 2 Minutes from the previous meeting

The Minutes from the previous meeting were accepted with one typographical error regarding the AFIF to be corrected.

ITEM 3 Matters arising from the previous meeting

Late Targetted Containers

Graeme Charlwood advised the meeting that no results have yet been received from the analysis of late targeted containers, however Customs had prepared a draft Australian Customs Cargo Advice (ACCA) in relation to the treatment of late targeted containers, which Dennis Murphy would talk about later in the meeting.

Harmonized System 2007 Changes

Graeme Charlwood reported that concerns expressed by Industry representatives regarding the 2007HS at the last Trade Facilitation Forum (TFF) meeting were forwarded to Central Office and procedures had been put in place to assist Industry with the transition. It appeared that the transition went relatively smoothly with only minor issues being identified.

John Law acknowledged and offered thanks for the granting of the several month “moratorium” on Compliance action, as requested by Industry due to the large impact of the 2007HS changes.

Rhonda Stevenson advised that the Tariff section had experienced a 120% increase in workload in January and February 2007 over the previous year’s figures, attributable to the changes. Since then this workload has gradually declined to a normal level.

ITEM 4 Regional ICS Issues

Dennis Murphy reported that some ICS issues had been identified since the last meeting and a program to address these will be issued to Industry shortly.

Brian Lovell advised that the Customs Client Manager, Steve Pearce from Victoria, is addressing the key ICS issues listed on the CBFCA Issues Register.

Andrew Crawford discussed a problem that certain software providers were experiencing with Related/Unrelated Transaction Bills, which has only recently become apparent. This matter was brought to Customs attention as soon as the problem was recognised. Andrew will advise Jim Fleming of the Customs officer who is dealing with this issue (possibly Shane Davie in Central Office).

Andrew also reported that there is an issue in relation to s79 premises and a number of Nature 30 entries, where goods have been released without duty and GST being paid. The Chair of the CBFCA, Bob Wallace, has been in contact with Customs DCEO Neil Mann regarding this issue.

Doug Greaves advised that the Customs Reconciliations section is working on a similar issue with “unpaid FIDs”. Graeme Charlwood commented that Customs is looking at these unaquitted FIDs and payment has usually been forthcoming where approaches have been made to recover the Revenue.

Andrew Crawford expressed concern that consignments affected by the HS2007 changes have been selected for audit activity and he requested that these items be excluded from audit until after the moratorium was over.

Jim Fleming was unaware that these goods were being targeted and he indicated that he would discuss this with audit officers, as it was policy that goods misclassified due to the HS2007 changes would not be considered “in error” until after April 2007. Andrew Crawford will contact Jim with the details of the specific audit activity to which he was referring and this matter will be further discussed out of session.

ITEM 5 Container Examination Facility update

Graeme Charlwood advised that the volume of containers passing through the Container Examination Facility (CEF) from July to December 2006 had moved to nearly 19,000 TEU. From December 2006 until 7 February 2007 almost 9000 TEU had passed through the facility. Although the percentages fluctuate, trade volumes were causing an

increase in the number of containers, with a 7-8% increase expected to continue, whilst the screening and examination rates remained at target figures established in late 2004.

A planned major covert operation several weeks ago resulted in longer processing times for containers through the Sydney CEF and caused a backlog resulting in increased calls to the CI&SC. In one case 14 complaints were lodged by the one person with the CI&SC and a further two Ministerial complaints were received, relating to a container of furniture. Graeme advised that he had discussions with Paul Zalai at that time regarding the reasons for the problems. Customs officers worked extra shifts during this period and cleared urgent freight as soon as possible.

Graeme Charlwood also reported on the Radiation Portal Monitoring Equipment testing being conducted at the CEF from April through to July. The Sydney CEF has been selected to test this equipment but this would have no impact on current CEF operations. A series of test substances will be run through the equipment, with only one containing minor radioactive content. This testing is being conducted under ARPANSA supervision.

Dennis Murphy discussed a Customs initiative in response to late sea cargo status changes, being a draft Australian Customs Cargo Advice (ACCA) detailing the new Cargo Movement Cell (CMC) within the Customs Information & Support Centre (CI&SC). The CMC is due to commence on 31 March 2007 after internal processes are finalised and staff training is completed over the coming week. The ACCA details the support services to be provided by Customs and contains attachments tabling the types of cargo status and whether this will cause Customs to contact the broker, as well as providing information on updating client contact details. Dennis advised that the draft requires further amendments and Executive approval and should not be further circulated until changes to the document are made.

Details on the volume of cargo impacted by late changes was requested and although no figures were available Graeme Charlwood indicated that the changes usually had a minimal effect or, in some cases, no impact at all. The biggest impact was where cargo had a clear status in place for several days and this was then changed which could have a possible effect where slots had been booked for cargo collection. Whilst the CEF is supportive of providing advice regarding the availability of containers, the reality is that there is a measure of unpredictability outside Customs control, such as problems with Stevedores, transport availability, wharf congestion and so forth. Graeme advised that the CMC will be advised of significant changes to cargo status and the CEF will try to advise the CMC of cargo availability times wherever possible.

Dennis Murphy advised that the issue of late sea cargo status changes had been raised previously at Industry Action Group (IAG) meetings and this initiative was the latest in a number of Customs measures to deal with this issue.

Graeme Charlwood also indicated that there will be a small number of occasions where Customs will not be able to provide advice on cargo availability due to a legitimate border-protection interest in the goods.

As industry has found the late changes to cargo status frustrating, Andrew Crawford advised that the CMC initiative would be of great assistance.

ITEM 6 Operation of the Infringement Notice Scheme in NSW

Graeme Charlwood reported that only one Infringement Notice had been issued since the last meeting and this was for a client providing false and misleading information to Customs. This infringement was discovered through audit activity.

For the period December 2006 to February 2007, 48 compliance records were created. This translated to 40 penalty records and eight warning letters. These matters were related to incorrect information on entries and involved some revenue matters. There are continuing problems in terms of some of the information provided to Customs. He did not have current figures on late reporting statistics.

Jim Fleming advised that measures of the late reporting of cargo had been fairly static over the last few months although over the last six months on-time reporting had reduced by around two percent.

Brian Lovell referred to the cargo reporting compliance figures and suggested that further research should be undertaken by Customs, with Industry assistance, to identify the underlying causes for those that are consistently reported late - approximately 8%. An analysis of the problems would enable industry bodies to help Customs achieve improvement, if appropriate by seeking help from their overseas counterparts. Gail Batman agreed that this would be a good initiative to pursue.

Brian Lovell referred to the Australian Customs Notice (ACN) 2007/03 regarding to the new Customs' approach for late reporting and non compliance, which indicated that Customs will seek information on five examples only, when seeking explanations for late reporting. He sought clarification on whether Customs checks that these are truly late reports, or whether they could be replacing previous reports.

Jim Fleming advised that Customs conducts various checks to ensure that an explanation is sought only for those matters that really are late reports.

Brian Lovell queried whether Customs is communicating with those cargo reporters that have continued poor performance before proceeding with issuing penalties. Jim Fleming advised that Customs focuses on those identified as being high risk and no cargo reporter would receive a penalty without being contacted several times beforehand.

Graeme Charlwood stated that Customs is looking for a continued and demonstrated improvement in terms of timely cargo reporting and where people are not showing a continued and sustained improvement, or if they show a regression in compliance, we will communicate with them. Whilst encouraging compliance, Customs must deal with those that do not show an attempt or desire to comply in another way - such as through the Infringement Notice Scheme.

Gail Batman advised that she will be taking over the role as the delegate for the Infringement Notice Scheme as soon as Executive approvals were ratified.

ITEM 7 General Business

Dennis Murphy noted the recent restructure in Customs and described changes in NSW, where Brian Sheridan is now the Manager Trade, encompassing the Valuation, Refunds and Securities sections.

Andrew Crawford requested information he could distribute to his members on the guidelines that audit officers follow, as there appears to be significant inconsistency between audit officers in the approach they take and what they check. Jim Fleming advised that there are different types of audits. A Benchmark audit has no particular focus and the selected entries are chosen through a sampling technique, to determine the overall level of compliance. On the other hand, the majority of audits have a particular focus, identified by previous research, such as the usage of a Tariff Classification Order (TCO), valuation issues, trade statistic accuracy, and so forth. Jim explained that there are multiple reasons for variations in the audit focus. Further guidance is contained in the Customs Cargo Compliance Program 2006-07.

The current Compliance Program document is available on the Customs Internet site and a new document will be developed for the 2007-08 financial year. It will cover all kinds of Customs compliance activities, not just cargo compliance. Doug Greaves advised that the differences between the various kinds of audits are explained in this document.

Andrew Crawford discussed the Customs policy that highly compliant and low risk clients will be subjected to less frequent audits. He suggested that a breakdown of ratings and a description of their implications would be helpful in encouraging greater client compliance. Jim Fleming will raise this matter with the National Director as an issue in developing this year's Compliance document and will report on this at the next TFF meeting.

Andrew Crawford raised the issue of Customs contacting an importer directly regarding an audit, without advising the broker concerned. Andrew advised that this practice was unsettling for Industry and that brokers are often in a better position to answer Customs queries than their clients. The broker is employed to deal with Customs issues. Andrew requested that the policy on this issue be clearly articulated. Graeme Charlwood noted that the *Customs Act* indicates that liability rests with the owner.

Andrew Crawford was further concerned that where Customs may go directly to a client for an audit, the brokerage often held the most information to assist the Customs audit group. For example, the broker may have further information, such as how a classification decision was reached, which the importer does not know. Andrew advised that brokers want to assist their clients to comply with Customs obligations, while ensuring that time was not wasted by Customs, the importer or the brokerage in order to comply with those obligations. Advance notification of Customs audits would help them to do this.

Jim Fleming agreed that Customs should let the broker know when we are to visit their clients and this should be included in our policies, as Customs want as much transparency as possible in its activities. While Jim was of the impression that Customs did provide such advice to brokers, he undertook to check.

John Law raised the issue of Customs sometimes “sidelining” a broker by dealing directly with an importer. Jim Fleming indicated that as a general rule Customs auditors will deal with the broker, but there are times when it is appropriate to deal with the importer directly - such as when the importer has not been fully informed of matters by their broker, when there is a poor broker response or when revenue demands are to be issued.

Graeme Charlwood discussed possible confidentiality issues that may mean that when contacting an importer Customs could include advice to the effect that the importer may wish to consult their broker.

ITEM 8 Next Meeting

The next TFF meeting is scheduled for 20 June 2007. Gail Batman asked whether it would be worthwhile to canvass participants before the next meeting, to ensure there are sufficient issues to justify holding a meeting. She noted the apparent decline in Industry attendance at the current meeting.

Both John Law and Brian Lovell stated that they are committed to close communication with Customs and that there is an ongoing need to liaise with Customs and keep abreast of current issues.

Gail Batman agreed that regular communication is essential, but indicated that contact before the next TFF meeting will ensure that the frequency of meetings is appropriate.

Meeting concluded at 12.10pm.