



1. Meeting Agenda

Meeting Number: 04/05
Meeting Name: Trade Facilitation Forum
Date: Wednesday 17 August 2005
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 Graeme Charlwood (Regional Manager Border Compliance & Enforcement)
Y Jane Bailey (Regional Manager Cargo Assurance & Trade)
Y Jim Fleming (Director Compliance Assurance)
Y Peter Stankiewicz (A/g Director of CMR)
Y Myron Bosak (Director Cargo & Trade)
Y Karen Williams (Director Cargo Assurance)
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 Neil Perry
A Andrew Crawford
A Tony Fatouros
Y Michael Hudson

CAPEC

A Chris Charlton
A Robert Battistel

ICS USER REPRESENTATIVE

Y Paul Zalai

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.	Benchmarking Auditing system update	Customs
7.	Operation of the Infringement Notice Scheme	Customs
8.	Increase in resources for Compliance	Customs
9.	General Business	
10.	Next Meeting	

4. Minutes

Meeting commenced 11:15am

ITEM 1 Welcome and apologies

David Collins formally welcomed everyone to the meeting. He introduced Neil Perry (CBFCA Representative) who has taken over the position previously held by Paul Zalai. Paul Zalai is currently the ICS User Representative and will continue to participate in the forums.

Karen Williams has joined the forum as Director Cargo Assurance a position previously held by Doug Greaves. Peter Stankiewicz remains as the acting Director CMR.

David Collins also introduced Jim Fleming to the forum. Jim is now the Director Compliance Assurance, which Graeme Rayner previously held. Jim has worked in Compliance, in Central Office on the Tax Reform and in the Trade Branch.

ITEM 2 – Minutes from the previous meeting

The change to the Minutes of the previous meeting held on 22 June 2005 was confirmed.

ITEM 3 – Matters arising from the previous meeting

Redline Documents

A policy is now in place that allows redline documents to be accepted via email. They will also be accepted via facsimile however this will be 'by request' only. Central Office issued a determination on 19 July outlining the requirements for redline documents. This covers formats, email addresses and other information. 12 October has been set for the acceptance of redline documents via these methods.

Central Office have advised that a 10MB limit will apply to email and anything larger than this will result in an automatic 'bounce' of the mail. An ACN will be

issued shortly outlining the use of email for redline document presentation. Scanning of documents can easily exceed the 10MB limit and possible batching may alleviate the problem. It is expected that there will be no automatic response to messages sent to Customs and it is recommended that users set-up their own automatic messages. Customs will not retain copies of documents supplied. Peter Stankiewicz advised that he will follow-up the issue of automatic messaging. NB: (Advice now received that receipt advice will be sent by Customs)

Client Registration Tickbox

Peter Stankiewicz advised the forum that that use of the Client Registration tickbox is no longer required in relation to the EOI check. Customs Legal section has advised that there is no legal framework around this field and therefore it is a non-issue for compliance. This matter is now resolved.

Amendment to Minutes of 22 June 2005

Tracy Alston has amended the Minutes of the last meeting. Item 8, paragraph 6 now read 40 staff, not 40 sites as was previously reported.

Tariff Item 53B

Graeme Rayner has provided Jim Fleming with information relating to a letter received by CBFCA addressing the use of Tariff Item 53B. The letter sent from Customs was in the standard 12-point writing. This font size may have been altered due to print or scanning functions. Difficulties applying 'hardcode' in COMPILER means that it is still possible to use this Tariff Item after it has been excluded from the concession. This issue will be automatically addressed in ICS instead of Customs updating the system. This matter is now resolved.

Statuses of AWBs and B/Ls

Peter Stankiewicz advised that Customs would provide information to brokers on request to determine statuses of Air waybills and Bills of Ladings previously reported in the ICS where that information was available, eg, when the CCF was the cause of a Contingency. This information may only be available through the CRE database and therefore may not be entirely up to date. At this stage there has been no further clarification on private sector services in relation to this matter.

ITEM 4 – CMR Update

ICS Imports Implementation

David Collins advised the ICS Implementation date was passed in Senate today and extended to 07 November 2005. Customs however is firmly committed to implementation on 12 October 2005 and all users should plan for and expect Cutover to commence on this date.

ICS Information

A fact sheet was issued in July providing updated information about the cut-over to the ICS. The New Cargo Systems Newsletter is available on the Customs website and is full of useful imports information including details on requirements on how to connect to the ICS. Industry should note deadlines relating to Direct Debit Forms and EFT client authorisations – 12 September.

ICS Imports Training - Industry

There will be a second round of ICS Imports Training offered to industry. These sessions will include BCP and cover industry specific areas such as part shipments. These sessions will run for approximately 2 ½ hours and spaces are currently filling up fast. The only vacancies remaining in Sydney are for the session to be conducted on 08 September. These sessions will be held at the Airport Mecure Hotel.

Business Continuity Plan (BCP)

Version 3 of the Business Continuity Plan (BCP) is currently available. This will be issued next week to major industry stakeholders on a CD and includes information such as plans, forms and CSV file formats.

The success of the BCP depends on industry being able to provide Customs information in the format that is required. This will assist Customs in meeting determined timeframes. The most recent outage lasted for eight hours, and during this time Customs had to call ten people to let them know that items were not attached or incorrect information or forms had been provided. Difficulties such as these greatly impact on turnaround times.

Paul Zalai raised concerns with the BCP format. The concerns relate to how it will work, and that industry will not be able to communicate amongst itself. There are also concerns that sending messages out may be too complicated. Paul has put forward some proposals to address this matter but at this stage has had no response. The concerns were noted but it was agreed that the matter was being addressed elsewhere.

Customs offered to present an outline of the BCP in a two-hour information session for a limited group of approximately 15-20 industry representatives. The Forum accepted this offer. Details to be advised.

Industry Readiness

In preparation for client readiness NSW Customs will contact as many clients as possible to determine ICS Imports business readiness and to discuss the BCP and identify any difficult issues. Customs will prioritise whom they will contact and aim to assist in resolving as many issues as possible prior to 12 October.

Paul Zalai indicated that industry already involved with exports processing are prepared for ICS Imports and smaller forwarders who will be using ICS for the first time are trying very hard to prepare themselves. There are however some smaller forwarders however who appear to be oblivious to the changes ahead and should possibly be targeted for contact.

The business readiness simulation is now available. It is recommended that industry participate in the business readiness simulation. It will greatly assist those with special needs and sort out any technical issues. Information regarding the business readiness simulation is available in the New Cargo Systems Newsletter or by contacting Poh Ling Lee on (02) 6229 3845.

Australian Customs Notice 2005/37 – ‘Update – Moratorium relating to Strict Liability Import Offences’ identifies new ICS imports offences and details related statutory and administrative moratoria. The moratorium period for electronic cargo reporting commenced in July. No manual cargo reporting will be accepted from January unless approved by the CEO upon application.

CI&SC - Support Arrangements

Jane Bailey reminded industry to use 1300 558 099 between 0800 to 1800 hours (local port time) for support. There is also another telephone number available outside of this 1300 number however very strict criteria apply. Incorrect use of this number will result in the caller being diverted back to 1300 558 099. Customs contact numbers are now also published on various products including mouse pads and pens.

Software Development

A Software Developers meeting was held on Tuesday, 16 August. There were no negative reports from industry and only a few particular issues were raised. Paul Zalai advised that a couple of software developers are still to roll out their product with their clients. This means that these clients will not have time to test the system.

Software developers are still progressing with systems development but claim that they are being affected by "regression" of incidents and the need to recode due to inaccuracies in the software developers guide. Many Severity 1 and Severity 2 incidents are also being addressed and are scheduled to be rectified by 16 September 2005. It is likely that most Severity 3 issues will have to be addressed post implementation. Industry may have to perform some level of "work around" to overcome any technical issues that remain outstanding. It looks as though there will be no deviation from the 12 October cutover date. Customs made it clear at the meeting that all stakeholders must work together in the "sprint to the finish line".

David Collins advised that if there are any local issues experienced as part of the rollout could they please be added to the Agenda for the next Trade Facilitation Forum Meeting.

ITEM 5 – Container Examination Facility update

The operations at the CEF are on track following implementation of EXAMS2. Last month 700 to 800 TEU were examined per week.

There were three claims for reimbursement of storage charges during July and August. Two of these claims have been paid and the third is currently being processed. Customs will only reimburse storage charges if Customs are found to be at fault. Customs is not responsible for charges incurred due to late reporting of cargo or stevedore delays.

Request for tenders will be issued in September for the pack and unpack and transport at the CEF. The new contract is due to begin in January 2006.

Deleted: ¶

ITEM 6 – Benchmarking Auditing system – policy and procedures

Graeme Charlwood reported on the Benchmark Audit findings. The following information outlines the outcomes of the benchmarking audits for NSW conducted last year.

- Imports

\$1800 million revenue coverage was examined. Less than 1% of the total revenue payable was recovered as a result of errors. Results showed an industry average error rate of 30%. Most of the errors detected were not revenue errors. No details are available as yet as to the specific areas where this error rate falls.

- Exports

\$300 million in total FOB for exports was covered. Testing against the eight critical fields showed a very high amount of errors. The total value of exports goods was incorrect by approximately 5% on average, which is a significant error. Further analysis on data from exports testing is to be conducted. The industry average error rate from the eight critical fields is 85%.

ITEM 7 – Operation of the Infringement Notice Scheme in NSW

Graeme Charlwood reported that the previous difficulties experienced with the Penalties 2 system have now been rectified and infringement notices are now being issued.

For the year ending June 2005, NSW had issued 56 infringement notices and 98 warning letters.

Information for NSW commencing July 2005 shows:

July

- There were four warning letters issued
- There was one infringement notice issued.

August

- There was no warning letter issued.
- There were six Infringement Notice issued. These included two for s113, two for s243T and one for s33(6). It is expected that more activity will be conducted for August.

There is a continuing issue with one airfreight company of delivery without authority. A meeting has been held with this company and they are now introducing new measures in an attempt to improve compliance.

ITEM 8 – Increase in resources for Compliance

As part of the budget delivered on 10 May 2005, there has been an increase in the funds allocated to Customs. An extra \$8.2 million was allocated this financial year, with \$28.7 million during the next four years.

There is an increased focus on revenue risks and an extra 60 staff have been allocated nationally with 31 of these positions for NSW Compliance Assurance. There have been 48 job offers made within the branch, which includes previously vacant positions. This should bring the NSW Compliance staff to maximum capacity.

Compliance Assurance is currently undergoing a restructure and a new group, 'Declarations Control', will be created to address the real-time environment. This group will focus on GST, FTA, general targets for revenue and also exports issues. There will be no changes to the remaining teams however they will be larger. They will be able to conduct more audit activity, as their previous real-time activities will be allocated to the new Declarations Control group.

Customs is working towards the national co-ordination of risk management within Compliance. There will also be further training conducted as part of the allocation of new staff.

Beatrice Kemp mentioned that she heard from a small operator who had been selected for a benchmarking audit. They were concerned as this examination covered nearly 100% of all their work. Jim Fleming advised that the selection of benchmarking audits is based on a scientific formula that is applied by Central Office. There is no control over the selection of companies within the regions and the same number of lines is examined and applied equally to all companies whether larger or small.

Beatrice Kemp also raised that Customs organised to visit a premises and the owner of the company asked if they could bring legal representation to the visit. He was advised that he could not. Jim Fleming responded that there is no reason why legal representation cannot be present as part of the benchmarking audit process. Jim Fleming undertook to follow-up this action with the Managers within Compliance Assurance.

Industry asked about the issue of 'hard coding' within COMPILE in relation to application of certain customs concessions. The COMPILE system is able to 'hard code' some items but not others. It was asked whether compliance would still be strict on reporting responsibilities. Jim Fleming responded that the ultimate responsibility lies with the owner or broker to provide a correct declaration to Customs. The system cannot always be relied upon. Paul Zalai asked if it would be possible for Customs to let industry know of areas that could not be 'hard coded' to give them the opportunity to volunteer their errors instead of being detected during compliance activity.

Industry also asked how far back could Customs go to recover shortfalls or revenue. Jim Fleming responded that Customs is unlimited on how far back they can go under s153 of the *Customs Act 1901*. He also advised that indirect tax penalties might be applied in the future. There are some complex issues involved with this and the ATO has issued a guide for Customs on the application of these. There will be no penalties on immaterial issues.

ITEM 9 – General Business

Customs Industry Placements

Neil Perry told the forum he had been approached by Customs to place a Customs trainee within his business for experience. He was concerned about company liabilities in these instances. Jim Fleming advised that Customs currently have a graduate working on a project to document the flow of imported cargo. The aim is to build on control points from a Customs perspective. Jim suggested that instead of placing the graduate at the company for one week, it might be a better approach to obtain this information through daily visits.

Customs Staffing Issues

David Collins raised the issue of staff shortages within Customs and the difficulties in attracting quality applicants to advertised positions. Customs had previously advertised for employees as management initiated part-time (MIPT) staff at the airport but due to increasing workloads, found the need to convert these positions to full-time.

Customs will be recruiting full-time staff in the future. There are currently 38 Customs Trainees at the moment and by September there should be 60 Customs Trainees in training.

Industry indicated they are experiencing similar problems in trying to fill vacant positions due to the lack of trained and skilled brokers. This is a problem that has been experienced for some time.

ITEM 10 – Next Meeting

The scheduled date of the next meeting was Wednesday 12 October 2005. As this the date of cutover for ICS the meeting has been set back one week to be held on 19 October 2005. It will be held at Customs House, 10 Cooks River Drive, Sydney International Airport.

Meeting concluded at 12:35pm.