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Compliance Update



Message from the National Manager Compliance Assurance

Our recent Campaign on Low Value Threshold goods has highlighted the seriousness in which Customs and Border Protection treats risk in this area.

Customs and Border Protection is currently reviewing the outcomes of the campaign in order to ensure its interventions and compliance program are designed appropriately to address the risk. The results of the campaign activity will also be useful

in informing future risk planning for Customs and Border Protection.

Customs and Border Protection's Compliance Assurance Branch has implemented a new business model in conducting our compliance monitoring activities. To ensure industry is aware of our new approach, and importantly, to share our concerns with regard to risk, I will be hosting a number of information sessions in June. These sessions will

provide an insight into some of our compliance findings in the past year and the focus of our compliance program for 2011-2012. Please refer to the more detailed session information in this Update for dates, times and locations near you.

Also present at these sessions will be the Director Compliance Operations from each region. This will provide you with a great opportunity to raise your concerns about import/export issues which may draw scrutiny of Customs and Border Protection, and for us to understand your thoughts or concerns on areas of emerging risk.

This edition of Compliance Update will bring you an interesting article on border integrity issues which resulted in a depot having its license cancelled. Also of interest is an article on the emerging trends in cargo reporting and some important legislation changes you should be aware of.

Please feel free to contact us or provide feedback to ensure that we are providing you with information that is informative and assists you with your compliance with Customs and Border Protection requirements.

Craig Sommerville
National Manager
Compliance Assurance Branch

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Compliance Assurance Information Sessions 'Compliance Focus for 2011-2012'

Customs and Border Protection has adopted a new business model in conducting our compliance monitoring activities. To ensure industry is aware of our new approach, and to help the import and export community minimise costs associated with non-compliance, Customs and Border Protection will be conducting information sessions on the 2011-2012 Compliance program.

The sessions will provide insights into Compliance findings in the past year and the focus of our compliance program for 2011-2012, including forward program testing of:

- cargo reporting
- import and export declaration
- permittable goods
- self-assessed clearance
- undervaluation of imported goods
- compliance with licensing condition
- Compliance data monitoring tools.

Who should attend?

- Customs brokerages
- Freight forwarding services
- Shipping companies and airlines
- Conference of Asia Pacific Express Carriers
- Cargo terminal operators
- Depots and warehouses
- Import & Export community members

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Where and when will the sessions be held?

Industry Engagement Presentation Session Schedule

City	Date	Session Time	Venue
Melbourne	14 June	10:00 – 12noon 1:30 – 3:30pm	Travelodge Docklands 66 Aurora Lane, Docklands, VIC 3008
Sydney	16 June	10:00 – 12noon 1:30 – 3:30pm	St George Rowing Club 1 Levey Street Wolli Creek N.S.W. 2205
Brisbane	17 June	9:30 – 11:30am 1:30 – 3:30pm	The Comfort Inn & Suites 186 Toombul Road, Northgate Qld 4013
Perth	14 July	9:30 – 11:30am	Esplanade Hotel Corner Marine Terrace and Essex Street, Fremantle WA, 6160
Adelaide	15 July	9:30– 11:30am	The Lakes Resort at West Lakes 141 Brebner Drive, West Lakes SA 5021

Registrations can be emailed to Risk&Strategy2@customs.gov.au.

Outcomes – Compliance Campaign on Low Value Threshold

The compliance campaign has shown the vast majority of importers are complying with the existing low value threshold rules:

Sampling of the general population during the campaign showed:

- a non-compliance rate of 0.1% in international mail (compared to 3% from our high risk targeted activity); and
- a non-compliance rate of 2.0% in sea and air cargo declarations (compared to 6% from our high risk targeted activity).

During the campaign, Customs and Border Protection:

- undertook over 33,000 physical examinations of international mail articles and 32,000 assessments of air and sea cargo declarations;
- contacted over 13,000 importers to confirm the purchase price paid for the goods;
- detected 1,942 instances of non-compliance with the low value threshold; and
- collected over \$550,000 in additional revenue and \$160,000 in deferred GST.

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While overall levels of non-compliance remain low, the campaign highlighted some specific destinations, suppliers and commodities that are more likely to be non-compliant than others:

- for commodities, this included textiles, clothing, footwear and electronic equipment; and
- for countries of origin, this included the United States of America and China (including Hong Kong).

Customs and Border Protection is currently reviewing the outcomes of the campaign to ensure its interventions and compliance program are targeted correctly on a risk basis. Further information for industry will be available following the completion of this analysis.

The final campaign results are now available on the Customs website at www.customs.gov.au

Border Integrity – It’s a Serious Business

Customs and Border Protection manages licensed depots under section 77G (s77G) of the *Customs Act 1901* (the Customs Act). The licence holder is responsible for maintaining the conditions set out in their licence, including ensuring the physical security of the goods within their establishment.

Recently, Customs and Border Protection were alerted to a licensed depot allowing unimpeded public access to a “Customs Restricted Area”. A visit from Customs and Border Protection and the issuing of a warning letter resulted in the depot quickly implementing a more robust process for dealing with visitors and access to unauthorised areas within the depot.

That same depot came to the attention of Customs and Border Protection at a later date, after Customs and Border Protection undertook a routine visit and identified that the operator was unable to account for goods supposedly stored within the depot. That delivery of goods without authority resulted in an [Infringement Notice](#) and a penalty of \$1,320.

Customs and Border Protection has a primary responsibility for ensuring the integrity of the Australian border. That important role provides protection to both the community by controlling the flow of

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restricted goods and Government by ensuring that correct amounts of revenue are collected.

In order to provide that assurance, entities that come to the adverse attention of Customs and Border Protection are often subject to an increased level of scrutiny. In the case of this depot, the increased scrutiny resulted in the identification of additional breaches of the Customs Act.

These breaches resulted in Customs and Border Protection forming a view that the lack of compliance with the licensing conditions warranted a serious response, ultimately suspending the depot's operation licence.

For information on the conditions of s77G Depot licence, [click here](#).

Focus on reporting in 2010- 2011

Compliance Assurance has been focusing on a number of aspects of cargo reporting in 2010-2011. Since the last Update in February 2011, we have seen a downward trend in the timeliness of cargo reporting. Over the coming months, Compliance Assurance will be working to identify and support clients to achieve higher levels of compliance in this area.

Compliance Assurance has recently developed and implemented a range of analytical tools to assist us in identifying other aspects of cargo reporting needing improvement. Of importance is the inaccuracy and non-reporting of cargo, particularly at the Less Container Load (LCL) level. We have already been able to identify those clients that continue to display a low level of compliance in these areas, in order to assist them to comply.

The non-reporting of cargo after discharge is a going concern to Customs and Border Protection. Our ability to evaluate the risk of cargo arriving in Australia is weakened by non-reporting of cargo and ultimately compromises our effectiveness to protect the Australian community against harmful goods and revenue leakage.

In addition to the increased risk it poses, deficient reporting also requires additional effort by border agencies in order to appropriately

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assess the cargo, resulting in industry being impacted by the flow on effect of delayed clearance times.

All parties including the shipping and airline companies responsible for the reporting of cargo must ensure they have provided a report of all cargo that they have been involved in the carriage of.

In particular, reporting companies are required to indicate on the cargo report if they are aware that further information is available from another party, such as a freight forwarder. Similarly, freight forwarders also have an obligation to ensure they advise Customs and Border Protection of other parties that have further information relevant to that cargo. This is achieved by simply checking the 'freight forwarder' indicator on a cargo report. Compliance Assurance recognises that it is not always readily apparent when other parties are involved but companies are asked to comply wherever possible.

For more information on the processes and policy that support the movement and clearance of import and export cargo, [visit the Cargo Support website](#).

Industry Compliance Results July 2010 – March 2011

RISK PROGRAM

Pre-clearance Intervention (PCI)

For the period 1 July 2010 to 31 March 2011, there were 119,373 documents profiled for a number of risks through PCI activities. Errors were detected in 7,206 documents (6%).

PCI revenue results

The total revenue overstated was \$1,611,020 and total understated was \$6,273,850.

Description	Overstated	Understated
Actual Duty	\$96,090.68	\$1,110,646.35
GST	\$1,491,254.44	\$3,782,228.25
LCT	\$0.00	\$1,365,442.69
WET	\$23,675.39	\$15,533.52

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PCI regulated goods detections

Regulated goods type	YTD total
Consumer safety	45
Environmental goods	10
Firearms, weapons, & strategic goods	19
Imports prohibited absolutely	29
IP / trade marks	48
Other regulated goods	112
Prohibited or restricted goods	7
Precursors and Other Drugs	53

Post Transaction Verification (PTV) imports

For the period 1 July 2010 to 31 March 2011, there were 64 PTV audits, a number of complex voluntary disclosures and other PTV activities. Of the total PTV activity, 93,584 lines were checked resulting in 88,270 errors detected.

All PTV revenue results

The total revenue overstated for all PVT revenue was \$4,947,589 and total understated was \$19,576,906.

Description	Overstated	Understated
Actual duty	\$36,574	\$6,525,870
GST	\$4,909,173	\$13,021,711

Cargo control and accounting

To date 51.44% of licensed premises (depots and warehouses) and over 95% of CTO's have been visited and subject to compliance activity.

For the period 1 July 2010 to 31 March 2011, one company has had their licence cancelled due to failing to adhere to licence conditions. There are a further two companies also facing licence cancellation.

The Infringement Notice Scheme (1 July 2010 to 31 March 2011)

False and misleading statement related offences

Offence	Description	INS	DWL	NDWL
243T(1)	False or misleading statements resulting in a loss of duty	110	31	21
243U(1)	False or misleading statements not resulting in a loss of duty	1	5	10
243V(1)	False or misleading statements in a cargo report or outturn report	0	0	3

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Movement of goods related offences

Offence	Description	INS	DWL	NDWL
33(2), (3) & (6)	Moving altering or interfering with goods subject to Customs control without authority	102	33	32
36(2), (6) & (7)	Failure to keep goods safely or failure to account for goods	1	0	4

Cargo reporting and arrival related offences

Offence	Description	INS	DWL	NDWL
64(13)	Failure to meet reporting requirements for the impending arrival of a ship or aircraft	0	1	3
64AA(10)	Failure to meet reporting requirements for the arrival of a ship or aircraft	1	1	13
64AB(10)	Failure to meet reporting requirements for the report of cargo	0	0	2
64ABAA(9)	Failure to meet reporting requirements for outturn reports	0	0	16

COMPLIANCE MONITORING PROGRAM (CMP)

Compliance Assurance Branch has a dedicated analyst reviewing the CMP data with a view of informing our risk program.

Comparison of 2009/2010 and 2010/2011 CMP results

The total number of import declaration lines checked by CMP for the third quarter of 2010/2011 was 1,549 lines. This was 835 lines more than the same quarter for the 2009/2010 financial year. The increase in the number of lines checked was to achieve a more even number of lines selected for testing over this financial year.

During the quarter, there was a decrease of 5.3% in the general error rate and an increase of 3.2% in the significant error rate. The significant error rate is where errors are considered material and Customs and Border Protection requires amendment.

Comparison of 2009/2010 and 2010/2011 CMP Statistics

Import Activity	1 Jan – 31 March 2010	1 Jan – 31 March 2011	Difference
No of Lines Checked (a)	714	1,549	835
No of Lines Detected to Have Error/s (b)	136	212	76
Error Rate = (b) / (a)	19.0%	13.7%	-5.3%
No of Lines Amended (d)	57	174	117
Significant Error Rate = (d) / (a)	8.0%	11.2%	3.2%
No of Detections	172	278	106

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Cargo Report	1 Jan – 31 March 2010	1 Jan – 31 March 2011	Difference
No of Lines Selected	714	1,549	835
No of Cargo Reports Detected to Have Error/s (a)	34	37	3
No of Cargo Reports Checked (b)	562	1,537	975
Error Rate = a / b	6.0%	2.4%	-3.6%
No of Cargo Report Amended (d)	8	5	-3
Significant Error Rate = d / b	1.4%	0.3%	-1.1%
Total No of Detections	54	37	-17

Export Error Rates	1 Jan – 31 Mar 2010	1 Jan – 31 Mar 2011	Difference
No. of lines checked (a)	442	188	-254
No. of lines with detection/s (b)	110	22	-88
Error rate = b/a	24.9%	11.7%	-13.2%
No. of lines amended (c)	94	16	-78
Significant error rate = c/a	21.3%	8.5%	-12.8%
No. of detections	136	33	-103

CMP STATISTICS 2010/2011 (MARCH QUARTER)

CMP Import

A total of 278 errors were detected for the quarter, with two error types representing the highest number of errors detected:

- Tariff Classification (67 or 24.1%); and
- Related Transaction Indicator (41 or 14.7%).

Tariff Classification

Of the 67 errors detected, 15 were related to goods entered as Chapter 85. 11 of these 15 errors required goods to be reclassified within Chapter 85 whilst one required to be reclassified to Chapter 82 and 85 and another, reclassified to chapter 39, 40 and 84.

12 out of the 67 errors detected related to goods entered as Chapter 90. Only 2 of these 12 errors were reclassified within the same chapter whilst one was reclassified to 2 different chapters and one to 3 and the rest to another chapter including 84, 85, 87 and 88.

Of the 67 errors detected, 32 (or 47.8%) had a revenue implication. Overstatement of duty and understatement of GST, particularly collected GST, seems to be the most common error. The total effects on revenue were:

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- duty understated by \$3,400 and overstated by \$8,700;
- deferred GST understated by \$2,300 and overstated by \$900; and
- collected GST was understated by \$16,500 and overstated by \$40.

The net effect on revenue was duty overstated by \$5,300, deferred GST understated by \$1,400 and collected GST understated by \$16,460.

Related transaction indicator

Incorrect use of the related transaction indicator accounted for 100% of detections, most prominently where the indicator was entered as UT (unrelated transaction) when the documents indicated that it should have been entered as RT (related transaction).

The number of errors detected over the current quarter was 15 for October, 14 for November and 16 for the month of December, taking the total to 45 or 18.5% of the total detections made for this quarter. This is an increase of 15 (50%) when compared to the previous quarter. Customs and Border Protection is working to identify why there is an increase in this error rate.

Cargo Reporting Data Accuracy

37 accuracy errors were detected in the quarter. The most frequent errors were detected in gross weight (8 or 21.6%), consignor name (7, or 18.9%) and goods description (6 or 16.2%)

Improving accuracy in these fields will significantly assist Customs and Border Protection to perform its role of protecting the Australian border while also supporting legitimate trade and ensuring the collection of border-related revenue and statistics.

CMP Export

During the quarter, three detection types are of higher frequency and they are FOB Value, FOB Term and Net Quantity.

FOB Value & FOB Terms

For the March quarter errors detected in FOB value is 10 (or 30.3%) FOB term is 7 (or 21.2%) and net quantity is 7 (or 21.2%). The amount of FOB overstated ranges from \$6 to \$3,000. The amount of FOB understated ranges from \$22 to \$4,500. There were more lines with FOB overstated.

The majority of these errors were due to either incorrect data entry or keystroke errors, and some were attributable to export operators

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(particularly those in the fresh fruit and vegetable export industry) not understanding the term FOB and erroneously reporting their production costs as the FOB value.

Net Quantity

For the March quarter 7 (or 21.2%) errors were detected. This was a drop of three when compared to the December quarter.

CMP import declarations data accuracy monitoring activities outcome

CMP imports - error rate and number of detections made

Import Activity	Sep-10 Qtr	Dec-10 Qtr	Mar-11 Qtr	YTD
No of Lines Checked (a)	1,336	1,401	1,549	4,286
No of Lines Detected to Have Error/s (b)	208	212	212	632
Error Rate = (b) / (a)	15.6%	15.1%	13.7%	14.7%
No of Lines Amended (d)	147	138	174	459
Significant Error Rate = (d) / (a)	11.0%	9.9%	11.2%	10.7%
No of Detections	250	243	278	771

CMP imports – detection types

Import Activity – Detection Types	Sep-10 Qtr	Dec-10 Qtr	Mar-11 Qtr	YTD	
Assists	0	0	0	0	0.0%
Discounts	1	2	1	4	0.5%
Foreign Inland Freight	1	0	8	9	1.2%
FTA Concessions	0	0	0	0	0.0%
GST Exemption Code	1	0	6	7	0.9%
Import Goods not Declared when Required	0	0	0	0	0.0%
Incorrect GST Deferral Outcome	0	0	1	1	0.1%
Incorrect Owner Identified	7	8	11	26	3.4%
Incorrect Supplier Identified	10	4	8	22	2.9%
Interest	0	1	0	1	0.1%
Invoice Terms	42	47	8	97	12.6%
Non-declaration of Imported Goods	1	0	1	2	0.3%
Origin	11	11	23	45	5.8%
Other Addition	2	1	2	5	0.6%
Other Deductions	1	0	1	2	0.3%
Outside Packaging	0	2	0	2	0.3%
Overseas Freight	2	3	9	14	1.8%
Overseas Insurance	0	2	3	5	0.6%
Preference	0	3	7	10	1.3%
Price	12	12	11	35	4.5%
Quantity	6	6	8	20	2.6%
Related Transaction	30	45	41	116	15.1%

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Relevant Transaction	3	0	1	4	0.5%
Royalties	0	0	0	0	0.0%
Tariff Classification	53	24	67	144	18.7%
Tariff Concession or Other Concession	7	13	19	39	5.1%
Transport and/or Insurance	0	0	0	0	0.0%
Valuation Date	18	32	23	73	9.5%
VOTI - GST	4	0	2	6	0.8%
Other:	38	27	17	82	10.6%
Australian Inland Freight	0	0	0	0	
Air Way Bill / Bill of Lading	0	1	1	2	
Currency	35	24	4	63	
Goods Description	2	1	1	4	
Gross Weight	0	1	0	1	
Importer's ABN	0	0	0	0	
Importer's Trading Name not stated	0	0	0	0	
Invoice Total	0	0	0	0	
Landing Charges	0	0	0	0	
Other			3	3	
Package Count	0	0	0	0	
Port of Discharge	0	0	0	0	
Stat Code	0	0	0	0	
Valuation Method	1	0	0	1	
Vehicle Importation Authority	0	0	1	1	
Weight	0	0	0	0	
Total Detections	250	243	278	771	100.0%

CMP – cargo reporting data accuracy monitoring activities

CMP cargo reporting – error rate by lines and number of detections made

Cargo Report Errors	Sep-10 Qtr	Dec-10 Qtr	Mar-11 Qtr	YTD
No of Lines Selected	1,320	1,401	1,549	4,270
No of Cargo Reports Detected to Have Error/s (a)	52	48	37	137
No of Cargo Reports Checked (b)	1,202	1,153	1,537	3,892
Error Rate = a / b	4.3%	4.2%	2.4%	3.5%
No of Cargo Report Amended (d)	22	12	5	39
Significant Error Rate = d / b	1.8%	1.0%	0.3%	1.0%
Total No of Detections	72	72	37	181

CMP cargo reporting – detection types

Cargo Reporting Detection Types	Sep Qtr	Dec Qtr	Mar Qtr	YTD	
				No.	%
Air - Unique Consignment Ref No	0	0	0	0	0.00%
Air Way Bill No	1	1	0	2	1.10%
Air Waybill Origin Port Code	0	0	0	0	0.00%
Arrival Date	2	0	1	3	1.66%

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Consignee Address	12	16	1	29	16.02%
Consignee Name	9	10	2	21	11.60%
Consignor Address	19	20	5	44	24.31%
Consignor Name	9	12	7	28	15.47%
Country of Origin of Goods	3	0	1	4	2.21%
Currency Code	1	1	0	2	1.10%
Declared Value of Goods	0	1	0	1	0.55%
Goods Description	2	3	6	11	6.08%
Gross Weight	5	3	8	16	8.84%
House Bill No	5	4	1	10	5.52%
Ocean Bill No	2	0	0	2	1.10%
Original Port of Loading	1	1	1	3	1.66%
Port of Destination	0	0	3	3	1.66%
Sea - Container No	1	0	1	2	1.10%
Sea Bill of Lading Origin Port Code	0	0	0	0	0.00%
Total Number of Detections	72	72	37	181	

CMP export data accuracy monitoring

CMP export – error rate and the number of detections made

Export Error Rates	Sep Qtr	Dec Qtr	Mar Qtr	YTD
No of lines checked (a)	247	253	188	688
No of lines with detection/s (b)	35	36	22	93

Error rate = b/a	14.2%	14.2%	11.7%	13.5%
No of lines amended (c)	30	34	16	80
Significant error rate = c/a	12.1%	13.4%	8.5%	11.6%
No of detections	49	50	33	132

CMP export – detection type

Export Activity – Detection types	Sep Qtr	Dec Qtr	Mar Qtr	YTD	
				No	%
FOB terms	5	4	7	16	12.12%
FOB currency	2	4	2	8	6.06%
FOB value	19	16	10	45	34.09%
AHECC classification	5	4	3	12	9.09%
AHECC multi-lines (should be split)	3	1	1	5	3.79%
AHECC – other	1	0	0	1	0.76%
Permits – not obtained	0	0	0	0	0.00%
Permits – other	4	0	0	4	3.03%
Net quantity	8	10	7	25	18.94%
Destination	0	1	1	2	1.52%
Origin	1	1	0	2	1.52%
Owner name	0	2	0	2	1.52%
Consignee name	1	5	2	8	6.06%
Other	0	2	0	2	1.52%
Total no of detections	49	50	33	132	100.00%

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Reminder - New arrangements for depot and warehouse licences

The depot and warehouse licensing team is now in Sydney.

To contact the depot and warehouse licensing team, please email licensing@customs.gov.au or call (02) 8339 6347.

The mailing address is:

Depot and Warehouse Licensing Team
Australian Customs and Border Protection Service
Locked Bag 3000
Sydney International Airport NSW 2020

Licensing information is also available on the Customs and Border Protection website at www.customs.gov.au

Any enquiries about EEG warehouse licensing should be directed to the ATO, by calling 1300 137 290. (Select option 4, between 8am and 6pm, Monday to Friday). Also visit www.ato.gov.au/excise for information.

If you have any policy questions about depots or warehouses, not related to a specific licence, please email Compliance1@customs.gov.au

New Fact Sheets Available on the Customs Internet

There are a number of new fact sheets you may like to make yourself and your clients aware of, these are:

- Penalties for the Importation or Possession of Prohibited Imports
- Buying Medicines Over the Internet
- Importing Abortion Inducing Substances
- Importing Barbiturates Pentobarbital /Nembutal

All fact sheets are available on the fact sheets [page](#) of the Customs and Border Protection website.

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Important Legislation changes Emerging drugs added to prohibited imports list

Customs and Border Protection has welcomed the addition of 14 new substances to Schedule 4 of the *Customs (Prohibited Imports) Regulations 1956* (the Prohibited Import Regulations).

The 14 identified substances, which include 4-MMC (commonly called Meow Meow), can now only be imported with a valid licence and permit.

For more information on the new Customs and Border Protection operational processes that now apply with the addition of 14 new substances to Schedule 4 of the Prohibited Import Regulations 1956, please see the relevant [fact sheet](#)

EXPORT CONTROLS AND OTHER MEASURES BILL 2011 (BILL)

The purpose of this Bill is to make important enhancements to the *Customs Act 1901* (the Customs Act) and the *Depot Licensing Charges Act 1997* (the Charges Act). These changes are designed to strengthen the extent of Customs and Border Protection control over export cargo, provide greater consistency between the licensed depot and warehouse schemes and allow flexibility to vary conditions

of licences in line with *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*.

The areas in which the Bill will impact are:

1. The control of export goods:

- allow Customs and Border Protection to seek additional information in relation to goods being exported; and
- ensure continued Customs control of goods at a prescribed place for export.

2. Licensed Depot and Warehouses:

- to ensure that depot licence holders, comply with directions of the Secretary of the Department of Infrastructure and Transport with regard to the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*;
- allow Customs and Border Protection to impose new conditions on depot and warehouse licences thereby enabling an effective response to emerging risks to cargo security, risks to the revenue or community protection issues;
- address breaches of the conditions of a depot or warehouse licence through sanctions ranging in severity from an infringement notice through to prosecution, suspension or cancellation of a licence ; and

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- strengthen the powers of officers to give directions to depot licence holders; allow the Chief Executive Officer of Customs (the CEO) to suspend or cancel depot licences including setting timeframes for the CEO to consider whether or not to grant a warehouse licence.

3. Cargo reporting:

- remove the requirement to report cargo on board a ship or aircraft that is lost or wrecked if that cargo has been reported on a cargo report or outward manifest.

4. Offences:

Two existing offences have been amended in addition to two new offences being created;

- section 77R – breach of depot licence conditions

Amends offence to include breach of depot conditions imposed under amended section 77Q and subject to the Infringement Notice Scheme (INS) in addition to prosecution;

- section 77Y – failure to comply with a direction in regards to goods in a depot

Amends offence to include a fault based offence to section 77Y and make the strict liability offence subject to the INS in addition to prosecution;

- section 82C – breach of warehouse licence conditions

Implements an entirely new strict liability offence and makes it subject to the INS;

- section 112D – failure to comply with a direction under section 112C for goods for export under customs control; and
- Implements a new directions power and a new offence, with fault based and strict liability offences and makes the strict liability offence subject to the INS.

These measures implement the outcomes from a joint Customs and Border Protection - Department of Infrastructure and Transport review, which formed part of the Government's response to the *Independent Review of Airport Security and Policing for the Government of Australia (the Wheeler Report)*.

Industry was consulted in the drafting of this Bill and submissions were received from the Law Council of Australia and the Conference of Asia Pacific Express Carriers (CAPEC). Further updates on the Bill will be released in the next Compliance Update.

For more information, please refer to [ACN 2011/11](#)

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CUSTOMS TARIFF AMENDMENT (2012 HARMONIZED SYSTEM CHANGES) BILL 2011

The World Customs Organization (WCO) reviews the Harmonized System (HS) every five years. The WCO has finalised its fourth review of the HS and Australia will need to implement the changes by 1 January 2012.

For [further information](#), please contact Judy Cotterill, Manager HS2012 Project, Trade Services Branch, on (02) 6275 6095.

ALTERNATIVE FUELS LEGISLATION PACKAGE

On 12 May 2011, the Assistant Treasurer, the Hon Bill Shorten MP, introduced legislation into Parliament to implement the longstanding alternative fuels taxation policy. The Customs Tariff Amendment (Taxation of Alternative Fuels) Bill 2011 is one of four bills in the legislation package.

You should direct any questions about the legislation to [The Treasury](#)

DUTY FREE SALES OF LIQUIDS, AEROSOLS AND GELS AND CHANGES TO THE TOURIST REFUND SCHEME

The Treasury released draft regulations for public consultation on 3 April 2011. The legislation will give effect to existing administrative arrangements that support the sealed bag scheme for off airport duty free sales and will increase the flexibility of the Tourist Refund Scheme.

The draft regulations include changes to the *Customs Regulations 1926*, the *Excise Regulations 1925* and the *A New Tax System (Goods and Services Tax) Regulations 1999*.

You should direct any questions about the legislation to [The Treasury](#) in the first instance. For general information on the Tourist Refund Scheme, visit the [Customs and Border Protection website](#).

SCHEDULE 4 RATIONALISATION LEGISLATION

On 19 March 2010, the Government announced that it would review Schedule 4 of the *Customs Tariff Act 1995* to remove unnecessary complexity and make it easier to navigate for users of the Schedule. The Government has completed the review, which included significant public consultation.

For further information, please contact Elise Dore, Manager Legislation, Trade Services Branch, on (02) 6275 6542.

Compliance Update

Sanctions against Libya

Customs and Border Protection contributes to Australia’s sanction efforts through administration and enforcement of Customs Regulations.

The importation of arms and related matériel, including paramilitary equipment, from Libya is now prohibited under *Regulation 4ZB of the Customs (Prohibited Imports) Regulations 1956*, unless permission has been granted by the Minister for Foreign Affairs.

Exportation of arms and related matériel that have Libya as an immediate or final destination is also prohibited under *Regulation 13CS of the Customs (Prohibited Exports) Regulations 1958*, unless permission has been granted by the Minister for Foreign Affairs.

Please refer to Customs and Border Protection [ACN 2011/09](#) for further information on the Libya Sanctions.

Compliance terminology

AWB	Air Waybill
CLEAR status (depots)	A cargo status in the ICS that allows cargo to be delivered into home consumption from a depot
CP	Continuing Permission – allows a permission owner to move goods between nominated warehouses on a continuing basis
CTO	Cargo Terminal Operator (can be Air or Sea)
DCL	Deconsolidation or “unpack” at a depot
DWA	Delivery Without Authority – when underbond goods are delivered into home consumption without being authorised by the Customs Act (s33 <i>Customs Act 1901</i>)
EDI	Electronic Data Interchange
FAK	Freight of all kinds
FCL	Full container load
FCX	Full container multiple suppliers
FOB	Free On Board
HAWB	House Air Waybill
HBOL	House Bill of Lading
LCL	Less than container load
Licensed depot	A depot licensed under s77G of the <i>Customs Act 1901</i>

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Licensed warehouse	A warehouse licensed under s79 of the <i>Customs Act 1901</i>
MWA	Movement Without Authority – when underbond goods are moved to another licensed place or CTO – the goods are still under Customs control – without the movement being authorised by the Customs Act (s33 <i>Customs Act 1901</i>)
OBOL	Ocean Bill of Lading
STP	Single Transaction Permission – application must be made to Customs and Border Protection to move goods between nominated warehouses on a one-off basis (one movement per application)
UBM	Underbond movement
UBMR	Underbond movement request
Underbond movement	A movement of cargo subject to the control of Customs that moves on a permission granted under s71E of the <i>Customs Act 1901</i>

Find us on the internet

If you are looking for more information on compliance-related issues, or want to access previous editions of the Compliance Update, you can now find all the information you need in one convenient location.

From the Customs and Border Protection website menu, click on 'import export' and then select 'complying with customs and border protection'.

You can also follow this link or type this URL into the address bar on your internet browser: <http://www.customs.gov.au/site/page4271.asp>

Tell us what you think...

Your valuable feedback helps us to provide you with useful and relevant information.

You can contact us with compliance-related feedback and queries by phoning 1300 363 263 or emailing us at compliance1@customs.gov.au