

## **customs - summary of outcomes - 10 december 2003**

### **1. Chairman's introduction**

Members were welcomed to the 42nd meeting of the Customs National Consultative Committee (CNCC). Apologies from Mr John Law from the Law Council of Australia (LCA), Mr Kevin Reilly from the Institute of Chartered Accountants and Mr Alan Brundish from Shipping Australia were noted. Mr Andrew Hudson was welcomed as the representative of the LCA.

### **2. Minutes of CNCC 41**

There were no objections to the minutes and they were confirmed.

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

#### **International Issues**

The report on the *Asia Pacific Economic Cooperation (APEC) Customs Business Dialogue at the August 2003 APEC Sub-Committee on Customs Procedures (SCCP)* meeting was circulated to members.

#### **Amber Line**

Mr Phil Burns advised that correspondence between the Customs Brokers and Forwarders Council of Australia (CBFCA) and Customs was circulated to members on 20 October 2003.

#### **Express Air Cargo vs Postal Carriers**

Mr Phil Burns advised that a document stating the differences in legal status between postal services and private operators was currently being updated but this would not be finalised until the issue of competitive neutrality was resolved. Resolution of this issue would require agreement from other agencies. The International Air Couriers Association of Australia (IACAA) representative advised he would like the competitive neutrality issue resolved as soon as possible.

**Action:** Customs to circulate draft version of updated document.

## **Commerce Marking - Country of Origin for E.E.C. Countries**

Mr Phil Burns advised that discussion between the Australian Chamber of Commerce and Industry (ACCI), the Department of Foreign Affairs and Trade, and Customs are continuing on this matter. Industry expressed concern regarding how to correctly declare country of origin. Customs provided advice on this.

### **4. Standing reports**

#### **4a. International Issues (including WTO/WCO)**

The APEC report, titled *Blueprint APEC SCCP - October 2003*, was distributed to members.

International issues were detailed in the agenda paper provided.

An overview of Customs' involvement in Australia-United States Free Trade Agreement discussions was provided and issues remaining were discussed.

In response to a question from the ACCI representative, Mr Phil Burns advised that text from a seminar, held in Melbourne in week commencing 1 December 2003, on Australia-Thailand Closer Economic Relations would be released once resolved.

The Chairman provided an overview of activities being conducted by Customs in the Region; this includes providing training in security, anti-corruption and other areas.

The Australian Federation of International Forwarders representative requested a more finite idea of progress on the World Customs Organization (WCO) Task Force Action Plan and stated that a number of issues need to be addressed in relation to the potential impact of decisions being considered by the WCO.

In response to an enquiry from the Law Council of Australia representative, the Chairman advised of Customs involvement in the Australia-China Framework for Economic Cooperation Agreement.

The Chairman provided an overview of Customs involvement with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in developing new equipment, using fast neutron radiography, to screen air cargo. The initial focus will be on imports,

with the potential to include exports. Concerns regarding logistical issues were discussed.

**Action:**

Customs to prepare and circulate a document on items discussed at WCO Taskforce meetings that may impact on Industry and Customs. Industry to advise Customs of areas they wish covered in the document.

Customs to circulate an update on progress of the Australia-China Agreement.

Update on Customs/CSIRO project to be provided as a Standing Item at future CNCC meetings.

**4b. Legislation**

Legislative changes were detailed in the agenda paper provided.

In response to an enquiry from the Law Council of Australia representative, Mr Phil Burns advised that guidelines for the Infringement Notice Scheme will be updated.

In response to an enquiry from the Law Council of Australia representative, Mr Phil Burns advised that ACN 2003/60 had been signed.

The Law Council of Australia representative enquired into the progress of the Standing Committee on Legal and Constitutional Affairs inquiry into Averment provisions in Customs legislation. The Chairman advised that he is not aware of the current state of the inquiry.

Prosecution of Customs offences under the *Crimes Act 1914*, rather than the *Customs Act 1901*, was discussed.

**Action:**

Advise if a draft of the Regulations for Customs Legislation Amendment Bill (No1) 2003 will be circulated.

Advise timeframe for updating the guidelines for the Infringement Notice Scheme.

Advise status of new ACN to be issued to update ACN 2003/57.

**4c. Cargo Management Re-engineering**

The progress of Cargo Management Re-engineering (CMR) was reported on. Ms Jenny Peachey advised of the passage of a Bill

through Parliament last week. Among other amendments, a key amendment is a 12 month extension of the ITM proclamation date to build a contingency buffer for the rollout of ICS import functionality. Although the extension is to 2005 Customs is working toward a 2004 roll-out. Customs will not announce a new changeover date for the ICS export component until Customs and key software developers are confident of the system's reliability.

Industry was advised that the planned December rollout of Version 3 for Industry testing would now take place early in 2004. Customs will liaise with software developers to fine tune the reliability of the system. Once a stable state has been achieved further advice will be provided to users about cutover to the new exports system. It is considered that the optimal time for rollout would be 3 months after a stable test environment is established. Industry representatives indicated their support for a delayed release to allow for the release of a reliable system.

Ms Peachey advised that Customs is aiming to commence Industry testing of the imports system in the first half of 2004.

The preparedness of software developers was discussed.

An overview of exports training was provided. Refresher training will be provided, where possible, prior to the system going live.

Ms Peachey provided an overview of discussions at Service Provider Workshops conducted in Sydney in week commencing 1 December 2003. The impact of self assessed clearances was discussed.

**Action:** Release an ACN to include the information contained in the media release of 10 December 2003 on the ICS export cutover.

## **5. Review of Cost Recovery Charges**

The IACAA representative expressed concern regarding Increased Quarantine Intervention (IQI) and IQI costs. He noted that the Australian Quarantine and Inspection Service had stated that Customs had made comment to the effect that 70% of High Volume Low Value (HVLV) consignments had data integrity issues. He also stated that relevant industry groups had not been contacted over these anomalies and that if these figures were correct Customs would express its concern to express carriers. He noted the impact of IQI costs on express carriers and that the data gathering shared with industry by AQIS was not undertaken by Customs. He asked

the Chairman what scope there was to share non sensitive data. The Chairman advised of government requirements in relation to IQI.

A report titled *Price Review of Cost Recovery Charges, Management and Cost Accounting June 2003* was circulated to members.

**Action:** Industry to submit comments on IQI to Customs.

## **6. Cargo Automation Development Fund (CADF)**

Mr Phil Burns reported that the outcome of consultation with the Expert Working Group (EWG) was to look at the issue of allocating CADF monies to the digital certificate process. Allocation of monies will be subject to a minimum transaction threshold (20 entries within the three months of ICS imports module going live).

## **7. Other Business**

### **7a). Date of next meeting**

The tentative date for the next meeting is 10 March 2004.

**Action:** Members to advise CNCC Secretariat of availability.

### **7b). WCO Taskforce on Security and Facilitation of the International Supply Chain Outcomes**

This item is addressed in the minutes for item 4a.

### **7c). Ultimate Consignees under CMR Imports**

Mr Burns advised that there is no change in Customs position on this matter. A fact sheet on the Customs website that had contradictory information has been removed.

### **7d). Use of s153 of the Customs Act 1901 instead of s165 to recover duty short paid**

An ACN was signed on 9 December 2003 that addresses the above matter.

**7e). Membership of CNCC**

The Chairman noted that a key Industry body not represented at CNCC is stevedores. Comments were sought on the possible inclusion of a representative at CNCC. No objections were noted.

**Action:** Industry to advise Customs of potential stevedoring representative.