



1. Meeting Agenda

Meeting Number: 04/04
Meeting Name: Trade Facilitation Forum
Date: Wednesday 8 September 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 Andrew Hosking (Director Compliance Assurance)
Y Doug Greaves (Director Cargo Assurance)
Y Mal Graham (Co-ordinator of CMR)
A Myron Bosak (Director Cargo & Trade)
Y Syd White (Manager Client Services)
Y Chris Ryan (Manager CEF)
Y Tracy Alston (Supervisor Compliance Assurance Team 5)

AFIF

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

CBFCA

Y Beatrice Kemp (President CBFCA NSW Branch)
Y Paul Zalai
Y Andrew Crawford
Y John Skevington
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 11:05am

David Collins commenced the meeting by announcing that Dick Dacron had retired and that he had been replaced by Myron Bosak. Unfortunately Myron was unable to attend this meeting. David also announced that Andrew Hosking would be transferring to Cairns as the Director Regional Queensland in December.

ITEM 1 – Minutes from the previous meeting

The Minutes of the previous meeting held on 23 June 2004 were confirmed.

ITEM 2 – Matter arising from the previous meeting

B390 Goods Seizure Notices

David Collins advised that this issue was still not resolved, as the AFP has not yet satisfactorily responded. A liaison meeting will be held with them soon to try to resolve this issue.

Acceptance of Redline Documents

Mal Graham advised that there are a number of ICS Imports issues, including acceptance of Red Line Documents that will be considered as part of ICS business process/procedural changes. Those issues will be addressed following the implementation of ICS Exports.

Benchmarking Auditing systems

The document outlining the Benchmarking Auditing system was provided to Industry members shortly after the last meeting.

IEQ Profile

Soon after the last meeting, Andrew Hosking provided Paul Zalai with a copy of the COMPLIE message advice that IEQ has ceased operation.

Car parking at the new Customs building

Customs has tried unsuccessfully to renegotiate with SACL to obtain extra car parking spaces for clients. We are now attempting to obtain a discounted rate for car parking but at this stage no response has been received. Terminal car parking charges are currently \$5-7 for up to 30 minutes. Customs are trying to improve on this rate.

Chris Charlton asked whether it would be possible to discuss with SACL the option of an account style facility or vouchers system instead of staff carrying cash all the time.

David Collins said that he will discuss this idea with Karen Williams and provide advice to Chris. David also advised that he would see if there was any possibility of visitor car parks being available in the new building for meetings such as the TFF. He also advised that Customs are still negotiating with State Rail on rail fare issues for Customs staff.

ITEM 3 – CMR Update

ICS Imports Implementation

The latest information indicates that the ICS Imports implementation will be during April-May 2005.

It is proposed that ICS Import overview sessions for industry business managers and IT representatives will be conducted in November. Comprehensive training for ICS Imports is expected to commence in early February for industry. Specific information about these industry sessions will be advised when the schedule is confirmed.

ICS Exports Implementation

The ICS Exports transition is set to begin on 22 September 2004. Approximately 300 NSW Customs staff have been trained in ICS Exports. Numerous Industry sessions have been conducted with over 4000 people attending sessions and Customs would like to acknowledge AFIF and CBFCA for their assistance and support in conducting these sessions. A further session is being conducted in Sydney next week. Shipping Australia members have been looking at shipping schedules to determine departure dates and times of vessels leaving to determine which system they will use to generate export documentation.

Digital Certificates

There has been concern expressed about the slow uptake of digital certificates. It was mentioned that a number of firms involved with airfreight have decided to hold back using ICS Exports until closer to 06 October given the speed of cargo flow in the airfreight environment. It was noted that the software developers have been proactive in dealing with their clients in terms of their digital certificate needs and set up. That approach has reduced the number of enquiries that otherwise may have been received by Customs.

First level support for ICS users

Gayle Brown outlined the extended hours of operation for the Customs Information and Support Centre(CI&SC) who will be providing the first level support for ICS users. She said that Nicole Cottrell has already advised industry of these arrangements.

Gayle said the CI&SC will operate for the following additional hours during the two-week cutover period for ICS Exports (24-26 September and 1-3 October 2004):

- on both Fridays (24 September and 1 October) to extend the service provision timing to 7 pm local port time;
- both Saturdays covering the normal span of hours, 8 am to 5 pm local port time; and
- on the two Sundays from 11 am to 5 pm local port time.

She also indicated that there are up to twenty staff on standby in a reserve pool ready to step in to assist CI&SC staff to answer calls if necessary. These staff have received the same ICS Exports training as the CI&SC staff. There are some concerns about the existing PABX infrastructure and this will be overcome with the move to our new building well ahead of the ICS Imports rollout. The main CMR national trainers will be located in the CI&SC for the two-week cutover period to guide staff and assist in responding to calls. Mal Graham and the CMR group will also be available for backup to the CI&SC.

Gayle also suggested that callers who may experience problems in telephoning should be encouraged to use email and facsimiles as alternatives.

Export Business Continuity Plan (BCP)

Paul Angel asked what would happen if there are problems and the system does not work. Gayle Brown responded by saying the Business Continuity Plan (BCP) had been developed in concert with industry. If there is a problem then Customs will determine, in the first instance, whether it is an industry problem or Customs problem. If it is an industry problem then it would be expected that industry will be responsible for addressing the problem through their software developer and by implementing their own internal BCP. Customs has three levels of support available to resolve any system problems. Customs will be able to determine whether the problem is in one region or a local group and will advise when to move to contingency arrangements for a specified period of time.

It was then asked that if a forwarder system had a major problem would someone in Customs be able to provide the approval to allow the cargo to move. Mal Graham replied that Customs would consider each agency's circumstance on its own merits. This is one of the reasons Sydney will have Central Office staff available during transition to assist in diagnosing the problems. Notification of contingencies will be via email to ICS clients, industry associations and on the CMR site.

Mal Graham stated that if industry are having any problems with the system they should contact the CI&SC and not Client Services unless there is a full system outage. Customs will need to log all calls and then follow the levels process to resolve any issues.

PRAs

At a recent CRA meeting mention of PRAs. Commencing from 01 September these need to be lodged electronically however the manual system is still available until 01 November. The commencement of PRAs has been put back because of lack of uptake and the poor quality of information provided on them. Paul Zalai indicated one of the delays for this slow uptake was due to the software not being ready on time and needed a couple more weeks, which then blew out to one month. Most forwarders use their own software and there were problems with the testing phase.

Onestop and Tradegate provided awareness sessions. About 140 people attended and plenty of information was provided. PRAs are currently being created approximately 14 hours early. Thirty minutes appears to be the average processing time which is considered slow and this may be due to the validation check with Customs. Paul Angel advised that some have actually taken up to six hours to process.

David Collins congratulated Mal and his CMR team for their efforts. What we learn through the introduction of ICS Exports can be utilized when it is time to introduce the ICS Imports system. There will be a meeting held in Central Office with Directors, SES and CMR staff to discuss issues and ways to resolve them.

ITEM 4 – Container Examination Facility update

The Post Implementation Review of the CEF has been completed and sent to all peak bodies. The most significant outcome of the review was the issue of ACN 04/33 – *Sea Cargo Examination Arrangements*. The ACN addresses the Governments position regarding the x-ray facility and now has increased the target to 7% of all loaded import containers to be inspected. The dwell time issue was also addressed. Saturday work has been positive and productive to Customs. On average the CEF examined over 70 containers on a Saturday and can clear any leftovers from the week. Complaints about dwell time have dropped. The current monthly averages for containers examined were 114 per day in June, 94 per day in July and 96 per day during August. Problems are still occurring however, for example today two ships have blown out so there is less cargo to examine.

Beatrice Kemp asked whether the contract with cartage people is still being pursued. Chris Ryan responded that the real problems are not at the CEF but lie with the stevedores. The CEF has the ability to process up to 160 containers per day however problems due to late ships, stacking and congestion, amongst others, slow the process. Beatrice then asked if Customs could move the cargo using drivers sent by the transport companies, similar to the AQIS system. Chris replied that Customs needs to use security-cleared drivers to move the cargo, to ensure security of the process and of the CEF itself

Chris also indicated that another problem with delays can be due to late reporting of cargo which is then placed in the general stack of containers. That cargo can be delayed because some stacks are very large, and separating those containers can be difficult.

ITEM 5 – Benchmarking Auditing system – policy and procedures

The paper outlining the Benchmark Auditing process has been sent out to all the industry associations. There is no comprehensive data to report at this stage although there are ten audits in progress at various stages with auditors currently visiting six sites. These include four brokerages, one petroleum and one automotive industry audit.

From data provided to date one broker audit shows a 40% import error rate and 55% export error rate. Customs are testing a new system to give more information to a client by what the rating means. It is called a Compliance Scorecard and uses a rating scale from 0 to 12 to identify the level of compliance. The total score gives the following result:

- 11-12 Highly Compliant;
- 8-10 Small Improvement Needed;
- 4-7 Moderate Improvement Needed;
- 0-3 Unacceptable.

Results from the current broker audit results reflected a score of '9' for imports and '7' for exports. It was found the brokers were creating ECNs from the Shipper's Letter of Instruction (SLI). With a change of practice by the broker, the use of commercial invoice to create ECNs is expected to resolve the problems.

Customs will be looking at Benchmarking Audits over time to develop an industry average. Currently Benchmarking Audit averages show imports at a rating of 10.56 and exports slightly lower. When the testing of the new scorecard is complete there may be paper drafted to explain it. Customs is hoping that the new rating system will provide a more meaningful result to industry. Of the results received so far it appears there are errors with AHECCs, no Authority to Act letters (brokerage) and the use of SLIs to create ECNs. More data on the Benchmarking Audits should be available by the next meeting.

John Skevington asked whether industry could look at data received from Benchmarking Audits to determine weaknesses within industry. Andrew Hosking referred to the Benchmarking Audit paper and industry sectors in those areas could identify sections that their client base could fall. Customs expects to be able to identify trends as data becomes available which will be more accurate than previous IEQ results. The difference between the IEQ results and those of the Benchmarking Audits is that the results of Benchmarking Audits are discussed with the broker or freight forwarder and staff are able to provide input into the overall result.

Questions were also asked about the guidelines for Infringement Notices and Warning Letters under the Benchmark Auditing system. Andrew Hosking advised that if the incorrect information were provided to the broker then the infringement would be placed on the importer and not to the broker.

ITEM 6 – Operation of the Infringement Notice Scheme in NSW

Infringement Notice Scheme

Gayle Brown provided information about the operation of the Infringement Notice Scheme in NSW and nationally.

NSW

- Delegates have issued forty-three Warning Letters.
- There has been forty Infringement Notices issued. Of these seven were s.33(3), twelve s.33(6), ten s.243T and eleven s.113(1).

Other Regions

- Delegates have issued seventy Warning Letters.
- There has been ninety Infringement Notices issued. Of these two were s.33(2), twenty-four s.33(3), four s.33(6), eighteen s.243T and two s.243U.

David Collins reconfirmed that the Infringement Notice Scheme is not based on a 'gotcha' mentality. 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. Currently only four sections of the *Customs Act 1901* are in scope however when CMR is fully introduced there will be 26 offences subject to INS activity. Some companies are not paying attention to Warning Letters and are waiting until they receive a Penalty Notice before amending their ways.

Chris Charlton asked about the time between an incident occurring and the issue of an infringement notice, as it sometimes appears to be long. Gayle explained that many of the offences to date had been discovered through Customs regular s.77G depot checks and hence these were post transactional detections. The relevant company is then asked to provide an explanation of the circumstances, all of which takes time and is essential as a preliminary to the process of the delegate decision-maker considering the matter.

Gayle advised that the delegate decision-maker considers a range of issues among which might be:

- ❑ the Compliance history of the company,
- ❑ whether it is the first time the company has come to Customs notice in a negative sense,
- ❑ whether a Warning Letter has been previously issued for similar circumstances,
- ❑ the outcome of an investigation of the facts surrounding the alleged offence, including the explanation provided by the company.

Gayle advised that in her experience there will generally be a lapse of time between when the alleged breach occurs, when it is detected and when the delegate decision-maker has all of the relevant information presented to them for consideration. Although Customs standard operating procedures seek to minimise this time lapse, there are inherent delays by way of the very process itself.

She also indicated that because of this time lapse there have been cases where she as the decision-maker has issued a second Warning Letter for the same type of alleged offence because the first would not yet have been received by the company when the second alleged breach occurred. Finally, she noted that where Customs identifies instances of multiple alleged offences that the delegate decision-maker is not obliged to issue multiple Infringement Notices and can determine to issue anything from only one penalty Notice up to the number of offences.

ITEM 7 – New Customs building update

The completion of the new Customs building is on time and on budget. 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. The relocation dates will be publicised in advance of the move. Marrickville office is expected to move into the new building during January 2005.

The internal fit-out has commenced and is expected to be completed on schedule. Inspections have been done and the ground floor looks well set up. There are meeting and conference rooms on this level and also a small food outlet offering coffee, sandwiches and sweets. The contracting of a removalist is currently in progress. There

has been no date set as yet for the official opening of the building but it expected that the Prime Minister would be invited to open the building.

The relocation to the new building will be conducted with a view to minimising the impact on clients. The Information Technology infrastructure in the building is being carefully planned as our continuity of service is of the utmost importance. The new PABX testing will be conducted prior to the cutover at the new building. Gayle indicated that a State Notice will be issued well in advance of the move to advise the new telephone/fax numbers and address. David also added that Notices will be displayed in the Link Road office. Security is a keynote of the new building and there will be 24-hour guards on the ground floor.

David Collins suggested that Forum members may wish to undertake a site visit the new building. All members agreed this would be a good idea. David will try to organise something for the future. AQIS will operate from the front counters in the new building, as they currently do at the Link Road office. AFP will not be a tenant and another, as yet unnamed, tenant will be located on Level 3 in the building.

ITEM 8 – General Business

Doug Greaves looks after Australia Post's Sydney Gateway Facility (SGF) at Clyde and is in the process of trying to get extra Customs staff working out there during the Christmas period. This should have no impact on any of the industries represented at this meeting. Refurbishment of the Sydney Gateway Facility is making things difficult at the moment.

ITEM 10 – Next Meeting

The proposed date for the next meeting is Thursday 11 November 2004 at 11:00am at the Container Examination Facility, Bumborah Point Road, Port Botany. All parties agreed to this proposal.

Meeting concluded at 12:45pm.