

**Best
Wishes
For
2004!**

ICS User Representative Newsletter

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The Year Ahead

2004 looks like being a ‘full on’ year for importers, exporters and their service providers (at last I hear you say!). As you will see, positive results have been made on the finalisation testing for exports, and the first segments of the imports system are now available for testing.

The conference season is rapidly approaching, so please bookmark these important dates:

WA CBFCA Conference 13 – 15 February

http://www.cbfga.com.au/cbfga_site/site/page.asp?s=1&state=10

VIC CBFCA Conference 12-14 March

http://www.cbfga.com.au/cbfga_site/site/page.asp?s=1&state=9

NSW CBFCA Conference 26 March

http://www.cbfga.com.au/cbfga_site/site/page.asp?s=1&state=2

QLD CBFCA Conference 15 May

http://www.cbfga.com.au/cbfga_site/site/page.asp?s=1&state=6

CBFCA National Conference (100 Year Celebration) 21 -23 October

http://www.cbfga.com.au/cbfga_site/site/page.asp?s=98

AFIF Conference 19-21 May

http://www.afif.asn.au/events_afif2004.asp

I will be attending and presenting at these conferences so I look forward to catching up with you, discussing CMR issues, you may have and addressing any concerns, you may have regarding your preparation for CMR.

Exports

You will recall that in mid December, Customs announced that the March

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implementation would be put back in response to industry requests.

Since December, Customs has installed two upgrades to the system, (now known as Version 3) and allowed software developers to continue their testing. The upgrades address many of the issues that arose during the late part of last year, and address performance issues. For example, a much more powerful CPU was installed at the beginning of February.

Release notes for each upgrade are provided to developers and other interested parties, please call me if you are not on the Customs list and would like a copy.

Currently, it is still too soon in the testing cycle to predict accurately possible rollout dates for the Exports system. Meetings with key software developers are held every few weeks to monitor the system's performance.

It is fair to say that software developers are concerned that the amount of time taken to cycle through each phase of test-fix-retest is taking much longer than Customs predicted, and that unless Customs make some changes to the current process, the imports system testing process will be quite lengthy.

Imports

The software upgrades referred to have included functionality that will also allow software developers to commence testing the cargo reporting (ACA & SCA) components of the ICS Imports module.

At this stage, most software developers are concentrating on Exports testing.

Notes from Ministerial Roundtable

At the end of January, I attended a Ministerial Roundtable discussion on CMR. The meeting was called by the Minister for Justice and Customs, Senator the Honourable Christopher Ellison, who was keen to hear first hand from industry representatives the concerns and issues regarding progress of the CMR project.

I am pleased to be able to provide you with the following précis of the proceedings:

MINISTERIAL ROUNDTABLE ON CMR

Customs notes from the meeting held 28 January 2004

Industry representation

Australian Air Transport Association

PricewaterhouseCoopers

Shipping Australia

“Concerns were raised in relation to the program”

Australian Chamber of Commerce and Industry (ACCI)	Tradegate ECA
Australian Exporters and Importers Association (AEIA)	Trident Technologies Pty Ltd
Australian Federation of International Forwarders (AFIF)	
Conference of Asia Pacific Express Couriers (CAPEC)	Ministerial representation
Council of Small Business Organisations	Minister for Justice and Customs
Customs Brokers and Forwarders Council of Australia (CBFCA)	Customs adviser
Eagle Datamation International Pty Ltd	Media adviser
Federal Chamber of Automotive Industries (FCAI)	
ICS User Representative	Customs representation
International Air Couriers Association of Australia	Chief Executive Officer
KPMG	Chief Information Officer
P&O Ports ANZ	National Director, Office of Business Systems
Patrick Corporation Limited	Nat. Manager, CMR Transition

Opening remarks: The Minister for Justice and Customs Senator Ellison acknowledged that problems have been experienced with the IT side of the CMR project to date, but that this was inevitable in endeavours of this size. The Minister emphasised that he was here primarily to listen to industry’s concerns.

1 Accredited Client Program

Concerns were raised in relation to the program and its ability to deliver the three main benefits to industry that were initially envisaged. In particular discussions focussed on:

- Duty deferral (querying whether and when this would be approved - Customs is pursuing the issue vigorously with Treasury);
- Cost recovery (noting that there needed to be real incentives in this area if would-be participants are to be encouraged to invest in the self-regulation and compliance improvement processes inherent in the scheme); and
- Underbond movements (exclusion of service providers, and parties who had responsibility for underbond movements gave no consideration to their compliance record, the nature or revenue risk of the commodity being traded.)

2 Cargo Reporting

Various participants felt that Customs needed to better understand that discharge of containers from already generally congested ports is likely to be

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impeded by proposed underbond and cascade reporting requirements. It was felt that the inability of CTOs to be able to use the electronic reporting system to alert shippers/carriers that goods do not have ‘Do Not Load’ status is a problem. This has particular impact on LCL cargo as one non-reporter can effectively stop the flow for a whole container.

The Minister noted that while pushing the requirement for speedy flow of cargo, it had to be recognised that any concessions need to be considered in the context of the new security environment and the possibility of new international security standards.

3 PKI

Customs CIO advised that, from Customs perspective, no other currently available technologies meet Customs business needs for non-repudiation and security. With use, PKI becomes ubiquitous and simple, but more educational information about low cost installation and certificate requirements may be necessary.

Even if PKI is adopted, and is required for all online transactions, those organisations who expect to have many members logging on to Customs systems for status checking only queried whether a solution could be found that would not require certificates for that purpose. Alternative possibilities were canvassed of an EDI message that allowed for status checking, or for status information to be “pushed” by Customs not “pulled” by reporters. Customs felt that if such enhancements were possible it was only likely to be as a feature for a later ICS release.

4 Training

There was a call for Customs to provide refresher training for exports, though at the same time participants were concerned at the additional cost that will be incurred by industry for repeat training. Some participants felt that it was a matter for industry itself to ‘think smarter’ about the way that it approached training internally, and that traditional face-to-face training was probably not a luxury that should be counted on. Customs indicated that it had already made a commitment to refresher training, but that it was also making all training material, including interactive products, available electronically. There was a suggestion that an industry training steering committee be set up.

5 Rollout Strategy – Exports & Imports

Customs new approach to exports system rollout was welcomed, and it was widely acknowledged that system reliability was a fundamental requirement. It was also acknowledged, however, that the lack of a firm date for cutover made it difficult for resource planning. All agreed that it was not in anyone’s interests for the new systems not to work and there was acceptance of the clear need to replace the legacy systems as identified by Customs CEO.

A very significant issue associated with not fixing an export cutover date was the resulting impact on imports rollout. Government and Customs are pushing for as soon as appropriate and not looking to utilise the full 12-month contingency allowed by the recent passage of an amendment to the legislation.

“Representatives asked for an early decision to be made on import thresholds”

“Software developers were critical of the IT system, especially Version 2”

“The Minister flagged his willingness to host another roundtable”

The Minister acknowledged that Christmas was not a good time, but at the same time did not want things to come to a complete standstill, which was a risk if five out of twelve months of the year had to be excluded.

6 Import Threshold – impact on SMEs

Representatives asked for an early decision to be made on import thresholds, which is on the alignment of postal and general thresholds for reporting purposes.

7 Cost Recovery

The cost recovery model came under discussion with a view raised that the range of prices in the existing legislation could give rise to significant increases. Customs response was that the fundamentals of the model have not been changed, however they have been complicated by the IQI and Container Examination levies.

8 The IT Application

Software developers were critical of the IT system, especially Version 2 and based on their experience with V2 are sceptical about the quality of the systems being built, including Customs management of vendor quality control. Developers conceded that their comments reflect the problems experienced with early export testing, as acknowledged by Customs, and that they have not yet examined the new Version 3 release that addresses many of the incidents raised in V2. However, concern was expressed about the possibility that deeper-level testing of the new version may throw up new severe incidents that will need to be rectified.

While it was also acknowledged that the software developers guide (SDG) that had been produced by Customs for CMR purposes was one of the best of its kind in relation to a Customs systems development, even internationally, the problem for developers was that their practical experience of the systems did not match what the SDG had led them to expect. Developers in particular wanted to make clear that the anticipated 3 months for rollout after the point of systems reliability was reached was a minimum (one key player consistently requests up to 6 months), and that if there are major upgrades the 3 months effectively needs to start again.

Closing Remarks: The Minister flagged his willingness to host another roundtable with this industry group at an appropriate time in the future and left it to the group to confirm a desire to meet with Customs or his office.

Industry Working Group on CMR

After several months' negotiation, a joint industry/Customs working group on CMR has been established, with two meetings held to date.

The focus of the group at this stage is the issues that arise from the implementation of the various components into the testing and production environments.

The group will address business issues as required. For example, a sub-group has been formed to respond to the Customs proposal for a Business Continuity Plan.

It should be noted that this group will not replace existing consultative mechanisms that are already established.

The next meeting of this group is to be held on February 10, where the focus of discussions will be upon testing of the Exports component.

I will provide an update on significant outcomes through this newsletter.

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