



## 1. Meeting Agenda

**Meeting Number:** 03/07  
**Meeting Name:** Trade Facilitation Forum  
**Date:** Wednesday 29 August 2007  
**Time:** 11.00am  
**Location:** Customs House  
10 Cooks River Drive  
Sydney International Airport

## 2. Invitees/Attendees

Y-in attendance,A-apology

### Customs

Y Gail Batman (Regional Director NSW)  
Y Tania Barrow (A/g National Manager Cargo Operations North)  
Y Doug Greaves (Director Compliance Intervention NSW)  
A Jim Fleming (Director Compliance Audit NSW)  
Y Pam Radin (A/g Director Air Cargo Operations)  
Y Brian Sheridan (Manager Trade)  
Y Rod Vaughan (A/g Director Customs Information & Support Centre)  
Y Debbie Buck (Supervisor Revenue Assessments)

### AFIF

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

### CBCFCA

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

### CAPEC

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.	Compliance Division Update	Customs
5.	NSW Trade Branch Update	Customs
6.	Regional ICS issues	Customs
7.	Sea Cargo Examinations	Customs
8.	General Business	
9.	Next Meeting	

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### 4. Minutes

Meeting commenced: 11.10am

#### **ITEM 1 Welcome and Apologies**

Gail Batman formally welcomed everyone to the meeting. She passed on apologies from Jim Fleming and a number of industry representatives who were not able to attend the meeting.

#### **ITEM 2 Minutes from the previous meeting**

The Minutes from the previous meeting, held on 20 June 2007, were accepted.

#### **ITEM 3 Matters arising from the previous meeting**

There were no matters arising from the previous meeting.

#### **ITEM 4 Compliance Division Update**

Doug Greaves opened his presentation by stating that the new Compliance structure reported on at the last meeting was now “bedding down”, before going on to introduce the two topics that he would be presenting at this meeting.

The first was an update on the Infringement Notice Scheme (INS). Doug informed the forum that there have been significant changes to how the INS was administered. He then outlined the following:

- INS functions have transferred from the Sanctions Group to Compliance Support.
- The administration of the INS in NSW is now virtually a full-time role, which includes vetting, training, guidance, problem solving and providing assistance to the Delegate. Darren Mobbs is currently performing this role.
- Regular email advice is being disseminated to all INS users, including interstate counterparts.

- In NSW, the Compliance Division is introducing, publishing and distributing an “aide memoire” regarding s.33 offences for use by Customs staff. Other guides are also being considered and are likely to follow on from this initiative.

Doug revealed that there were a growing number of penalty recommendations relating to repeated offences and deliberate non-compliance. Doug provided an example where a textile, clothing and footwear (TCF) importer was required to pay \$6,739 in penalties on top of duty and GST charges totalling \$528,894. Doug then gave the following overview of the INS statistics for July and August:

- Paid infringements - \$12,909.15;
- Section 243T - False statements resulting in loss of duty – 27 non compliance records (NCR) and 16 penalty records (PR);
- Section 243U – False statement not resulting in duty loss – 6 NCR and 1 PR;
- Section 33(6) – Delivery without authority – 3 NCR and 3PRs;
- Section 113(6) – Failure to enter goods for export – 3 NCRS and 3 PR;
- Indirect tax penalties - 2 Indirect Tax Penalty (ITP) records created (resulting in a warning);
- Manager action – 5 warning letters; and
- Delegate action – 7 delegate warning letters and 8 infringement notices.

The presentation moved on to the second topic, being “Compliance Training and Development”. Doug provided the forum with an update on work that was being done to progress the Compliance Division’s strategy for enhancing Compliance expertise. Doug acknowledged that training and development had been ad hoc in the past and that the Division was keen to adopt a more systematic and strategic approach to the training and development of Compliance staff. Doug outlined a five-step process that aims to ensure that the highest priority training and development needs are identified and addressed in a more focussed and timely manner:

1. Identify the knowledge and skills needed by each officer in Compliance;
2. Determine what knowledge and skills are critical in achieving satisfactory performance;
3. Task Managers to make an informal assessment of the needs of every officer;
4. Determine what are our greatest needs overall and where they are; and,
5. Meet and address those needs by using a broad range of training and development modes (not just classroom or on-line training).

Doug highlighted a number of other reasons for the renewed emphasis of staff training and development. He acknowledged the Compliance work is “difficult and intricate”. Doug explained that the approach would also “provide a structure for managing, monitoring, refining and delivering training into the future” and aims to “cover the full spectrum of needs – knowledge, technical and personal skills”. Doug elaborated further on the methodology for identifying and addressing individual training and development needs, and handed out an example of a Level 3 “Compliance Audit – Training Needs Analysis Sheet”. The document identified a comprehensive list of the specific knowledge, technical skills and personal skills that are either required or desirable in a Level 3 Compliance Audit Officer. Doug invited input from industry.

Andrew Crawford sought clarification on the new Compliance structure, as he was not at the last meeting. Andrew also enquired about the number of National Industry Leads (NILs) and their role in relation to their designated industry sectors. Doug provided a brief recap of the role of NILs and advised that there are eleven 11 NILs nationally, three of which are in New South Wales. Andrew stressed the need for consistency in practice and specialisation of knowledge, and he provided the automotive industry as an example. Doug acknowledged this. He advised that the automotive NIL is located in Melbourne, but it will guide all Compliance operational activities in relation to that industry, across the country. This will include the provision of insight about that industry to all operational staff, when they need it. Other NILs will do likewise.

John Law stated that Compliance should be congratulated for adopting this competency-based approach. Doug observed that Customs has had a competency-based approach for some time and there are no new principles in this initiative, but Compliance has tried to prune all unnecessary elements, to get the best outcome in the shortest time for the least effort.

Paul Zalai noted that Russell Dean from Central Office had approached the Customs Brokers and Forwarders Council of Australia (CBFCA) Training Manager, Bill Murphy to discuss cooperative training efforts. Paul also noted that the CBFCA is planning to provide “update” training for existing brokers via its on-line platform and Russell had offered to identify current areas of non-compliance, to help the CBFCA make this training both topical and relevant. At Paul’s suggestion, Doug undertook to contact Bill Murphy, CBFCA Training Manager, to discuss how the CBFCA and Customs can work together to improve their respective training initiatives.

Doug proceeded to highlight a number of current operational issues that are of concern to Customs:

#### Overstatement of Freight Costs

Doug stated that discussion is currently underway with an importer who appeared to have overstated its overseas freight costs for a number of years, thereby underpaying a significant amount of duty and GST. Doug advised that Compliance was surprised that the matter had not been detected and reported earlier by the brokers concerned, given the major discrepancy between the actual and the reported freight costs. He indicated that Compliance would soon pursue this matter with the broker, as it has implications for Customs assessment of their place on the *Compliance Continuum*.

#### TCF Imports

Doug noted that a string of recent cases had revealed systematic undervaluation of textiles, clothing and footwear (TCF) goods imported from China. He observed that Customs now had an excellent source of intelligence about such undervaluation, so companies engaged in this practice would be unwise to persist.

### Misuse of Self-Assessed Clearances (SACs)

Doug also noted that the misuse of SACs for goods valued over \$1000 remains another ongoing issue for Compliance attention and action. He cited three recent examples of goods that had been wrongly reported on SACs:

- \$60,000 worth of jewellery (currently being held);
- Ten new Italian motorbike engines; and
- Two full shipping containers of exotic vegetables.

Andrew Crawford mentioned the difficulties in accurately calculating and breaking down some freight costs and the “huge impost” that this can place on brokers (particularly with non revenue related declarations). Doug acknowledged the complexity of such calculations, but noted that the current example did not seem to be mere mathematical error. Paul Zalai added that the CBFCA had recently written to Neil Mann about this issue and was awaiting a response to his proposal for simplifying such calculations. Doug replied that Paul’s proposal would need high-level consideration, above this forum. In regards to the misuse of SACs, Andrew Crawford noted that this was a real concern. He raised a number of issues including the fact that many SAC reporters are not licensed and “anyone can do a SAC”.

John Law reconfirmed the value to industry representatives of receiving information about the types of non-compliance detected by Customs, like that provided by Doug. John offered to provide examples of difficult freight cost calculations, if needed. Andrew Crawford added that in the past, Customs Officers had visited Customs brokerages as part of their training with the aim of learning and enhancing their appreciation of brokerage logistics. He stated that there might be some value in including brokerage visits in any future Compliance training and development programs.

### **ITEM 5 NSW Trade Branch Update**

Brian Sheridan presented the forum with an overview of his area’s workload statistics for the month of July. He reported that the Tariff section had received a total of 152 tariff advices (TA) in that month and that of the decisions made, 40% did not support the applicant’s submission. A total of 48 Australian Harmonised Export Commodity Code (AHECC) applications were received and processed.

Brian advised that 201 refunds were processed last month. There were 60 refunds queries and 20 applications for refunds were rejected (totalling \$154,739.07). The reasons for the rejections were that:

- Four had no response to query advices; and,
- 16 had invalid circumstances.

Brian provided an update on this staffing situation, reporting that two experienced Level 2 officers were retiring next month, another officer was being reassigned and a Level 3 will be retiring early next year.

Andrew Crawford enquired whether Tariff and Valuation Advices were processed in each region or were centralised. Brian indicated that Tariff Advices are processed in each region, but Valuation Advices are centralised in Melbourne.

Brian then discussed an issue that was raised at an Australian Taxation Office (ATO) conference that he attended on 10 August. It involved a press release from the Assistant Treasurers Office entitled “Excise – Reducing Compliance Costs for Business”. The press release outlines the Government’s intention to implement two measures that will reduce compliance costs for those businesses that are licensed excise manufacturers or importers of excise-equivalent products. The press release notes that the changes will:

- “Allow small businesses with deferred settlement permissions to settle their excise and excise-equivalent customs duties on a monthly cycle” (rather than the normal weekly cycle); and
- “Reform the rules concerning eligibility for refunds, remissions, and drawbacks of excise-equivalent customs duty. The reform measure will allow all excise and excise-equivalent imported goods to be eligible for a refund of duty where they are returned to a place licensed for that good or destroyed with the prior approval of the relevant administering authority”.

For further details about the changes (which will come into effect from the later of 1 January 2008 or the date of Royal Assent of the enabling legislation), Brian referred the forum to Press Release Number 045 that is located on the Assistant Treasurers website at [www.treasurer.gov.au](http://www.treasurer.gov.au).

Andrew Crawford stated that if Customs learns anything from the ATO that may relate to their industry, he would be grateful if this could be passed on. Michael Hudson then mentioned the complexities of GST deferral on GST exempt goods. Doug Greaves indicated that he would ask Graeme Allan, Manager Import Intervention, to contact Michael to discuss this matter further.

## **ITEM 6 Regional ICS Issues**

Rod Vaughan introduced himself and explained that he had taken over Peter Stankiewicz’s role as the Director, Customs Information and Support Centre (CI&SC). Rod only had one ICS outage to report and this occurred at 0830hr on 15 August. The 30-minute outage resulted in no email or contingency requests.

Rod informed the forum that Glenn Thornton from Cargo and Trade in Central Office had conducted a pilot “Industry Business Continuity Plan (BCP)” Workshop in Sydney recently. This client education initiative had received some very positive feedback. Rod then advised that the CI&SC is conducting a limited trial on targeting “high end” ICS users to receive further training in the use of ICS. The aim is to reduce the number of calls to the CI&SC. The effectiveness of this initiative will be monitored and measured through an analysis of future call figures.

Andrew Crawford enquired about who was responsible for updating the ICS forms on the Customs website. He noted that a number of Electronic Funds Transfer (EFT)

Registration forms (B320 and B322) had changed and are now out of date. Rod said that he would contact Central Office and follow this up.

John Law confirmed that Glenn Thornton's training sessions were very good and stated that Queensland members were very interested in inviting him to deliver sessions in that State. Paul Zalai reconfirmed that Customs "couldn't do any more" in terms of the ICS BCP Internet support material, as it is now very good.

#### **ITEM 7      Sea Cargo Examinations**

Pam Radin explained that although her title is Director Air Cargo Operations, she is responsible for the programmers who schedule both air and sea examinations. As a result of identifying areas where efficiencies might be achieved in her area, Pam outlined a plan to trial changes to the hours that Customs officers are available to conduct sea cargo examinations. Pam acknowledged that she had already talked to Paul Zalai and that initial feedback from his members concerning this initiative had been positive.

Pam advised that the new hours of operation to be trialled would be 0700 to 1700 (Monday – Friday). She explained that another aim of extending the service hours is to better align Customs hours of business to those of industry. She informed the forum that the trial is scheduled to commence on 17 September and will run through to mid-November.

Pam advised that a notice about the trial would be published and distributed shortly. Paul Zalai asked whether Customs would revert back to the current arrangements if there were no huge demand for this service during the trial. Pam advised that decisions on this would be made after an evaluation of the trial is conducted, and that preliminary results will be discussed at the next meeting. Paul stated that he would encourage his members to take advantage of the trial arrangements.

Andrew Crawford asked if Customs had any plans to locate fulltime Customs officers at some of the relevant sea cargo establishments. Pam replied that the amount of work at such premises is not nearly high enough to warrant a full time presence.

#### **ITEM 8      General Business**

Michael Hudson confirmed that the issues raised in Doug Greaves' presentation are some of the most topical issues affecting his business today. He noted that an increase in the expertise of Compliance staff will have a positive affect on everyone in the future.

Paul Zalai observed that having a small agenda is a good thing as it shows that there were no crisis issues facing Customs or industry at the moment. Paul also acknowledged the value in the type of information offered in Doug's presentations.

Gail Batman invited the industry representatives to advise her if they are any topics that they would be interested in having presented at future forums.

**ITEM 8**      **Next Meeting**

The next TFF meeting is scheduled for **Wednesday 21 November 2007**. Please note the change in date as it varies from that which was originally publicised.

The meeting concluded at 12:35pm.