



Australian Government
**Australian Customs and
Border Protection Service**

Enhanced Trade Solutions 2015



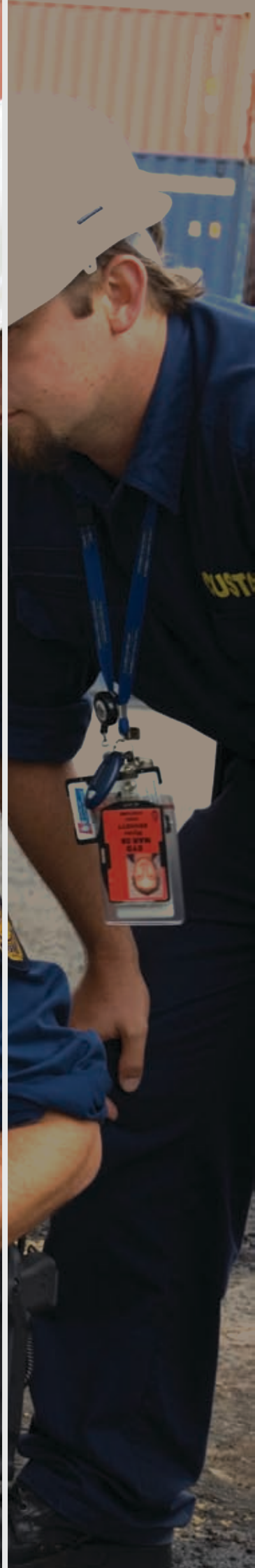
A response to the Customs Strategic Outlook
2015 for the end to end cargo environment

May 2009



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Introduction

The international trade environment is predicted to undergo many changes in the period to 2015 and beyond. Australia must be prepared with innovative and flexible strategies to meet these future challenges.

The *Customs Strategic Outlook 2015 (Strategic Outlook)*¹ and its 2008 update² considered the global context in which all border management activities occur and details the impact of developments on border management. The *Strategic Outlook* proposed eight broad strategies, or 'Strategic Responses', to best position the Australian Customs and Border Protection Service (Customs and Border Protection) to meet future challenges towards 2015 and beyond and to take advantage of the opportunities such change presents.

The Enhanced Trade Solutions program has been developed to focus on these responses in the end to end cargo environment. Enhanced Trade Solutions has also conducted further work to test and extend concepts within the *Strategic Outlook*.

This paper is a response to the *Strategic Outlook* for the end to end cargo environment. It outlines the findings of Enhanced Trade Solutions work already completed, proposes a Vision for 2015 particularly for the end to end cargo environment and details a work program from 2009 to 2011 to work towards that Vision and contribute to the *Strategic Outlook* Responses.

Strategic Responses

The *Strategic Outlook* proposes Responses to future developments

- Work ahead of the border to identify and manage risks
- Maximise the number of cross border movements where intervention is not required;
- Focussing on intelligence
- Have non-intrusive technologies and unobtrusive intervention approaches
- Be flexible and scalable in our intervention approach

- Global partnerships to manage cross border flows
- Assisting industry to participate efficiently in international trade and travel
- Having a supportive workforce engagement and development model.

These responses have been developed in light of our overriding goal to provide effective border protection for the Australian community that also supports legitimate trade and travel and ensures collection of border related revenue and trade statistics.

¹Released in December 2007

²*Customs Strategic Outlook 2015 Update 2008* was released in December 2008

The international trade environment to 2015

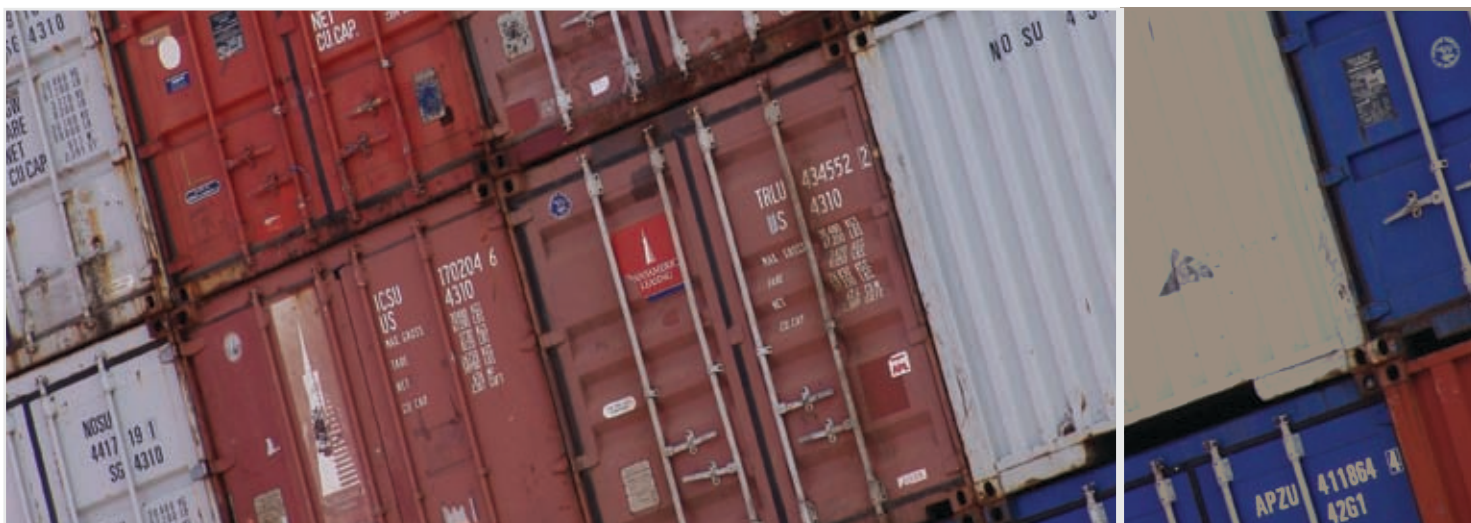
The *Strategic Outlook* released in December 2007, predicted two key themes for the cargo environment to 2015:

- A rapid and relentless expansion in cargo and passenger numbers, with implications for border management in order to maintain cargo throughput levels and facilitate trade
- A border protection environment characterised by continuing security concerns with an expanded range of border controls in response to increasingly sophisticated criminal attempts to breach our border.

Yet the *Strategic Outlook* also recognised the possibility of 'strategic discontinuities', events or trends in the cargo environment that could rapidly and significantly change the environment within which Australia's border management agencies operate. In late 2008 there were several potential strategic discontinuities, particularly as in an interconnected world, the rate of change caused by discontinuities can be very rapid. High fuel prices initially altered predictions of steady global growth towards 2015, then the economic downturn of late 2008 further destabilised international trade, in the short-term at least. These changes have resulted in a period of significant uncertainty in the international trading environment. It is possible that this uncertainty will continue to influence global trade towards 2015, making it difficult to predict what the future may look like.

Regardless of the outcome of global uncertainty, trade will become increasingly more complex. Larger vessels and aircraft will be increasingly used, meaning decreased operating costs and carbon footprints for industry but larger peaks and longer lulls in cargo processing. As consumers become more Internet savvy and cost conscious, increased Internet trade will mean the number of small consignments will increase through all cargo streams, including post and sea cargo. International criminal syndicates will become increasingly sophisticated and continue to diversify into areas such as intellectual property infringement.

Other developments may arise independent of the economic climate, such as the 100% scanning and 10 + 2 requirements from the United States or future changes led by influential economies such as China or the European Union.



Enhanced trade solutions

In a climate of uncertainty, it is vital that Customs and Border Protection position itself to be able to respond to these possible future states in a realistic, measured way and pursue border initiatives that will help Australia prepare for the challenges posed by the changing international trade environment.

A primary focus for Customs and Border Protection is ensuring that we are able to fulfil our border protection responsibilities. For example, without changes to our current border management processes, Customs and Border Protection will be hard pressed to cope with future increases in trade volumes, changes in trading patterns and border risks and increasing criminal sophistication. Another focus is ensuring that Australian businesses are able to take advantage of, or at least not be disadvantaged by, a wide range of domestic and international trade initiatives.

The Enhanced Trade Solutions program therefore focuses on ongoing preparation for paperless trading and other border clearance improvements and the development of an entity-based approach to risk management to supplement Customs and Border Protection's existing transaction-based risk assessment processes.

Understanding the Current Trading Environment

Customs and Border Protection recognises the importance of having a solid understanding of the current trading environment and likely future developments to best position ourselves for 2015. To do this, *A Proposal for Enhanced Trade Solutions 2015 Consultation Draft* was released for discussion and the concepts were tested and extended through further research and consultation with both government and industry.

The value and importance of early industry engagement on any proposed changes to the trade environment was reinforced. Industry members appreciated the opportunity to participate in the preparation of *A Proposal for Enhanced Trade Solutions 2015*. The exchange of experiences, ideas and opinions provided an insight into the pressures facing industry now and those expected to influence the future.

Consultation with other government agencies was used to gauge the level of support, identify other relevant agency activity and determine how best to respond to shared future challenges from a multi-agency perspective. The scope of the Enhanced Trade Solutions concepts was extended to include drivers of change and emerging issues impacting other agencies in the trade environment.



The current environment

The work of the Enhanced Trade Solutions program to date has confirmed, extended and refined various aspects of the predictions and work program previously made in the *Strategic Outlook* and *A Proposal for Enhanced Trade Solutions 2015 Consultation Draft*, released March 2008.³ The principal findings of this work are outlined below.

Customs and Border Protection is performing well

Quantitative analysis of Australian clearance processes from the point of arrival, in the form of a Time Release

Study (TRS) and follow-up user research, has improved our understanding of the trade environment, including both industry trade practices and Customs and Border Protection's trade facilitation performance. Comparison of Australia's trade facilitation performance with other economies was generally favourable.

The results of the TRS suggest that Customs and Border Protection is generally not an impediment to cargo movement through ports and airports. Subsequent interviews with selected industry participants confirm this view. The Integrated Cargo System (ICS) is functioning well to meet Customs and Border Protection's reporting requirements and is not seen as particularly onerous.

³ A detailed explanation of this work can be found in Appendix A – Enhanced Trade Solutions Project Listing.

Instead, findings suggest business-to-business interactions pose a greater challenge to industry than Customs and Border Protection and that these commercial relationships, rather than government interactions or interventions, are the key determinant in cargo throughput. Difficulties achieving cargo movements can lead to greater delays than cargo availability.

However, areas for improvement remain, including a number of lower-level reporting irritants from government that industry would like to see addressed. Where the benefit of addressing these irritants outweighs the cost, they will be addressed on an ongoing basis and communicated with industry.

Time Release Study

In 2008 Customs and Border Protection undertook the first Australian Time Release Study (TRS), an internationally recognised activity designed to measure the time taken from the arrival of goods at the port until their release to an importer or third party. The aim was to establish a baseline for Customs and Border Protection's current trade facilitation performance, identify opportunities for improvement or reform and build capability toward enabling regular repeat studies. Customs and Border Protection was able to conduct the study through analysis of Integrated Cargo System (ICS) data over a seven day period from 24 to 30 September 2007. A representative sample of importers and their freight forwarders or brokers were also interviewed to assist in interpreting the specific results of the TRS. The TRS results also enable comparisons of Australia's trade facilitation performance with other economies. The *Time Release Study 2007* Report on the findings of the TRS is available at www.customs.gov.au

No 'one-size-fits-all' solutions

Engagement with the Australian and international trading community has shown that for all sectors of international trade there are no easy 'one-size-fits-all' solutions. International supply chains include many players, both industry and government, with differing objectives and varied levels of technical advancement. Some entities involved in international trade have developed integrated electronic systems. Yet many still rely on paper forms for regulatory and commercial reporting. Customs and Border Protection must be flexible to cater for many levels of advancement. This also makes coordination difficult and means that the rate of change in the international supply chain can be slow.

Industry engagement reinforced that the trading industry is not homogenous, but a considerably diverse group. Industry members have both very different capabilities and present different risk pictures to government.

Government is also diverse. There are over forty Australian government agencies from all levels of government involved in regulation of Australian trade, many as import or export permit issuing authorities. These agencies have different policy mandates and imperatives, so that legitimate goods for one agency may

Standardised Data Set

Customs and Border Protection has completed the preliminary stages of developing an Australian international trade Standardised Data Set (SDS). Customs and Border Protection worked collaboratively with over forty Commonwealth, State and Territory agencies and regulators to begin to harmonise the information required from the trade industry to fulfil international trade regulatory requirements.

APEC Single Window Working Group

Australia is the chair of the APEC Sub-Committee on Customs Procedures (SCCP) Single Window Working Group (SWWG) Phase 2. The working group will deliver capacity building assistance, supported by international instruments and standards, to guide and provide practical assistance to APEC economies as they develop single window systems to facilitate legitimate trade and enhance supply chain security. The SWWG is part of the Enhanced Trade Solutions strategy of active multilateral international engagement to enable interoperability and to influence the direction of international standards.

pose an unacceptable risk to another agency. Risks will also have differing consequences for different sectors of the Australian community. Agencies also manage their risks through very diverse processes, with some regulating at the border and others relying on post-transaction compliance activity.

Many of the other agencies who regulate international trade in Australia do so through the issuing of permits for import or export to specialised sectors or a relatively small percentage of total international trade transactions, ranging from a handful of traders to all of a specific industry. For example, one permit-issuing authority issues weekly export permits to only two companies while other agencies issue tens of thousands of permits annually to regular traders, infrequent traders, first time traders or once only.

Due to the diversity of processes, Government must provide both:

- flexible, differentiated models of receiving and providing information from industry for cargo reporting and risk assessment purposes

- a risk assessment framework that enables the differentiation of clients according to the level of risk that they pose.

Australia cannot mandate unilateral solutions

Industry members have warned that unilateral developments by the Australian government or industry can adversely affect Australian businesses. Australia is a medium-sized economy with less international influence than many of our trading partners. Unless change is also adopted by influential economies, Australian businesses may be over-burdened with meeting new Australian reporting requirements or cargo clearance processes if they cannot influence their overseas supply chains. For example, unilateral moves by the Australian government to facilitate paperless trading between international supply chain participants may in fact negatively impact Australian business, through the increased cost from converting paper forms to a paperless reporting system.

Cautious, pragmatic approach best

Discussions with industry members and peak bodies revealed a reluctance to make large IT or business process changes at this point in time, particularly given the economic uncertainty of late 2008. Commitment to any innovation by industry in particular must occur in addition to business-as-usual activities and lead to a sufficient return on investment. Global economic uncertainty has led to an even higher focus on the cost/benefit ratio of any change for industry and government.

Before any significant investment is made all proposed innovations must first be justified on a cost/benefit basis. For example, a pilot of an export-focused Authorised Economic Operator (AEO) program determined that the tangible benefits to Australian industry of such a program are yet to be realised. Consultation with

Australian exporters identified minimal problems or issues faced in respect of border clearance at foreign borders. Consequently, participation in a formal AEO scheme at this time is not seen as a priority given the limited tangible benefits and that Customs and Border Protection is not generally an impediment to cargo movement through ports and airports, as evidenced through the TRS.

Customs and Border Protection will remain alert to the possibility that any growing international network of AEO programs may develop into a form of trade barrier for Australian traders. Customs and Border Protection will also continue to work with international trade partners and forums to monitor and influence the direction of supply chain security and trade resumption protocols.

Results of a broad range of research and engagement activities also justify cautious progress towards the adoption of the next level of Australian whole-of-government international trade single window functionality. The majority of trade regulation at Australia's borders is performed by Customs and Border Protection and the Australian Quarantine and Inspection Service (AQIS). The ICS already allows for a significant level of automated, electronic reporting of both Customs and Border Protection and AQIS requirements, and is a single system for customs, food safety and quarantine regulation.

Achieving a whole-of-government international trade single window by facilitating the issuing of government import/export permits through the ICS would require substantial investment due to the diversity and complexity of government permits processes.

The bulk of documents not already reported to Australian government through the ICS are paper documents required for additional assessment (often supplied by overseas government agencies or manufacturers), particularly on imports. Such documents include commercial invoices, packing lists, manufacturing

documents, fumigation certificates and sanitary and phytosanitary certificates. Many countries and international companies still rely heavily on paper documents and do not anticipate this changing for a number of years. As such, there would be difficulties for companies moving towards greater paperless trading in

Authorised Economic Operator

Customs and Border Protection has completed a feasibility pilot of an Australian Authorised Economic Operator program. Customs and Border Protection worked with a number of companies engaged in international trade to trial an Authorised Economic Operator scheme. In line with international developments, the project explored and engaged key international and domestic agencies and stakeholders in relation to supply chain security accreditation regimes, trade recovery and mutual recognition opportunities. The *Authorised Economic Operator* Report is available at www.customs.gov.au

Tracking Cross Border Shipments

Customs and Border Protection has completed the Tracking Cross Border Shipments Feasibility Study. This study explored the benefits and feasibility of utilising Radio Frequency Identification (RFID) and the WCO Unique Consignment Reference (UCR) number for tracking cross-border shipments to enhance supply chain management and security. Despite there being international advocates for this use, the Tracking Cross Border Shipments study of UCR and RFID use found that there has been limited uptake of these technologies amongst industry or other customs administrations.

these areas, particularly as industry is reliant on a large variety of overseas companies and governments.

In any international transaction, the requirements for an export declaration are typically different to the requirements for the corresponding import declaration.

Advance Export Data

Customs and Border Protection and an industry trial partner have assessed the feasibility of a new process to provide cargo status to the cargo consolidator prior to the consignments being packed into the export air cargo container. The benefit of proceeding to a physical trial will be explored in conjunction with emerging considerations including requirements for US100% scanning of air cargo by 2010, current economic circumstances and potential initiatives arising from the development of an Aviation White paper.

Proofs of Concept

Customs and Border Protection, in partnership with Australian and overseas companies and government agencies, has conducted a number of proofs of concept as part of the Enhanced Trade Solutions program to test international interoperability and the effectiveness of paperless trading. These proofs of concept are designed to prepare Australia for international developments in the trade environment by proving or disproving the feasibility of possible innovations to meet these challenges. Concepts to be proven or disproven include potential innovations to enable faster clearance, alternative reporting options and better control of risks. The *Customs to Customs Data Exchange Proof of Concept* report is available at www.customs.gov.au

Customs procedures also vary between countries so that different countries and agencies have different data requirements. Internationally, there has tended to be a greater focus on risk management of imports which has had some implications for export data quality.

While industry agrees with the vision of paperless trading, difficulties with aligning data requirements and validating data, as well as a continuing reliance on paper forms means it may be difficult to implement in the short to medium term. Instead, findings suggest that efficiency benefits may be gained from moving to a 'paper-free' trading environment, where documents that are still required by government can be scanned and emailed electronically or retrieved from an industry database rather than presented in person. Potential benefits include efficiency gains and cost reductions for industry through a reduced need to deliver paper documentation to a Customs and Border Protection or AQIS office in person. Government will benefit from the ability to view electronic documentation at any location, allowing improved workforce planning.

Working together

It is important, where appropriate, for industry and government to work together on new initiatives which acknowledge commercial realities. Government is only a small part of a cargo clearance process that also includes many industry players. Results of work to date suggest industry is seeking greater certainty from private sector information flows and commercial status as well as government status. There may therefore be greater benefits in some circumstances by undertaking joint government-industry initiatives or by industry taking the lead. In some cases, where challenges are a result of these multiple industry interactions, changes to the cargo clearance process can only be driven by industry. Without incentives for or a commercial drive from within industry, the uptake of new solutions may be slow.

Industry is proactively preparing for a changing trade environment with private sector-led initiatives. The port community system concept, an electronic system connecting a sea port community, is an example of industry working to create solutions to industry issues. Systems such as these may also one day represent alternative information sources for government as well as industry.

What happens if we do nothing?

The results of the work of the Enhanced Trade Solutions program recommend a cautious, pragmatic approach from government. However, along with the predictions in the *Strategic Outlook*, this work also demonstrates that there will be future challenges if government chooses not to take action now. Consequences of taking no action include:

- Increased volumes, traffic peaks, a range of threats and criminal sophistication likely affecting the effectiveness and efficiency of our risk assessment and management processes/techniques
- Opportunities to influence international trends likely being lost because Australia is not involved in international development discussions
- Australian industry being disadvantaged by the adoption of new practices or regulations internationally but not in Australia
- Government potentially becoming an impediment to trade facilitation by failing to adapt to new industry practises.

The imperative to act now is heightened by short term developments that will occur regardless of economic climate and will impact border processes. Many of the trends predicted in the end to end cargo environment towards 2015 have begun to manifest and will impact on government and broader supply chain practices. Regardless of whether trade volumes change, industry

members have confirmed commitment to use larger vessels and aircraft in the short to medium term. Congestion at some Australian ports is already driving changes to industry practices and planning, which government will need to prepare for. Taking action early will assist Customs and Border Protection to prepare for a changing and uncertain future.

Cargo Intervention Strategy

New strategies are required so that Customs and Border Protection can remain responsive and agile in the face of the challenges posed by a changing trade environment and increasingly uncertain economic climate. Customs and Border Protection is therefore developing a whole of organisation inspection and examination strategy across all cargo streams.

As a first step, Customs and Border Protection is refining intervention strategies for air and sea cargo to balance resources appropriately across known and emerging risk areas and reduce the proportion of low risk cargo screened. Customs and Border protection will continue to explore opportunities to make further improvements in risk based intervention approaches.



Enhanced trade solutions 2015 vision

The Enhanced Trade Solutions 2015 vision expands on the *Strategic Outlook* 'Strategic environmental assessment to 2015' from the perspective of the end to end cargo environment only. The extension is based on Enhanced Trade Solutions findings, particularly on current industry and government capabilities.

The globalised economy

Paperless trading is expected to become common practice across all sectors in the future. However, the extent of adoption will increasingly be dependent on the influence, interest and capacity of overseas governments,

domestic government agencies and supply chain partners. Increasing import volumes from developing countries, such as China and India, may impact widespread adoption of paperless trading in Australian supply chains.

More companies will have integrated supply chains, enabling data to be available earlier for cargo reporting and risk assessment. There will be greater industry consolidation with larger service providers and companies offering end-to-end logistics solutions or integrated door-to-door services. However, industry practices and their supply chain interactions will remain diverse.

Given this diversity and the varying adoption rates of paperless trading, Customs and Border Protection must continue to provide industry with flexible, differentiated models of receiving and providing information for international trade reporting. These may include aligning with emerging port community systems to receive industry data earlier or integrating permit application and validation systems where necessary. More countries, following Australia's lead, will be able to issue e-certificates for quarantine (e.g. sanitary and phytosanitary certificates) and country-of-origin purposes, alleviating documentation requirements for Australian importers.

Where the cost-benefits are clear, Customs and Border Protection will develop additional capabilities around its cargo clearance system to further enable a 'report once, use many times' single window approach, with information able to be accessed and used by multiple government agencies.

The global economy will continue to be integrated and economies interdependent. Global commercial integration will continue, including for example intergovernmental agreements such as Air Services Agreements, allowing access into domestic air markets.

Security and insecurity

Customs and Border Protection will work ahead of the border and commence risk management activities earlier in the supply chain through closer cooperation with overseas governments and earlier access to information.

Customs and Border Protection's goal is to move away from dependence on a transaction-based approach for risk assessment, to manage the border via a combination of risk management capabilities that will focus on entities in the whole supply chain. Integrating all critical information about a trading entity into a single view will enable Customs and Border Protection to better assess

the risks posed by that entity's activities overall.

To support this, Customs and Border Protection, with the appropriate privacy and security measures in place, will seek to utilise improved data matching and analytical capabilities and where appropriate, obtain more comprehensive, better quality information from industry, other government agencies and foreign governments. Enhanced data matching and analytical capabilities, and improved information will potentially result in better risk assessment and increased certainty of cargo availability for traders.

More comprehensive global intelligence networks will be sought, aimed to enable the exchange of advance data for risk assessment purposes, particularly for high risk goods, prior to arrival at the border. Greater international cooperation will result in increased off-shore risk assessments and interventions. This will both facilitate faster certainty of cargo status and enhance the ability of border agencies to respond quickly to identified risks.

More countries may start using export data to facilitate risk assessment by providing information to the importing country's customs administration earlier. However, this exchange will not completely replace the need for local reporting due to data requirements unique to the particular importing country (such as food and quarantine reporting requirements) and data quality issues.

Increasing international cooperation to address continuing security risks posed by cargo will see an expansion in mutual recognition arrangements with other governments. Under these arrangements, some customs administrations in exporting countries may validate supply chain controls of industry partners, providing the importing customs administration with a level of confidence in the security of arriving cargo. These mutual recognition arrangements may lead to reduced end-to-end cargo interventions and greater certainty of cargo availability for importers.

Developments in non-intrusive inspection technologies may allow Australian border management agencies to maintain current cargo screening levels without adversely affecting cargo throughput. This will be combined with increased physical security requirements for cargo achieved in partnership with industry, such as improved cargo seal capabilities and scanning for radiological substances.

A changing world

Changing trade patterns, exacerbated by economic uncertainty and volatility, will see an increase in cargo consolidated and/or transhipped at overseas ports and the adoption of multimodal transport options to achieve trade route and cost efficiencies. This will increase pressure on industry when meeting current reporting requirements. Given the changing security and trading environment, Customs and Border Protection will work to ensure reporting requirements take into account the constraints and challenges facing industry, but also remain sufficient for risk assessment purposes.

Increasing trade volumes and higher peaks in cargo arrivals, due to industry driving their costs down and the impact of larger vessels and aircraft, will require new intervention approaches to maintain effective risk management and cargo throughput. Industry-proposed logistics solutions to handle these higher volumes, which may include intermodal hubs, will need specific strategies developed by Customs and Border Protection and industry together. These strategies, taking into account the different risks, modes of transport, available technologies and geographical locations involved, will be tailored to ensure both industry and Customs and Border Protection needs are addressed.

By 2015 new standards in supply chain management to track, monitor and report cargo, such as the UCR and RFID technology, may be more widely adopted but not

universal. These and other supply chain management tools may allow both industry and border authorities to identify and track goods as they move along supply chains and to potentially access additional information about consignments to enable better risk assessment and optimise clearance and delivery times.

Reflecting community concerns, greater attention will be paid to the product safety of imports and intellectual property rights (IPR) infringements. This will require an increased focus on foreign suppliers and supply chain risk assessments as well as improved border controls to identify goods that infringe IPR. Border agencies will also need to protect the authenticity of government certification to ensure Australia's reputation as an exporter of clean, safe products.

The growth in low value consignments across all cargo streams (sea, air, post), triggered by developments such as increased Internet shopping, will require changes from Customs and Border Protection's current approach of mass screening strategies to a more tailored risk-based approach. Data quality issues (including the lack of reported data in certain segments) may need to be addressed for low value consignments if Customs and Border Protection is to adopt such a risk-based approach. Similarly, potential increases in dual-use products at both export and import and the trade in component parts of prohibited imports and exports will require flexible responses to changing risks.





Work program 2009-11

The plan for the way forward is one of measured progress. It is an approach that recognises the complexity and changing nature of the international trading environment as well as the diversity of industry and their capacity for change. It is designed to improve the efficiency of trade and effectiveness of border controls by developing more effective risk management, while minimising adverse effects or unnecessary costs on business or government.

In developing the Enhanced Trade Solutions program through to 2015 and beyond, Customs and Border Protection is taking a cautious approach, noting that there does not appear to be either strong demand or capability across industry or government to embark on major change programs at this point in time.

Whilst noting that funding in the current economic climate may have an impact, Customs and Border Protection has designed a two year work program to:

- continue to deliver simple, cost-effective and low-risk short-term solutions that will lay the foundation for future changes
- investigate opportunities and issues in order to meet future challenges
- influence the direction of international standards, supply chains and logistics solutions and uptake of new technologies where we cannot implement unilateral solutions or initiatives.

Success criteria

The success of initiatives delivered through this work program will be measured against success criteria established by the Customs and Border Protection Cargo Processing Executive Steering Committee (CPESC). These measures outline positive outcomes for industry and/or government, as follows:

Industry outcomes

- Certainty of cargo availability
- Timeliness of cargo clearance
- Easy and low cost interaction with Australian and international trade-related government agencies
- Minimal impact of disruption events on legitimate movement of cargo

Government outcomes

- Accurate and timely information to enable risk assessment of cargo
- Ability to manage high risk cargo
- Accurate information with which to collect revenue, provide trade statistics and inform policy

Government also aims to detect, deter and disrupt illicit activity. Each of the activities in the work program contributes to at least one of these success criteria, while also reflecting the Enhanced Trade Solutions findings to date and working towards achieving an aspect of the 2015 Vision. Further explanation of the contribution of the Enhanced Trade Solutions work program can be found at Appendix B.



Work program activities

Work towards delivering an improved business intelligence capability

The focus on better understanding risks has shown Customs and Border Protection must be able to effectively use all available information. Customs and Border Protection will therefore work towards building an improved business intelligence (BI) capability by consolidating existing data warehouse assets and information to provide a single view of entity. This BI capability will not only provide the basis for an entity-based risk management approach, but can also support deployment of intervention resources and be used to underpin Customs and Border Protection's performance improvement activities. This will enable Customs and Border Protection to quickly access accurate and reliable information for critical decision making. Over the next two years, the appropriate skills, processes, tools and technologies needed to deliver this reporting and analytical capability will be developed.

Initial scoping and development of an entity-based risk management model

In order to meet the challenges of increasing cargo volumes, complexity of risks and demands from industry for faster clearance, Customs and Border Protection requires a more efficient and effective risk management process. Customs and Border Protection is taking an incremental approach to improving its risk assessment capabilities, including the continued scoping of an entity-based risk management model. Evidence from initial work targeting entity behavioural changes has shown the effectiveness of this approach and has resulted in increased detections.

Continue to monitor the impact of global Authorised Economic Operator programs or other supply chain security risk mitigation strategies

To ensure Australian industry is not disadvantaged by developments in mutual recognition arrangements internationally, Customs and Border Protection will continue to monitor supply chain security developments, including evaluating the impact of international security requirements and benefits of mutual recognition arrangements with foreign customs administrations. Customs and Border Protection will also undertake further work in partnership with other international stakeholders (such as APEC and the WCO) to explore, test and develop Trade Recovery opportunities and identify tangible benefits that may accrue to Australian

Entity-Based Risk Management

Customs and Border Protection is scoping and developing an entity-based risk management model to improve risk management at the border. The aim of the entity-based approach is to supplement the existing transaction-based risk assessment model (that is, each individual transaction is currently assessed for risk) by increased integration of captured entity information to allow earlier and more effective identification of high-risk entities. This will allow Customs and Border Protection to better plan intervention activities to disrupt criminal activities. It is also possible that this capability will improve identification of low-risk traders by better utilising historical transactions, assessments and interventions, minimising unnecessary interventions in legitimate trade.

industry and government from the adoption of an Authorised Economic Operator program based on WCO guidelines.

We will remain alert to the possibility that any growing international network of Authorised Economic Operator programs may develop into a form of trade barrier for Australian traders. Customs and Border Protection will continue to work with and influence international developments that could shift the value proposition to the extent differential treatment is provided for recognised trusted traders – such as any shift in the proposed US 100% scanning regime to a more risk-based one recognising trusted traders from low-risk countries.

Develop a cargo intervention strategy, taking into account increasing trade volumes and logistics developments

To meet the challenges posed by an increase in trade complexity, there is a need to adopt flexible, scalable intervention approaches, including the ability to redirect resources and adjust intervention rates in response to emerging business models and areas of greatest risk. Customs and Border Protection will refine cargo intervention strategies for 2015 and beyond through analysis of the existing system, evaluation of the effectiveness of Customs and Border Protection's current approach to cargo intervention, and by taking into account the changing landside logistics environment, such as the introduction of intermodal hubs.

Undertake regular Time Release Studies

To ensure Customs and Border Protection remains focused on the right improvement priorities, Customs and Border Protection will undertake regular performance snapshots through Time Release Studies. Consideration will be given to extending the TRS to assess Australia's export processing performance.

Influence Trade Recovery Protocols

Customs and Border Protection will continue to work with international and domestic partners in exploring and testing the feasibility and practical implications of trade recovery responses through participation in the APEC Trade Recovery pilot exercises and the development of trade recovery guidelines to support the WCO SAFE Framework of Standards. Customs and Border Protection will participate in these initiatives to influence their design and identify potential implications of future implementation. Participation puts Customs and Border Protection at the forefront of trade recovery protocol development and will provide a deeper understanding of potential costs and benefits.

Support and influence Port Community Systems

Industry is preparing for a changing trade environment by developing private sector initiatives. There are opportunities for Customs and Border Protection to also benefit from such private-sector led solutions. Port community systems are systems for data exchange and sharing within port environments, improving efficiency for parties by reducing the need for bilateral communication. Customs and Border Protection will support and influence the development of port community systems as solutions

where industry can submit and track all information required for both commercial and government processing of vessels and cargo. These systems have the potential to assist industry with government reporting obligations while streamlining clearance processes.

Participate in the development of port congestion solutions

Customs and Border Protection will participate in the development of port congestion solutions proposed by government or industry to ensure border agency requirements are incorporated into the design phase of air and sea ports, as well as intermodal hubs.

Continue ongoing activities to prepare industry and government for international developments such as paperless trading and increased trade volumes and complexity

To achieve faster clearance for compliant traders, better control over high risk cargo and greater assurance regarding international supply chain security Customs and Border Protection will undertake further research, proofs of concepts and pilots to identify and develop innovative solutions. Continuing research and development will further the goals of the Enhanced Trade Solutions program in line with the cautious, pragmatic approach advocated by industry and government.

This work will specifically focus on:

- Identifying and examining possible future options for electronic trade data exchange, with a focus on providing earlier certainty of status for importers capable of earlier transmission of data
- Where appropriate, testing these through proofs of

concept with industry, other government agencies and international trading partners

- Working with Certificate of Origin issuing organisations to identify countries and industries that Customs and Border Protection can work with to test replacing the current paper-based system with an automated system
- Exploring opportunities for electronic data exchange between government agencies (both domestically and internationally) to provide greater control over high risk goods (e.g. Defence and dual-use goods and high risk chemicals such as drug precursors)
- Monitoring the overall adoption of electronic commerce in the supply chain and between governments
- Continuing to engage with permit issuing authorities and encouraging adoption of the World Customs Organization (WCO) data model, prioritised by the agencies' permit volume, the risks being managed and the relevant capability requirements.

Investigate and explore 'paper-free' trading capabilities

In partnership with industry and the Australian Quarantine and Inspection Service (AQIS), Customs and Border Protection is exploring a 'paper-free' trading capability that will allow industry to lodge scanned documents required for additional risk assessment or permit verification electronically instead of requiring them to be presented to an AQIS or Customs and Border Protection front counter. This will potentially eliminate over two million paper documents presented to government agencies each year. This is an important first step towards capturing documents not already reported electronically in the cargo process. The submission of additional documents to Customs and Border Protection and AQIS is an area of possible inefficiency where improvements could be made without the need for major information technology reforms.

A 'paper-free' capability will be a stepping-stone for future 'paperless' data exchange, where information can be lodged and risk assessed without high levels of manual intervention. Structuring the collection and storage of supporting documents will provide a facility for phased migration to electronic messaging. It offers industry the potential for efficiency gains and cost reductions without large scale information technology change, by minimising the need to physically present paper documents as part of the cargo clearance process. It could also allow government agencies to review these documents from any location at any time, enabling better workforce planning and more efficient workload management practices.

Ongoing monitoring of international and domestic developments in supply chain solutions, such as the Unique Consignment Reference and Radio Frequency Identification

To ensure Australian border agencies do not become an impediment to trade by failing to address the emergence of new supply chain security solutions, Customs and Border Protection will continue to monitor developments in such solutions designed to track and provide information on cross border shipment movements. These solutions may provide the opportunity for greater visibility in the supply chain for high-risk goods. They may also provide enhanced access to information for both industry and border agencies, resulting in a reduction in data required to complete transactions.

Investigate alternative revenue models to determine costs and benefits to industry and government

Through feedback on the Enhanced Trade Solutions program, industry expressed interest in a review of alternative revenue models, arguing that options such as duty deferral could result in earlier lodgement of import declarations, faster clearance times and ease port congestion.

Australia's current system of warehousing for imported goods already provides access to deferred payment arrangements for a significant proportion of duty collected. In 2007-2008, approximately 43% of duty collected was attributed to goods ex warehouse.⁴

Findings from our TRS did not indicate a strong link between duty payment arrangements, the timing of import declaration lodgement, or clearance times. On average, documents are lodged -2.4 days before arrival for sea cargo. Commercial availability is 1.2 days after arrival; and release (when the consignment is clear of Customs and Border Protection impediments and has been paid) is 1.3 days after arrival. These results suggest that the trigger for duty payment is the actual physical availability of cargo and not Customs and Border Protection requirements, indicating that a duty deferral option may not impact the timing of lodgement and finalisation of import declarations and clearance times.

Consultation with several major importers did not identify significant benefits beyond that of a one-off cash flow injection. Some of those consulted indicated that any alternative revenue model would also need to deliver other benefits, such as faster transit times, earlier availability, reduction in administrative and accounting costs or reduced compliance requirements. This consultation did not suggest any immediate case for an alternative revenue model based around duty deferral.

⁴ Figures exclude Self Assessed Clearance Declarations

Through peak industry bodies, we have invited further comment as to benefits industry would accrue from a duty deferral scheme. Customs and Border Protection remains open to undertaking further investigation into alternative revenue models once possible additional benefits to both industry and Government have been identified.

Influence international standards

To ensure Australia is well positioned to participate in and benefit from supply chain reporting and security advancements, Customs and Border Protection will continue to influence, promote and adopt accepted international standards as and when required. Customs and Border Protection will continue to be involved in the APEC Single Window Working Group after Australia's chair responsibilities conclude in 2009.

Appendix A

Enhanced Trade Solutions Key Initiatives

The following table provides an overview of the key initiatives that Customs and Border Protection has been working on under the Enhanced Trade Solutions program. It also includes several new key initiatives that have been identified through ongoing consultation and research during 2008. The table provides a summary of the key benefits to Customs and Border Protection and industry of each initiative, what we have discovered through work to date and work that will be undertaken over the next two years.

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
Whole-of-Government Vision for 2015 and beyond	<p>To engage with industry and other agencies to identify further potential trade solutions that will benefit both Australian industry and government.</p> <p>The Whole-of-Government 2015 Vision proposes a coordinated approach to border management with a focus on improving current practices, and identifying emerging technologies and global best practice initiatives.</p>	<p>Facilitates effective handling of emerging issues and negotiation of international agreements, especially in the current international security environment.</p> <p>Better strategic planning by border agencies – reduced duplication of effort and increased alignment of initiatives.</p> <p>Demonstrate the potential to enhance the user's experience when dealing with government in the context of the trading environment.</p>	<p>A 'one-size fits all' approach is not suitable for industry or government.</p> <p>The volume and complexity of permits issued by other agencies and their own readiness to implement automated systems do not warrant substantial investment in whole-of-government single window initiatives at this time.</p> <p>Each step needs to be cost-justified in its own right, while contributing to the achievement of the total vision.</p> <p>There does not appear to be either strong demand or capability across industry or government to embark on major changes at present.</p>	<p>Annual updates reflecting the changing environment and border priorities.</p>

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
<p>Enhanced Reporting Proofs of Concept</p>	<p>To test the interoperability and effectiveness of paperless trading and examine the electronic submission of trade related reporting requirements relevant to international standards.</p> <p>[The <i>Customs to Customs Data Exchange Proof of Concept Report</i> is available at www.customs.gov.au]</p>	<p>Increased compliance through improved data quality and a decrease in the risk of errors and misinformation due to less re-keying of information.</p> <p>Accurate and timely data leading to quicker risk assessment, increased profile effectiveness, improved service and hence improved client satisfaction due to faster clearance and release of goods.</p> <p>Higher quality trade statistics due to the improvement in the quality of source data.</p> <p>Facilitation of data sharing and whole-of-government interoperability in the international trade domain by using a common language.</p>	<p>The exchange of real-time international trade data was tested between government and industry partners. This proof of concept showed there are opportunities to:</p> <ul style="list-style-type: none"> • Improve importers and exporters control of trade information and lower their operating costs by providing earlier certainty of status • Enhance cargo risk management and trade facilitation for Customs and Border Protection and its overseas counterpart. <p>Value assessments need to be undertaken to confirm that:</p> <ul style="list-style-type: none"> • Early reporting of commercial import data will be able to be used by government for early risk assessment and certainty of status • Cost savings would be achievable for industry. 	<p>Examine possible future states for electronic trade data exchange.</p> <p>Work with stakeholders to co-design cost effective ‘paper-free’ processes.</p> <p>Explore opportunities to collaborate with other customs administrations to increase the effectiveness of existing controls for Defence and dual-use goods.</p> <p>Work with Certificate of Origin issuing agencies to identify countries/industries to test the possibility of using an automated system.</p>

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
Advance Export Data	<p>To test in the export air cargo environment whether it is possible to collect additional data from exporters prior to export:</p> <ul style="list-style-type: none"> • how much earlier this additional data can be collected • whether this earlier information can be used by Customs and Border Protection for risk assessment to intercept high risk consignments • whether this earlier information can be used by Customs and Border Protection to provide consolidation status to exporters prior to consolidation into unit load devices (ULDs) for export. 	<p>If the concept is proven, potential benefits include:</p> <ul style="list-style-type: none"> • the ability of Customs and Border Protection to perform earlier risk assessment through receipt of earlier, more comprehensive data • the provision to the air cargo industry of increased predictability and certainty that consignments packed into ULDs for export will not be subject to a Customs and Border Protection hold after arrival at the cargo terminal operator for export. 	<p>The proof of concept evaluation was completed in 2008 with a physical trial to assess the identified benefits still required.</p>	<p>In light of a number of recent developments, including current economic circumstances and emerging considerations as to how Australia might respond to the US 100% scanning requirement for air cargo, Customs and Border Protection have agreed in consultation with the Conference of Asia Pacific Express Carriers (CAPEC) to suspend the physical trial for the time being.</p>

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
Authorised Economic Operator	<p>In partnership with domestic and international stakeholders and agencies, to bring a risk-based holistic approach to supply chain security in relation to accreditation regimes, trade recovery and mutual recognition opportunities.</p> <p>[The <i>Authorised Economic Operator Report</i> is available at www.customs.gov.au]</p>	<p>Maximising the extent of secure trade by focussing interventions on high-risk cargo.</p>	<p>Accreditation of security measures across the supply chain is achievable.</p>	<p>Research will continue into supply chain security risk mitigation strategies.</p>
		<p>Mutual recognition of low-risk traders.</p>	<p>Australian exporters do not generally encounter problems or issues at foreign borders.</p>	<p>Work will continue to determine benefits of mutual recognition arrangements.</p>
		<p>To provide a platform for interactions with key international bodies in order to influence alternative approaches to international security initiatives.</p>	<p>There is minimal benefit for investment in supply chain security programs at this time.</p>	<p>Through APEC and the WCO, influence the value proposition for supply chain security accreditation regimes.</p>
		<p>To assist in trade recovery after a disruption event.</p>	<p>There is mixed levels of awareness of, and limited exposure to, supply chain security initiatives from foreign customers. Following discussions, most exporters did not consider supply chain security participation as a priority at this time.</p>	<p>Remain alert to the possibility that any growing international network of Authorised Economic Operator programs may develop into a form of trade barrier for Australian traders.</p> <p>Continue to work with and influence international developments that could shift the value proposition to the extent differential treatment is provided for recognised trusted traders – such as any shift in the proposed US 100% scanning regime.</p>

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
Time Release Study (TRS)	<p>In accordance with the WCO TRS Guide, to provide a base line for Customs and Border Protection performance and identify opportunities for improvement by measuring the time between the arrival of the goods and their release.</p> <p>[The <i>Time Release Study 2007 Report</i> is available at www.customs.gov.au]</p>	<p>Provide a performance base line to provide input for strategic planning.</p> <p>Identification of contributors to processing time and areas where potential exists for streamlining to improve trade facilitation.</p>	<p>Customs and Border Protection is not considered to be a major impediment at the border at present.</p> <p>A number of potential opportunities for reducing the time to release have been identified, including the consideration of Customs and Border Protection’s service levels for trade facilitation and achievement of earlier lodgement of import declarations.</p>	<p>Evaluate the opportunities for improvements identified and where indicated pursue their implementation.</p> <p>Build capability toward enabling regular repeat Time Release Studies with expanded scope.</p> <p>Conduct a Time Release Study for exports.</p>
Paper-free Trading Solutions	<p>To develop a ‘paper-free’ trading capability for industry to lodge scanned documents electronically with border management agencies.</p>	<p>Efficiency gains and cost reductions by minimising the need to physically present paper documents as part of the cargo clearance process.</p> <p>Faster clearance times.</p> <p>Enable border management agencies to review the documents from any location at any time, enabling better workforce planning and efficient workload management practices.</p> <p>Eliminate over two million paper documents presented each year, particularly to AQIS.</p> <p>Provides a simple, cost-effective and low-risk short-term solution.</p>	<p>Most companies rely heavily on paper documents from overseas.</p> <p>The provision of a ‘paper-free’ capability will provide an important first step to capture documents not already reported electronically in the cargo process.</p> <p>Industry feedback suggests widespread adoption of ‘paperless’ trading in the international trade sector is some years away.</p> <p>This step gives efficiency gains to industry without requiring Australian companies to re-enter data from paper documents sent to them by overseas organisations.</p>	<p>Develop and implement a ‘paper-free’ trading capability by using existing ICS access and infrastructure.</p> <p>Influence, research and collaborate with all stakeholders to prepare Australia for paperless trading.</p>

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
Tracking Cross Border Shipments	To explore the feasibility of utilising radio frequency identification (RFID) and the WCO unique consignment reference (UCR) number to identify potential benefits to in enhancing supply chain management and security.	<p>Ability to identify benefits and constraints that may result from the implementation of UCR and/or RFID.</p> <p>Ability to identify relevant stakeholders needed to implement identified cross-border mechanisms.</p> <p>Ability to identify strengths, weaknesses, opportunities and threats to Customs and Border Protection from the implementation of UCR and/or RFID along the supply chain by industry.</p>	<p>A combined UCR/RFID solution will deliver benefits to data consistency and container security, however the additional infrastructure costs required, outweigh the investment costs.</p> <p>Australia is dependent on global industry adoption which is some time in the future.</p>	Monitor future developments, such as standards development and industry adoption.
Standardised Data Set	To develop a common language for the submission of import /export and transit data in line with WCO standards.	Easier integration of data through the adoption of common standards by Australian government permit issuing authorities.	An standardised data set (SDS) would benefit future government initiatives; however, there is currently no compelling support for the development and implementation of such a large multi-agency project.	<p>Continue to engage with permit issuing authorities and encourage adoption of the WCO data model.</p> <p>Agency implementation would be prioritised by each agency's permit volume, the risks being managed, the complexity of their requirements and their IT system capabilities.</p>

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
APEC Single Window Working Group	<p>To deliver the six recommendations outlined in the APEC Sub-Committee on Customs Procedures (SCCP) Single Window Strategic Plan 2007.</p> <p>Influence, promote and support paperless trading initiatives and the use of international standards to ensure Australia is well positioned to participate in and benefit from supply chain security reporting advancements in the APEC region.</p>	<p>Ability to influence and monitor the development of international single window initiatives.</p> <p>Accurate and timely information to enable risk assessment of cargo.</p> <p>Assisting Australian industry to participate efficiently in international trade.</p> <p>Easy and low cost interaction with Australian and international trade-related government agencies.</p>	<p>APEC economies are working towards the development of single window systems to facilitate legitimate trade and enhance supply chain security.</p>	<p>Australia, as the lead for this initiative in APEC is enabling and influencing the international dialogue and sharing its experience in developing the ICS. Supporting the efforts of APEC economies as they develop and enhance their single window systems will allow Australian agencies and traders to benefit from a more secure and transparent international supply chain and take advantage of advances in information exchange as economies transition from paper to paperless processing.</p>
Cargo Intervention Strategy	<p>To develop more effective and efficient, risk-based intervention approaches across each cargo stream towards 2015 and beyond.</p>	<p>Improved effectiveness of cargo intervention and greater risk return.</p> <p>Greater flexibility of resource deployment to meet changing risk.</p>	<p>As trade volumes increase, current inspection and examination approaches will place strain on infrastructure and Customs and Border Protection resourcing. Within existing infrastructure and resourcing, inspection and examination approaches based on screening throughput are not sustainable.</p> <p>Industry is pursuing different models for logistics and storage and these will have implications for current border management approaches.</p>	<p>Pursue alternative approaches to cargo intervention, improving flexibility to allocate inspection and examination resources according to risk.</p> <p>Respond to changing landside logistics.</p> <p>Develop an optimal intervention model with the capability and flexibility to manage increased trade volumes and complexities towards 2015 and beyond.</p>

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
Alternative Revenue Models	To investigate options to streamline payment of customs duty, indirect taxes and charges at the border and streamline revenue management arrangements for imported goods.	<p>Assisting industry by reducing the regulatory burden.</p> <p>Potentially improving cargo clearance times by removing transactional payment requirements.</p>	<p>Consultation with importers and industry associations to understand potential benefits of alternative revenue models did not suggest any immediate case for an alternative revenue model based around duty deferral.</p> <p>Analysis of the TRS results suggest that the trigger for duty payment is physical availability, not Customs and Border Protection requirements, indicating that duty deferral may not impact the timing of lodgement and finalisation of import declarations and clearance times.</p>	Further work will be dependent on the identification of additional benefits to industry and government of an alternative revenue model.
Port Congestion Responses	To engage government, port operators and industry early on to incorporate border agency requirements in the design phase of air and sea port congestion solutions.	<p>Well planned and better integrated port operations.</p> <p>Faster cargo clearance times.</p> <p>Improved certainty of cargo availability.</p>	Each port has different issues and responses to congestion.	Engage with authorities to ensure border agency requirements are incorporated into port and infrastructure planning.

Table A.1 – Enhanced Trade Solutions Key Initiatives

Key Initiative	Objective	Key Benefits	What We Have Found	To Do Over the Next Two Years
Entity-Based Risk Management	To increase the effectiveness of current risk assessment methods through scoping and developing an entity-based risk management model.	<p>Increased effectiveness of risk assessment methods.</p> <p>Earlier identification of high-risk entities and links to other entities.</p> <p>Integration of all critical information relating to an entity into a single corporate view.</p> <p>Ability to plan more effective intervention activities to disrupt criminal activities.</p> <p>Ability to work ahead of the border to identify and manage risk.</p> <p>Reduced impact on legitimate and compliant traders.</p>	<p>Initial work in targeting entity behavioural changes has already resulted in increased detections of high-risk consignments, particularly illegal tobacco and illicit drug precursor chemicals.</p> <p>The trade sector is supportive of differentiated treatment for low and high risk entities.</p>	Continue to research the potential benefits of an entity-based risk management model and the potential business changes that would be required for implementation.
Business Intelligence Capability	To deliver an improved business intelligence capability by leveraging Customs and Border Protection's existing information assets and infrastructure.	<p>Greatly enhanced capability to measure and manage Customs and Border Protection's performance across a range of cargo-related activities including data collection, risk assessment, interventions and cargo control.</p> <p>Provide a platform for Entity-Based Risk Management.</p>	<p>Without this new capability, Customs and Border Protection will be constrained in its response to the changing international trade environment and the criminal networks seeking to subvert Australia's border controls.</p> <p>An improved business intelligence capability will provide the basis for the entity-based risk management approach.</p>	<p>Build business intelligence capability by consolidating existing data warehouse assets and information.</p> <p>Utilise the business intelligence capability for performance management and reporting.</p> <p>Provide a "single view of entity" by integrating all critical information about a person or company involved in cross-border activity.</p>

Appendix B

Work Program Activities for 2009-11

The forward work program aligns with the Customs and Border Protection Cargo Processing Executive Steering Committee (CPESC) trade facilitation success criteria.

Table B.1 – Work Program Activities for 2009-11		
	Work Program Activities	CPESC Trade Facilitation Success Criteria
1.	<p>Cargo Intervention Strategy Developing a cargo intervention strategy, including the ability to redirect resources and adjust intervention rates in response to emerging business models and areas of greatest risk.</p>	Certainty of cargo availability
2.	<p>Entity-Based Risk Management Initial scoping and incremental development of an entity-based risk management model.</p>	Accurate and timely information to enable risk assessment of cargo
3.	<p>Business Intelligence Capability Work towards delivering an improved business intelligence capability to support entity-based risk management, deployment of intervention resources and performance reporting, critical during difficult economic times.</p>	Accurate and timely information to enable risk assessment of cargo
4.	<p>Time Release Studies Continued monitoring of Customs and Border Protection's trade facilitation performance and identifying opportunities for improvement through regular Time Release Studies.</p>	Accurate information with which to collect revenue, provide trade statistics and inform policy
5.	<p>Authorised Economic Operator Monitoring of international AEO developments to identify tangible benefits to Australian exporters and government and monitor the impact of other supply chain security risk mitigation strategies.</p>	Minimal impact of disruption events on legitimate movement of cargo
6.	<p>Trade Recovery Protocols Participate in the development of international trade recovery protocols through involvement with APEC and the WCO.</p>	Minimal impact of disruption events on legitimate movement of cargo
7.	<p>Port Community Systems Support and influence the development of Port Community Systems by industry.</p>	Easy and low cost interaction with Australian and international trade-related government agencies
8.	<p>Port Congestion Solutions Participate in the development of port congestion solutions (i.e. intermodal hubs) proposed by government, port authorities and industry to ensure the requirements of border agencies are met.</p>	Easy and low cost interaction with Australian and international trade-related government agencies

Table B.1 – Work Program Activities for 2009-11

	Work Program Activities	CPESC Trade Facilitation Success Criteria
9.	<p>Preparing Government and Industry for International Developments</p> <ul style="list-style-type: none"> Identifying and examining possible future options for electronic trade data exchange, with a focus on providing earlier certainty of status for importers capable of earlier transmission of data. Working with Certificate of Origin issuing organisations to identify countries and industries that Customs and Border Protection can work with to test replacing the current paper-based systems with an automated system. Exploring opportunities for electronic data exchange between government agencies, both domestically and internationally to provide greater control over high-risk goods. Monitoring adoption of electronic commerce between governments and in the international supply chain. 	<p>Certainty of cargo availability</p> <p>Easy and low cost interaction with Australian and international trade-related government agencies</p> <p>Ability to manage high risk cargo</p> <p>Easy and low cost interaction with Australian and international trade-related government agencies</p>
10.	<p>Paper-free Trading</p> <p>Investigate and explore ‘paper-free’ trading capabilities that will allow industry to electronically lodge scanned documents required for additional risk assessment or permit verification.</p>	<p>Easy and low cost interaction with Australian and international trade-related government agencies</p>
11.	<p>Supply Chain Security Solutions</p> <p>Monitoring international and domestic developments in supply chain security solutions such as UCR and RFID.</p>	<p>Accurate and timely information to enable risk assessment of cargo</p>
12.	<p>Alternative Revenue Models</p> <p>Dependent on the identification of additional benefits to industry and government, investigate alternative revenue models for collection of duty, indirect taxes and other charges associated with imported goods.</p>	<p>Timeliness of cargo clearance</p>
13.	<p>International Standards</p> <p>Influence forums such as the WCO, UN/CEFACT and APEC on the development of international standards for topics including data, paperless trading, and supply chain security.</p>	<p>Easy and low cost interaction with Australian and international trade-related government agencies</p>

Glossary of acronyms

Term	Description
AED	Advance Export Data
AEO	Authorised Economic Operator
ANZFA	Australia New Zealand Food Authority
APEC	Asia-Pacific Economic Cooperation
AQIS	Australian Quarantine and Inspection Service
CEF	Cargo Examination Facility
CPESC	(Customs and Border Protection) Cargo Processing Executive Steering Committee
EBRM	Entity-Based Risk Management
EDI	Electronic Data Interchange
ETS	Enhanced Trade Solutions
eCert	Electronically Exchanged Export Certificate
ICS	Integrated Cargo System
NZFSA	New Zealand Food Safety Authority
OGA	Other Government Agencies
PIA	Permit Issuing Authority
POC	Proof of Concept
RFID	Radio Frequency Identification
SAC	Self-Assessed Clearance Declaration
SCCP	(APEC) Sub-Committee on Customs Procedures
SDS	Standardised Data Set
SWWG	(APEC SCCP) Single Window Working Group
TRS	Time Release Study
UCR	Unique Consignment Reference
ULD	Unit Load Device
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
WCO	World Customs Organization

Glossary of terms

Term	Description
Dual-Use Goods	Goods developed to meet commercial needs, but which may be used either as military components, or in the development or production of military systems.
eCert	The system developed by NZFSA and AQIS to exchange export certificates electronically between trading partners for agricultural commodities.
Paper-free Trading	Paper-free trading provides the capability for industry to scan documents and lodge them electronically, rather than presenting them in person at a counter. It is the first step towards 'Paperless' trading.
Paperless Trading	"Paperless" trading is the activity of exchanging data through electronic means for the purpose of trading.
10+2	Officially known as the Importer Security Filing Program. The US Customs and Border Protection proposed data requirement requires importers to transmit 10 new data elements on each container before a vessel departs a foreign port. Two additional data elements are required from vessel operators.

