

MINUTES

CUSTOMS NATIONAL CONSULTATIVE COMMITTEE

MEETING 52 – 20 SEPTEMBER 2007

Agenda Item 1: Chairman's Introduction

The Chairman opened the meeting, welcomed members, noting that for today's meeting Fritz Heinzmann was representing the Australian Federation of International Forwarders (AFIF) and Brian O'Dea was representing Shipping Australia. The Chairman also noted that Peter van Duyn was the new representative of the Stevedoring Industry, and Robert Battistel the new representative the Conference of Asia Pacific Express Couriers (CAPEC) as an observer. Mr Battistel was unable to attend this meeting.

The chairman then read comments from the former CAPEC representative, Chris Charlton, into the minutes (**see Attachment A**).

The new DCEO (Corporate Operations) Linda Smith was also introduced to the group.

No new business was nominated.

Agenda Item 2: Minutes of CNCC 51

The minutes from CNCC 51 were accepted.

Agenda Item 3: Actions arising from CNCC 51

Agenda Item 4(b)(i): Tariff Classification

The LCA representative queried the origin of Agenda Item 4. The AE&IA representative explained that he had raised it at the last meeting. He considered there should be opportunities to share information about tariff classifications and that there would be advantages in having consistent training material across industry and Customs to support consistent interpretations of classifications.

The CBFCA representative indicated that the CBFCA has a Director of Training and is developing online training program and invited Customs to contact the CBFCA's Director of Training to discuss training opportunities.

The LCA representative asked if industry could participate in Customs internal Tariff Classification meetings to better understand the reasons for Tariff classification disputes.

Customs welcomed industry engagement and agreed with the AE&AI representative that it was important that Customs and industry were working on the same page as much as possible.

Action Item 1: Customs will contact CBFCA Director of Training to explore common approaches to training content.

ND (Trade) to action.

Action Item 2: Customs will engage with industry in the re-build of tariff precedents.

ND (Trade) to action.

Action Item 3: Customs will involve industry in the redevelopment of the Customs Internet.

NM Planning to action.

Action Item 4: Customs will report progress at the next CNCC meeting.

ND (Trade) to action.

Agenda Item 4(b)(ii): Customs Service Manuals

Customs advised that it is currently updating and making contemporary Customs Service Manuals in line with the Integrated Cargo System (ICS) releases.

The LCA representative requested that when the manuals were published they include the date of publication. This would ensure version control, particularly for renewal of annual subscriptions.

Action Item 5: Ensure Customs Service Manuals include date of publication.

All Divisions to action.

Action Item 6: Customs to provide a paper outlining an overall approach for development of a Content Management Strategy for the next CNCC meeting.

ND (Planning) to action.

Agenda Item 8: Materiality and Revenue Recovery

Customs acknowledged that its earlier response in relation to this issue had focussed on whether amounts were economic to recover without recognising the practical impact on industry and the revenue neutral outcome for overall GST collections.

The Chairman noted that this issue needs to be resolved within the next few months.

Action Item 7: Customs has developed some ideas on how this matter may be programmed to meet industry concerns and is talking with the Australian Taxation Office (ATO) and will undertake to workshop options with industry.
ND (Compliance) to action.

Agenda Item 9(a): Corporate Licences

Customs noted that in September a letter was sent in relation to digital certificates in the name of trusts and not the licensed entity. Customs has since reviewed the practical implications and identified issues with refunds and amendments of old transactions. Customs will not revoke licences (as threatened) and is looking at ways of aligning digital certificates and licences.

Action Item 8: Customs to send follow-up letters to the people who received the original letters advising them of the position.
ND (Compliance) to action.

Agenda Item 4: International Trade Integrity Bill

The Director, Sanctions and Transnational Crime Section, Department of Foreign Affairs and Trade, provided an overview on the changes made to the Trade Integrity Bill 2007. The Bill implements Recommendations 1-3 in the Report of the Cole Inquiry.

He advised that there would be a process of ongoing consultation with industry and other affected stakeholders about the implementation of the Bill.

Agenda Item 5: Role and Future Arrangements for CNCC

The Chairman noted that this agenda item arose because other forums have been developed and that some time had elapsed since the last meeting. It is Customs intention to continue with the CNCC as the peak consultation body with industry and to schedule 3 meetings each year for this purpose.

Industry agreed on these future arrangements.

Agenda Item 6(a): APEC

DCEO (Passengers and Trade Facilitation) noted that the APEC Customs/Business Dialogue Outcomes (ACBD) was held at this years APEC meeting and was a success. The two main issues raised were developments in relation to: (1) an interim pathfinder on UCR and RFID devices, and (2) an Australian Time-Release survey.

The Chairman pointed out that Customs had again been tasked with chairing the Single-Window project.

Agenda Item 6(b): Free Trade Agreements

The CBFCA representative thanked Customs for its work on the Australia-United States Free Trade Agreement (AUSFTA). The more information Customs puts out on this issue the better. He noted that companies are relying on 'made in the US' on invoices. He understands that the AUSFTA doesn't allow for certain rules.

The LCA representative noted that its members have indicated that Australia and US Customs have different levels of applying the rules with Australian Customs applying higher standards than the US. LCA members have complained to both Australian and US customs (via the US Embassy), and the Department of Industry, Tourism and Resources.

Customs advised that it had attempted to identify any problems, but had been unable to find any evidence to substantiate these claims.

Action Item 9: The LCA representative will request that affected LCA members send Customs specific information on this matter.
LCA representative to action.

Agenda Item 7(a): Industry Consultation Mechanisms

The LCA representative raised some concerns on the draft Customs Practice Statement: *Industry Engagement in the Development of Customs Legislation*. On page 2 of the draft circulated to CNCC members, it refers to section 273, which in the LCA representatives view is the responsibility of AusIndustry.

Customs advised that it will be involved in this process.

Chairman noted that where Customs has an interest in an area it can work in this and other associated areas. Customs administers a range of laws that cut across departmental boundaries.

The LCA representative thanked Customs for developing the draft Practice Statement and seeking industry's comments.

The LCA representative raised the issue of consistent language, suggesting that when industry engagement occurs there should be a stronger use of industry's input and a stronger use of industry's words.

Action Item 10: Customs to ensure that Practice Statements be strengthened to ensure feedback takes place, eg. 'must' instead of 'should'.

NM (Planning) to action.

Agenda Item 7(b): Feedback on suggested reforms of the Customs Act

The Chairman sought members' views on whether there should be a standing subcommittee to examine suggested reforms of Customs legislation or whether consultation should be with interested parties according to the issues.

A number of members agreed it is more efficient for industry representatives to deal directly on specific issues, rather than being involved in another subcommittee structure.

The Chairman noted that there are practical realities about getting legislation through Parliament and to achieve this there needs to be realistic categorising and prioritising of legislation. He suggested that the CNCC could be involved at that level.

There was a general discussion about Customs response to issues raised by industry. The LCA representative concluded that some responses were good, while he considered there needs to be better engagement on others.

The Chairman noted that these were preliminary responses, and proposed that a meeting be scheduled to allow open discussion on the proposals.

Action Item 11: Future CNCC agendas will include a report on Customs forward legislation program.

NM (Planning) to action.

Action Item 12: Customs will arrange discussions with interested parties about the particular legislative proposals submitted by industry.

NM (Planning) to action.

Agenda Item 7(c): Status of Bills

There were no comments on this agenda item.

Agenda Item 8(a): Integrated Cargo System

Customs advised on the improvements to the ICS in 2006-07, ICS systems performance and Industry Action Group (IAG) status. The IAG had recently met and identified 21 priority issues. There are about ten solutions required to resolve the issues in the forward work program.

The IATA representative raised concern about an issue that has arisen from opening of the second Sydney cargo terminal. This is subject to the March 08 release but is concerned if it goes later.

Customs advised that it is conscious of the timing, and March 2008 is still the most likely date of release.

Agenda Item 8(b): Detection Technology

Customs reported on a number of technology trials underway including the Radiation Portal trial which has ended with the trial report currently being prepared.

Agenda Item 9(a): CPESC Stocktake of Outcomes for 2006-07

The Chairman noted that the papers are an overview of the work program of the CPESC during the past year and the current broad framework, including outcomes/deliverables and success criteria.

There was general discussion on the programs.

The Chairman clarified the role of the Customs Processing Executive Steering Committee (CPESC) indicating it will not operate in isolation to CNCC and should use CNCC as a regular reporting forum.

Action Item 13: Customs will provide progress reports to the CNCC on these programs.
ND (Cargo) to action.

Agenda Item 9(b): Trade Facilitation Initiatives

Customs presented an overview of the initiatives being explored with industry and New Zealand Customs.

Agenda Item 10: Mainframe Transition Program update

Customs Chief Information Officer provided an update of the recently completed market testing exercise in relation to the provision of IT services in Customs. Currently this change is planned for 17 December 2007. He advised that changes within the change windows may need to be made. Currently these changes have been made between 1:00am-3:00 am Mondays and Wednesdays, but Customs is considering using one window from 6:00pm-10:00 pm on Sundays when the data volumes are low, to minimise impact on business.

The Chairman noted that Customs is strongly focussed on ensuring that the change in service providers has no impact on clients.

Agenda Item 11: Review of cost recovery charges 2006/07 financial year

There was a general discussion concerning cost recovery charges, in particular a perception that there would be an increase in these charges. Customs Chief Financial Officer noted that Customs was not recommending any increased cost recovery at this stage.

The CBFCA representative noted that there is an imbalance with self assessed clearance (SACs) since the limit increased from \$250 to \$1000. He suggested a review of this decision be recommended. He also indicated that AQIS were exploring an alternative approach.

Customs Chief Financial Officer noted that the current situation was the result of conscious government policy based on the administrative inefficiency of the former Self Assessment Clearance charge. He added that Customs would continue to liaise with AQIS on this issue.

The AE&IE representative noted that the statistics provided by Customs in the agenda paper are limited and requested further details be provided.

Customs Chief Financial Officer advised the figures are being audited by the ANAO and can be provided after this process.

Agenda Item 12: Other items

The LCA representative raised the issue of Internal Review of Customs Decisions. He suggested Customs needed to review protocols for the review of Customs decisions, including TCOs, drawbacks and Tariff Classification.

Customs agreed with the proposition that internal review should be consistent with administration law principles noting that existing protocols recognise independent internal reviews, e.g. for infringement notice decisions. It was agreed to review current protocols to ensure appropriate internal review processes are in place, noting that the nature of the significance of a decision would determine the form and extent of any review process.

Action Item 14: Customs to review the appropriateness of current protocols for internal review of decisions impacting on people's liabilities or rights.

DCEO (P&TF) to action.

Attachment A

Comments from Mr Chris Charlton, former representative of the Conference of Asia Pacific Express Couriers (CAPEC)

After some seven years on the CNCC I am resigning as the CAPEC representative due to my recent move to Singapore. I would personally like to thank all the Customs and Industry members, both past and present, for their support, challenges, great debates and genuine desire to improve Australia's trade facilitation while navigating the security and system changes that have been faced over the recent years. It is genuine industry leaders, like yourselves that make sacrifices both on a professional and personal level to contribute to the greater good of such a wonderful industry and country.

Good luck to each of you in your future endeavours.

Best Regards, Chris Charlton.