



1. Meeting Agenda

Meeting Number: 01/06
Meeting Name: Trade Facilitation Forum
Date: Wednesday 12 April 2006
Time: 11:00am
Location: Customs House
10 Cooks River Drive
Sydney International Airport

2. Invitees/Attendees

Y-in attendance, A-apology

Customs

Y David Collins (Regional Director)
Y Jane Bailey (Regional Manager Cargo Assurance & Trade)
Y Graeme Charwood (Regional Manager Border Compliance & Enforcement)
Y Jim Fleming (Director Compliance Assurance)
Y Dennis Murphy (Manager of CMR)
Y Myron Bosak (Director Cargo & Trade)
Y Karen Williams (Director Cargo Assurance)
Y Tracy Alston (Supervisor Compliance Assurance Team 5)

AFIF

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

CBFCA

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

CAPEC

A Chris Charlton
A Stephen Ly
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.	CMR Update	Customs
5.	Container Examination Facility update	Customs
6.	Operation of the Infringement Notice Scheme	Customs
7.	Abandoned Goods	CAPEC
8.	Neutron Scanner Project	CAPEC
9.	General Business	
10.	Next Meeting	

4. Minutes

Meeting commenced 11:05am

ITEM 1 Welcome and apologies

David Collins formally welcomed everyone to the meeting. He introduced Dennis Murphy who is covering CMR on behalf of Peter Stankiewicz who is currently on leave.

ITEM 2 – Minutes from the previous meeting

The Minutes from the previous meeting held on 07 December 2005, were accepted.

ITEM 3 – Matters arising from the previous meeting

Drawback issues, refunds and NSW ICS tutorials have all been completed.

Storage charges were addressed by Graeme Charlwood who advised a new contract to transport, unpack and repack cargo had been signed. Patricks have the new contract for cartage of containers in NSW.

ITEM 4 – CMR Update

All delays at the sea freight CTOs as a result of the ICS complications have been cleared.

New Reports

Customs has introduced a number of new facilities in the ICS that have been developed in consultation with the Industry Action Group (IAG). These include:

- *Express Import Declarations
- *Import Declaration List Search
- *Import Sea Cargo Manifest List

The new facilities appear to have been accepted well.

The request for a reduced print has been noted and at the last IAG meeting it was discussed. Advice on this will be available at the end of June.

ICS Review

The Booz Allen Hamilton independent review of the ICS has been completed and a review of the final draft is being conducted. The ANAO has completed their activity in Sydney.

Contingency Review

There will be a review of the BCP arrangements. An email has been issued notifying of the meetings to discuss the BCP. The Imports BCP was developed to deal with a situation where the whole of the ICS was unavailable. The review will develop arrangements to deal with a range of scenarios including some components of ICS not being or on individual clients system is unavailable. The goal is to make the BCP a much broader plan. Jane Bailey advised that part of the review would cover instances where assistance is sought by clients with system issues. Feedback will be sought from industry as part of this review.

COMPILE

The COMPILE extension ceased on 3 February 2006. An Australian Customs Cargo Advice will be issued on how manual refunds will operate for COMPILE entries.

CI&SC

Call volumes at the CI&SC are currently stable. Customs are considering new technology to deal more efficiently with calls. CI&SC are focussing on quality and training. Customs would be interested in what industry expects from the CI&SC. Kate Lathlean will be focussing training on particular areas. It will concentrate on past history and new technological developments.

It has been indicated that there will be some compensation claims lodged in relation to the introduction of ICS.

Andrew Crawford advised it would be good if shipments less than \$1000 could be reported on an import declaration instead of automatically defaulting to a SAC. Import Declarations for these shipments are often required when duty and GST need to be reported. This could be useful when reporting FCX shipments. Myron Bosak responded that Central Office has already flagged this issue.

ITEM 5 – Container Examination Facility update

Brian Lovell asked what discussions took place during the renewal of the new container cartage contract as he hoped that the timeframes for container availability were shortened. He was advised that Central Office conducted the renewal of the contract and NSW were not involved so we are unaware of what was discussed although there were no changes and the 24-hour timeframe remains.

Industry expressed disappointment that there was no change made to the timeframes. They advised that most ports work 6-7 days, with six of those days on 24-hour operations. They had hoped that the container availability could then be reduced to 12 hours. Graeme Charlwood advised the CEF operates on two five-day shifts and one extended Saturday shift. The five-day shifts cover the first container arriving at 6am and continue through to 10pm.

Brian Lovell considered this arrangement allowed too much leeway for delays and reduced free storage times. The Forum was advised that Customs had not received any complaints about delays. Industry disagreed stating that they had received some complaints and showed concerns for later in the year during their peak periods. It is expected an ACN will be produced in May, which will outline the changes in the contract.

Paul Zalai advised that he had heard of many problems that were raised at the recent IAG meeting including situations where a release on goods had been reported in the system or a release was advised pending payments so the broker organised transport. Late changes within the system then changed this release causing delays. Jane Bailey advised that this type of situation has been addressed by Central Office and should no longer be occurring. If there is a late change such as this then the broker would be dealt with directly and not via the ICS.

Industry raised concerns that some businesses are still booking timeslots as per the 2004 ACN addressing the issue. As a result they are receiving storage charges. Concerns were made that after three days in storage and no release being issued, contact needs to be made with the helpdesk to get assistance. There needs to be clarification as to who is available to help in this type of situation. Jane Bailey responded that Customs will try to determine what the issue is and advise the caller to contact Customs within a couple of hours.

Stuart McFarlane stated that congestion is not an issue at the moment however if it takes longer than 24 hours for a container to move it would be good if the free storage time could be extended as there is no penalty to the stevedore where this occurs. Graeme Charlwood advised that Customs aims to clear all consignments from the Cargo Report however there are going to be times when we may need to reconsider after an entry has been created, although this will not be a common event. Customs run profiles off the declarations.

Graeme Charlwood advised Customs have signed off on a small number of payments for storage charges where Customs were responsible for the delay and that we will accept responsibility if Customs is at fault. Clients should report correctly, including the cargo report and declaration.

Paul Zalai discussed the difficulties with the new system that there is a loss of transparency and you can no longer view the history of a shipment, which could assist in resolving complaints received. It would be of advantage to industry to see the progress of the shipment until it is cleared. Brian Lovell said that the stevedores look at these delays as a 'revenue raiser'. Jane Bailey advised that the ICS provides the electronic status of the cargo once screened the status is immediately updated and a message sent to the stevedore.

Andrew Crawford raised the issue that a declaration can be reported up to one week early for an expected shipment and be clear but once the cargo report is reported there can then be a last minute change of status. Paul Zalai once again reinforced the importance of the diagnostics. Once the diagnostics are available to industry, parameters can be considered and possible reasons for delays can be determined.

It was asked whether Customs retain records on the contractors. Customs do keep records of the contractors. Data is held on performance by Central Office and is monitored in line with the contractual arrangements.

An ACN is being drafted on alternative release procedures and also one on container x-ray.

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ITEM 6 – Operation of the Infringement Notice Scheme in NSW

The moratorium period for imports ceases today. Brian Lovell has sent notices to members and referred them to the appropriate ACN and the Customs guidelines. He raised concerns about consistency throughout the regions in relation to the Infringement Notice Scheme.

Customs advised that the scheme is used in a three step process namely non-compliance report, penalty report and then infringement notice. There are only four delegates in NSW and there is an expectation that documents are all thoroughly examined. Companies are given the opportunity to explain any non-compliance prior to the issue of a warning letter or Notice. Repeated behaviour of non-compliance where there are no mitigating circumstances will result in a penalty being issued. Central Office has issued advice internally and updated the INS guidelines.

Company history is considered during the process. If information was initially incorrect but was reported in good faith Customs can verify events in the ICS. This will allow Compliance to understand any issues of ICS prior to activities commencing. It is important that industry understands that Customs take the application of the INS seriously and that the numbers of infringement notices issued remains relatively low.

Industry advised that forwarders are anxious about the penalty system, as it is new for them. David Collins gave his assurance of Customs approach and diligence of the application of the system and that it is closely monitored. Graeme Charlwood advised that the scheme is subject to a review process. There have been a small number of penalties withdrawn after the company produced further evidence in support of their claim that the breach was unintentional or not their fault. Customs take all reasonable steps to ensure all facts are taken into account to substantiate the decision making process.

It was asked what is the approach of compliance management in relation to cargo reports. Customs advised that it will be examining these reports to determine the

poorest performers and the first step will be to discuss the issue with them. Reports will be shown to the respective companies and their weak points will be discussed, allowing the company an opportunity to respond on their low performance.

Customs noted that the intention of the moratorium period was to provide for industry a training period. Customs have already worked with late reporters, including conducting visits, as we were aware that late cargo reports were going to be an issue. Some of these companies have since shown a positive improvement.

Customs can observe the history of cargo reporting and this will be utilised to determine a decision. This issue will progress over a period of time and will be monitored so that Customs can provide feedback and discuss these issues at industry forums. Industry said that often the information provided by overseas agents causes non-compliance. Customs are aware of shipping companies reporting late which in turn impacts on the brokers and forwarders. This is an area Customs can identify through reports. Staff can be educated about these issues.

Andrew Crawford advised that trade lanes and certain countries are continually deficient and are problem areas for the industry. Any identification by Customs could assist industry to improve their skills. Customs would be able to provide a general overview of the weak areas at these forums without identifying any individual companies. This would provide a background to provide training for members.

Central Office are analysing the outcomes of benchmarking audits annually. These are based on the financial year and detailed reports would not be available until later in the year. John Law suggested that activity should not only focus on hard statistics. There may be areas that can not actually be quantified however conducting quality analysis and addressing weak areas prior to them becoming an issue will assist in less time being spent on them later. It is important to address and identify emerging trends to ensure less time is spent dealing with those areas later.

Industry asked if there was anything in the Regulations addressing short haul flights. Jane Bailey responded that DHL have the only short haul flight into Sydney, which is their New Zealand flight, which way under two hours due to daylight savings. The time is listed in the Regulations which Jane will follow-up for the next meeting.

ITEM 7 - Abandoned Goods

An industry member raised the issue of seized goods. Customs advised that a seizure notice should be issued for all seized goods, even those coming through the airport carried by people from foreign countries. Any issue relating to seized goods at the airport can be discussed with Matt O'Connor, Director Passengers Branch.

The issue of abandoned goods was also raised and Customs advised that there are more abandoned goods now than previously including some whole containers. A

fortnightly check is conducted on all sea cargo containers that remain on the waterfront. Enquiries are made with the owner. Some opt to pay the storage fees and clear the shipment. Few actually turn out to be abandoned goods. It is not known whether similar checks are conducted on air cargo.

Industry raised an old problem that some 77G premises couldn't find a s79 warehouse that would accept abandoned cargo. Customs advised that the 77G should keep the shipment if it is abandoned. If the 77G can prove that the goods are abandoned by obtaining confirmation in writing from the owner of the goods, then the goods will be destroyed or made available at the next Customs auction. There is a policy outlining treatment of abandoned goods.

ITEM 8 – Neutron Scanner Project

There is no expectation that the Neutron Scanner will be expanded for use in other ports at this stage. This will be determined on the results of the trial being conducted in Brisbane.

ITEM 9 – General Business

There were no general business issues discussed.

ITEM 10 – Next Meeting

The scheduled date of the next meeting is Wednesday 21 June 2006. It will be held at Customs House, 10 Cooks River Drive, Sydney International Airport.

Meeting concluded at 12:35pm