



## 1. Meeting Agenda

**Meeting Number:** 02/06  
**Meeting Name:** Trade Facilitation Forum  
**Date:** Wednesday 28 June 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)  
A Peter Stankiewicz (A.g Director 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  
A Stuart McFarlane

### **CBFCA**

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

### **CAPEC**

Y Chris Charlton  
A Stephen Ly  
A Robert Battistel

### 3. Agenda

<b>Item No.</b>	<b>Subject</b>	<b>Presenter</b>
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.	General Business	
8.	Next Meeting	

### 4. Minutes

Meeting commenced 11:15am

#### **ITEM 1 Welcome and apologies**

David Collins formally welcomed everyone to the meeting.

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

The Minutes from the previous meeting held on 12 April 2006, were accepted.

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

There were no matters arising from the previous meeting.

#### **ITEM 4 – CMR Update**

##### Booz Allen Hamilton Review of the ICS

At the IAG meeting held on 27 June 2006 the Booz Allen Hamilton Review of the ICS was the main point of discussion. Thirteen recommendations were made to Customs as a result of the review. Marion Grant has been placed in charge of improving the ICS in line with the report. A Project Management office has been set up headed by Craig Langford.

They are in the process of compiling a list of issues to be resolved and initially have identified Ocean Bill of Lading, voyage number stripping and part shipments as priority issues. There will also be work conducted on issues arising out of calls received by the CI&SC. The largest number of calls the CI&SC are receiving are cargo related particularly clients asking why is their cargo being held. Profiling and risk assessments will also be covered although at a later stage.

##### CI&SC

Approximately 700-800 calls are received on a daily basis. The most common question asked is ‘Why is cargo held?’ or ‘Why isn’t it clear?’ CI&SC staffing levels continue as per the November levels and Customs are continuing to maintain the calls, which are assisting in retaining their skills. Customs has been allocated

\$3 million in the budget to maintain these staffing levels and will increase these levels with 30 extra staff.

Call waiting times are down to under two minutes with the exception being Wednesdays during peak periods. The CI&SC has been allocated \$1.8 million from the ICS to improve the call centre telephony with a purchase expected in the next couple of months. Call centre technology and knowledge base equipment will help to decrease the number of calls on the helpdesk substantially. Dennis Murphy is heading a project to address this issue. The aim is to bring the call centre to world standards as per the recommendation in the Booz, Allen and Hamilton review. Jane Bailey indicated it would be beneficial to form a liaison group with other help centres across the industry.

Customs would like to look at calls received and identify companies calling repeatedly with the same issues. This is not being addressed at the moment however the new software should address this issue and Customs will then be able to provide feed back to assist companies.

The CI&SC has formed a Reference group and first met on 22 May 2006. The goal of the group is to work with Industry to determine what services they expect from the CI&SC. This will allow Customs to develop a knowledge base on what is important to Industry and what standards they would like Customs to meet. Customs will also be able to gain an understanding of the software packages used by Industry that will also be useful when offering assistance. Customs are aware of the sensitivity of this project and feel the information provided will be a key area in the improvement of services provided. An Industry Reference group meeting will be held on 22 August 2006. This project will assist Customs in determining what new technology to purchase to improve our levels of assistance.

The system support side of the CI&SC will remain the major function of the area. Customs are aware that the 'on-call' support at night is difficult and sometimes critical at late night for export shipments.

#### ICS Issues

The IAG meeting on 26 June 2006 discussed the issue of alternative release advice notices. These should be used only in exceptional cases where clearance has been received for the goods although there is still a hold status on the cargo report. A Notice explaining this issue has been drafted including a template and proposed instructions and hopefully will be issued by the end of the week. Records will be maintained by Cargo and Trade branch for Compliance reference of any Alternative Release Advice Notices issued.

The IAG also discussed that they would like to move away from authorising print screen contingencies. There is concern about the overuse of this facility however considerations need to be made about the impact on industry if these releases are no longer used. Industry has indicated that it will cause major problems if this facility is no longer available. This issue is currently being re-examined.

Brian Lovell suggested it would be beneficial for Customs to personally observe and examine what is actually occurring at the depots. It may assist in determining

why there are problem areas, as some issues may not be considered or detected within the Customs offices.

Tony Fatouros mentioned that some depots are refusing to look at the authority to deal, as they do not believe it to be accurate and prefer to see a printout. Jane Bailey responded that discussions are currently underway about changes to licensing arrangements and the review of the availability of itools at depots. Customs are considering ways around these problems as not all operators have access to the Internet. Legally the only way to release goods is by electronic document. Customs are aware of the complexities impacting on vehicles, slots, time and money involved and will be considering all different ways of an alternative approach.

There will be a new alternative release mechanism release by Customs. It will operate by Customs issuing an email to obtain authorisation from a company to act and the goods will be released to an ID establishment code. This arrangement will only apply to held cargo. This new arrangement should turned-around during the telephone call received from a client. This situation should not occur often and at this stage there are only about ten alternative release advice notices issued per week.

#### **ITEM 5 – Container Examination Facility update**

The renewal of the container cartage contract has been completed and the most significant outcome of the new contract has been the concession of 24-hour free storage to collect containers after examination at the CEF. The new arrangements have already commenced at Patricks Terminal and will commence from 1 August at P&O Ports terminals. Any issues where it appears stevedores are not complying with the new contract should be brought to Customs attention.

Operations at the CEF are currently running smoothly and there have been only one or two delays. Rostering is continuing for six-day operations and the trial roster is currently under review. Changes to the current arrangements may be reviewed during peak periods in October and November.

Optimum levels and throughput goals are progressing without any problems. A media release recently highlighted two million pseudoephedrine tablets from Indonesia were seized after examination at the CEF. This has resulted in four arrests in NSW and three arrests in Indonesia. These goods are prohibited import unless prior approval has been granted by the Department of Health.

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#### **ITEM 6 – Operation of the Infringement Notice Scheme in NSW**

There has been minimal INS activity with 9-10 infringement notices issued. Of these approximately eight have been issued to one company relating to cargo being delivered without authority. Customs is working closely with this company to provide assistance in an attempt to improve their compliance.

Brian Lovell asked how many penalties need to be issued before a licence is revoked. Graeme Charlwood explained that there was not direct linkage between

the number of penalty notices issues and the suspension or cancellation of a licence. The issue has been discussed with Central Office and it is the case that the relevant legislative requirements need to be met before Customs can suspend or withdraw a licence. This is considered an extreme action to take and is at the high end of the Customs Compliance Continuum.

At the moment all penalties issued have been related to issues prior to ICS Imports implementation on 12 October 2005. The number of audits and compliance checks conducted earlier this year examined activity post ICS. Where issues have been detected in terms of late cargo reporting appropriate action will be taken including client education, issuing of warning letters but where compliance is still not achieved penalty notices will be issued.

The issue of bureaus responsibility in relation to cargo reporting was raised. Customs advised that it is important to remember there are strict liability offences. Bureaus have a professional duty of care to get information to Customs in an accurate way. Where declarations made to Customs by a broker are incorrect, even though the owner supplied them with accurate information, the infringement is placed on the owner of the goods. This is in line with Customs legislation and it is up to the owner of the goods to follow-up the issues with their broker.

Penalties for late cargo reporting of goods with short transit times are under consideration. It is not expected that there will be many that meet this criteria particularly in relation to sea cargo. Customs has already identified entities that regularly report late and have written to them. Customs are trying to work with these companies to improve their compliance and will use the Compliance Continuum to achieve that goal.

Chris Charlton raised CAPEC concerns about the definition of late reporting when reporting surplus cargo. He also indicted that Central Office were unable to extract large amounts of data out of ICS for CAPEC issues. He also expressed concerns that CTOs are not accountable for late reporting and the responsibility goes back on the airline. It appears unfair that CTOs are operating as a charterer or contractor, which is excluding them of this accountability. Graeme Charlwood responded that the Customs business model will be changing continually and will need to attempt to align our processes with business practices.

The basic message for industry at this stage is to simply report cargo on time and to remember the importance of data quality during the process.

This issue of compliance levels for exports was raised. The CBFCA asked whether the current levels had improved. Jim Fleming responded that the quality of data on export declarations had shown little improvement over time. This issue is still on Customs agenda. David Collins added that at a recent CBFCA conference he provided statistics that showed very high levels of error rates on export information. Approximately 70% of export declarations had something wrong with them. This is indicative to a lack of attention to detail. All of industry should be reminded about the importance of export data integrity and that exports is becoming more of a focus. There will be increased scrutiny over the next twelve months on data integrity for both imports and exports.

## **ITEM 9 – General Business**

David Collins updated the forum on various Customs issues. The focus at the moment is on Trade Facilitation. On a national level there will be:

- A new policy developed on illegal foreign fishing.
- Operational Safety Training and arming of Customs officers. Eighty officers will be trained in NSW this financial year.
- Independent Review of Intelligence Branch. This is being done to quickly identify efficiencies and to match money to the identified areas.
- Independent Review of Passenger Processing Branch. This is also being done to quickly identify efficiencies and to match money to the identified areas.

At the recent SES Meeting held last week the change of focus would be on reviewing Customs performance over the last 12 months. Customs will be examining both good and bad performances. The priorities for the year ahead will include:

- Clear messages regarding the consistent application of policies and practices is a high priority
- Focus on both quality and quantity performance measures and considering the effectiveness of what Customs produces
- Recognised projects that have been completed well and some not so well. Customs will attempt to improve its project management capabilities. This will include clear plans, milestones and outcomes.
- New initiative on high level scrutiny of Customs delivery
- New draft Strategic Statement for the next financial year that highlights areas such as border protection and working with industry and other partners.

Several issues addressed NSW included:

- NSW staffing levels are returning to full capacity. This will greatly help with the delivery of goals. Customs in NSW has recruited 350 people in the last 2.5 years.
- Customs has identified skill/experience gaps within the region. This has identified a lack of staff that understands the cargo full logistics chain, leaving only a few with this knowledge. Customs would like to rebuild this knowledge and will be asking industry for their assistance.
- Continual changes at Passengers Processing including the Smartgate Rollout
- The Neutron Scanner implementation is still underway.

The new Regional Director, Gail Batman, is a very experienced officer and has a background in Intelligence and Passenger Processing. Industry was encouraged to take the initiative to explain their respective situations and difficulties to help her gain knowledge of the industry.

David Collins also thanked Tracy Alston for her support in the organisation and Minute recording for the Trade Facilitation Forum Meetings. He also thanked his

Regional Managers and Directors for their continual support and excellent work as a team throughout his time in NSW.

David Collins also thanked industry for their co-operation prior to and leading up to the ICS. It had been a difficult process and is still progressing and David feels it has brought Customs and Industry closer together. He also thanked them for their continuing support and involvement.

Industry members returned thanks to David Collins for his support through the difficulties during ICS implementation and wished him the best of luck for the future.

**ITEM 10 – Next Meeting**

The scheduled date of the next meeting is Wednesday 30 August 2006. It will be held at Customs House, 10 Cooks River Drive, Sydney International Airport.

Meeting concluded at 12:35pm