



1. Meeting Agenda

Meeting Number: 05/04
Meeting Name: Trade Facilitation Forum
Date: Thursday 11 November 2004
Time: 11:00am
Location: Conference Room, Container Examination Facility,
Bumborah Point Road, Port Botany

2. Invitees/Attendees

Y-in attendance, A-apology

Customs

Y David Collins (Regional Director)
Y Gayle Brown (Regional Manager)
Y Graeme Charlwood (Regional Manager BC&E)
Y Andrew Hosking (Director Compliance Assurance)
Y Doug Greaves (Director Cargo Assurance)
Y Mal Graham (Co-ordinator of CMR)
Y Myron Bosak (Director Cargo & Trade)
Y Chris Ryan (Manager CEF)
Y Tracy Alston (Supervisor Compliance Assurance Team 5)

AFIF

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

CBFCA

A Beatrice Kemp (President CBFCA NSW Branch)
Y Paul Zalai
Y Andrew Crawford
Y Tony Fatouros
Y Michael Hudson

CAPEC

Y Chris Charlton
Y Robert Battistel

3. Agenda

Item No.	Subject	Presenter
1.	Minutes from the previous meeting	
2.	Matters arising from the previous meeting	

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| 3. | CMR Update | Customs |
| 4. | Container Examination Facility update | Customs |
| 5. | Benchmarking Auditing system update | Customs |
| 6. | Operation of the Infringement Notice Scheme in NSW | Customs |
| 7. | New Customs Building update | Customs |
| 8. | General Business | |
| 9. | Next Meeting | |

4. Minutes

Meeting commenced 11:10am

David Collins commenced the meeting by welcoming Graeme Charlwood, Regional Manager Border Compliance and Enforcement to the Forum. David also announced that Jane Bailey will commence duties in December as Regional Manager, Cargo Assurance and Trade.

ITEM 1 – Minutes from the previous meeting

The Minutes of the previous meeting held on 8 September 2004 were confirmed.

ITEM 2 – Matter arising from the previous meeting

B390 Goods Seizure Notices

David Collins reported that Customs are negotiating a new Memorandum of Understanding (MOU) with the AFP. Until the finalisation of the MOU, it is advised that customers asking about detained consignments can be told 'the police have taken possession of the consignment and for any further information they can contact the police'.

Acceptance of Redline Documents

This issue relates to the means by which redline documents will be accepted under ICS Imports (e.g. will supporting information be acceptable if faxed or emailed?). This issue has been flagged with Central Office for consideration along with a range of other procedural and policy issues relating to Customs seeking supporting information from clients.

ITEM 3 – CMR Update

ICS Exports Introduction

Since 'cut over' to the ICS Exports on 6 October the 'bedding in' of the new system has occurred relatively smoothly.

Local 'ad hoc' manual clearance arrangements have been utilised to overcome some issues that have arisen. One problem that arose was caused by some shipping companies lodging slot export manifests prior to the cargo being received at the export wharf. That incorrect sequence of reporting in the ICS caused cargo to receive a 'do not load' movement status when gate reported by wharf CTOs. To overcome the problem shipping companies were advised not to report manifests in advance of the cargo being received and loaded. Other issues included processing delays associated with

consolidation sub-manifests having large numbers of lines. Forwarders lodging such large sub-manifests were advised to limit them to 1460 lines in order to minimize processing time delays.

Andrew Crawford raised concerns that if similar limitations were required for some ICS Imports reports then it may cause difficulties when ICS Imports is implemented. Mal advised that ICS Export reporting requirements are different to ICS Imports, nevertheless the issue is now familiar to Central Office staff in light of the Export sub-manifest experience.

Paul Zalai asked if a sub-manifest was over 1500 lines does it slow the sub-manifest only or does it have an impact on the whole system. Mal will follow-up this issue.

Robert Battistel indicated that he experienced a few close calls with the new system but the feedback and co-operation provided by Customs was excellent. Industry just needs to cut more MAWBs to reduce slowing processing during manifest reporting. Paul Zalai also commented on how well the system had performed and on the support provided by Customs.

Paul Zalai raised the issue of problems associated with PRAs. Industry needs to improve this process and obtain faster response times. David Collins said that he would be able to follow this issue up at the Sydney Ports User Consultative Group Meeting.

David Collins thanked Industry for their co-operation and asked them to pass this message on to their members.

ICS Exports Transaction Statistics

For information, since ICS Exports was switched on (ie 22 September) there have been over 400,000 transactions reported. The high level statistical breakdown for the most frequently lodged transactions are follows:-

Export declarations 193,000
 CTO Reival Notices 153,000
 Export Sub-manifests 41,000
 Export Main manifests 10,000.

Export Business Continuity Plan (BCP)

Thankfully there has not been a full scale outage declared to date. A national review of the Exports BCP is now being undertaken as scheduled, in light of the experience and lessons learned given that 30 days has now elapsed since 'cut-over' to the ICS.

David Collins advised that during the implementation of ICS Exports some intermittent problems were identified which are currently being pursued with Central Office. Phil Burns has a list of outstanding issues that are being escalated upwards for resolution. David Collins advised that Customs now needs to develop a 'Business As Usual' approach for Contingency Arrangements.

ICS Availability

In order to provide industry with information about ICS availability, an 'ICS Updates' link has been provided on the Customs Internet home page.

Gayle Brown advised that the Customs Information and Support Centre (CI&SC) had provided support services to industry through extended hours arrangements both during and immediately after the Exports cut-over period. She said that the CI&SC has now reverted to its normal 8.00am to 5.00pm Monday to Friday local port time servicing arrangements. While, understandably, industry had at times turned to Customs staff they knew outside of the CI&SC when they encountered problems during the cut-over, Gayle indicated that it was imperative that industry use the CI&SC as the first point of contact in future in order that other staff, particularly the dedicated CMR staff, are able to now turn their attention to ICS Imports-related activity.

ICS Imports Implementation

No firm date has been decided for the introduction of ICS Imports. It will be set following consultation with industry. It is anticipated that implementation will be in the 1st half of next year around May.

ICS Import high-level sessions for industry business managers will be conducted nationally in the coming weeks. The Sydney sessions are being held on 15/16 November and 1, 2, 9 December. Interested parties can book on-line through the CMR site under the 'Industry Sessions' heading.

Comprehensive sessions for industry staff on ICS Imports are expected to commence from February. Specific information about these sessions will be advised when the schedule is confirmed. There are also approximately 2 ½ times more Customs staff to train for ICS Imports in NSW.

ITEM 4 – Container Examination Facility update

Customs are currently working a six-day week at the CEF. Working Saturdays has had a positive affect on throughput and dwell times. The examination of 624 containers last week was possibly due to all arrivals being on time, no congestion at the wharf and no equipment breakdown. Over the past three months the examination rates have hovered around target. The CEF daily averages for August were 90, 98 in September and 97 during October.

Approximately 550 containers are needed to be examined weekly. Saturday work by Customs is currently offered on voluntary overtime. This agreement with staff will remain in place until a roster is worked out in March or April next year. This also applies to public holidays however arrangements for Christmas holidays are yet to be arranged. Chris Ryan indicated that he would like one shift on during the public holidays although this won't be worked out until early December. Customs is currently looking at the target levels on the performance of the CEF. Customs will advise industry of the findings.

Brian Lovell advised that Minister Chris Ellison and the CEO Lionel Woodward took questions at the CBFCA conference at Coolum on storage charges for some containers that were the subject to CEF examination. Delegates indicated that this was a major issue for industry. The Minister advised that it had been looked at before and it would be looked at again. Brian advised that Lionel Woodward had responded to AFIF during the Federal Election on the Minister's behalf (under the caretaker convention) that Customs had done all it could to resolve the situation. Now that the Minister was back in the same portfolio, AFIF would be seeking a response from the Minister. David Collins undertook to follow up the matter.

Chris Ryan informed the meeting that P&O are reorganising their terminal. The layout will be changed and the roads in and around will be changed in an attempt to try to improve operations.

Paul Zalai raised concerns about being unable to identify the reason a s74A hold is in place. Mal Graham has advised that Customs aren't able to advise why we hold shipments. Paul said he had written to John Drury about this issue and he would like it addressed under CMR. Paul Zalai also asked if Customs had considered working seven days per week that David Collins responded that this would not be occurring at this stage.

Stuart McFarlane mentioned a container that was blocked. He asked if there is an alternative so as not to impact on storage. Chris advised that this seldom occurs and is beyond Customs control. It is an issue between the importer and the terminal operator. In response to Andrew Crawford's comment on Customs not obtaining the oldest container first, Chris advised that some things occur in the terminal that is beyond our control. Equipment breakdowns and system operations can contribute to these problems. It is written in our contract that we should get the oldest shipment first.

The average time for boxes to be at the CEF last week was 20.6 minutes. It was also asked if Customs provide stevedores with messages concerning delayed containers would it be possible to allow this information be forwarded to brokers or freight forwarders. Chris advised that this could be looked at as part of a National process. It should be noted that commercial-in-confidence may be an issue.

ITEM 5 – Benchmarking Auditing system – policy and procedures

Andrew Hosking reported on Benchmark Audit findings for the period 01 July to 09 November 2004. Thirteen Benchmark Audits have been completed.

- Petroleum Industry (Imports) – results included several million dollars in CVAL errors and several hundred thousand dollars in GST short paid. It was found the importer was using a formula calculate the CVAL instead of actual money price paid.
- Alcohol Industry (Exports) – findings included consignee city, FOB and origin errors. The company concerned was also not getting their Age Certificates approved by Customs prior to export.

- Automotive Industry (Imports) – results found both duty and GST shortpaid. Invoices were also being updated post shipment and no PWAs were being completed to reflect these changes.
- Brokers (Imports) – Five audits have been completed. An error rate of 23-40% was found. There are no specific classification or FOB issues resulting from these audits. T&I has been a problem where some great variances have been found when calculating overseas insurance.
- Brokers (Exports) – Five audits have been completed. The error rate ranges from 13-100%. On average the error rate is 80%. Errors included owner name where the broker name is often quoted in this field. Various AHECC errors were also detected. A common error was the FOB value being used off their SLI instead of the commercial invoice.

There are currently 8 – 10 audits underway. The Benchmark Audits are currently running to schedule.

Brian Lovell advised that he would pass on the information that the broker should use the commercial invoice when preparing shipments and not the SLI. It is still important that the SLI is obtained for each shipment.

Andrew Hosking told the meeting that there is no longer critical or non-critical fields of reporting. Paul Angel asked whether the compliance scorecard took into consideration errors of classification or valuation compared with minor errors. Andrew advised that there is no weighting applied. The use of the compliance scorecard is still on trial. Customs do however take into account all errors detected and discuss with the company concerned and also address how the errors might be fixed. Andrew explained that Customs would consider using s243U for data that is continually incorrect.

Andrew Crawford said he was concerned about the overseas insurance issue as documents arrive after entry processing. This is due to the speed of trade and makes it difficult to get the figures correct at the time of entry creation. Shipments are often pre-cleared up to one week prior to arrival. Andrew Hosking advised that Customs would apply when the T&I figure appears reasonable. Problems occur when figures used are way off the mark. These often result in PWAs as large amounts of GST owing.

ITEM 6 – Operation of the Infringement Notice Scheme in NSW

Infringement Notice Scheme

The following information is about the operation of the Infringement Notice Scheme in NSW and nationally for September.

NSW

- One of the Delegates issued ten Warning Letters. Of these two were s.33(6), one s.243T and five s.243U.
- This Delegate also issued eight Infringement Notices. Of these three were s.33 (6) and five s.243T.

Other Regions

- There were no Warning Letters issued.
- There were two Infringement Notices issued. Of these one was s.33(6) and the other was s.243T.

Customs are still trying to improve compliance levels through educating and assisting companies. Compliance levels in cargo reporting for both air and sea have now plateaued. Gayle Brown advised there has been a gradual increase in the number of Infringement Notices issued over time as further offences come on line and Warning letters are issued. There may soon be a case of non-payment which will result in court proceedings.

The Infringement Notice Scheme process was discussed. Firstly the issue is identified and then a Warning Letter may be issued. If non-compliance of this issue continues then further Infringement action will be pursued. If no improvements are made then a Penalty Notice may be issued. If there are multiple offences it will be up to the delegate to decide if one Infringement Notice will be issued or one for each offence.

Gayle Brown advised that Customs is spending a great deal of time and effort to help industry accurately report cargo. Customs have been involved in presentations and education visits. Andrew Hosking advised that s.33 offences are still a regular feature of non-compliance in NSW. Also commercial invoices have not been correctly describing the goods imported. For example, testing of the importation of molasses tobacco has found the percentage content of tobacco declared on the commercial invoice is incorrect. There are also problems where TCOs for materials of grams per square metre are being claimed (355 entries examined in NSW since January 2004; duty shortpaid of almost \$15 000). Testing has shown that the TCOs are not applicable. Some warning letters have gone out to address this issue. Customs will continue monitoring this area. Problems lie with the supplier overseas not correctly describing goods on commercial documentation.

Paul Zalai commented on 100% error rate for exports are very high and would like to know how to address the issue. Customs will attempt to help them however if there is no effort made by the company Customs will have to apply the Infringement Notice process. Brian Lovell asked whether Customs would close someone down as a result of this. Andrew responded that if they continue with s.113 offences, this could be applied in extreme cases.

ITEM 7 – New Customs building update

Pitt Street office is due to move in on the weekend of 6 December 2004. Link Road office is scheduled to move the following weekend. Marrickville office is expected to move into the new building during January 2005.

The Communication Strategy will be implemented in the near future. The building has a new PABX and contacts and details will be provided to the public. All public contact with Customs will be conducted on the ground floor of the building.

David Collins addressed the client car parking issue by responding that SACL has proposed to provide Customs with a validation machine to be located on the ground floor of the building. Customs clients who use the T1 car park will be able to obtain a capped \$12 rate. The current T1 car park fees over one hour exceed \$12. There will be 14-15 free spaces for Customs clients to use. SACL has not agreed to a periodical billing arrangement for the use of the car park. This offer is to be reviewed by 30 June 2005. David Collins advised that he would provide a response to AFIF and CAPEC to explain the car park arrangements.

A multi-storey car park will be built in the future. SACL will be looking at the number of tiers in the new car park. The maximum number of levels they can have is twelve. The higher the building the more costly it will become. There are also plans to have shops, marinas and other developments.

The new Customs building will be officially opened next year.

ITEM 8 – General Business

David Collins informed the Forum that some Customs staff had taken industrial action on 22 October 2004 in the context of the negotiation for a new Agency Bargaining Agreement. He said that the contingency arrangements in place had operated effectively and it is hoped that there will be no further industrial action.

David Collins announced that this is Andrew Hosking's last meeting. On behalf of the committee David wished him well and thanked him for his input.

ITEM 9 – Next Meeting

The proposed date for the next meeting is Wednesday 9 February 2005 at 11:00am at Customs House, 10 Cooks River Drive, Sydney International Airport. Information on parking and access to the meeting room will be provided with the Agenda prior to the next meeting.

Meeting concluded at 12:55pm.

A number of Forum members undertook a site visit at the new building after the meeting.