

# HOMELAND AFFAIRS

## HOMELAND AFFAIRS TO BALANCE TRADE FACILITATION AND SUPPLY CHAIN SECURITY COMPLIANCE

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**D**uring July 2017, the federal government declared that the new Department of Homeland Affairs (DHA) will be established and will be similar to the Home Office of the United Kingdom: a central department providing strategic planning, coordination and other support to a 'federation' of independent security and law enforcement agencies including the Australian Security Intelligence Organisation, the Australian Federal Police, the Australian Border Force (ABF) / the Department of Immigration and Border Protection (DIBP) and the Australian Criminal Intelligence Commission.

Freight & Trade Alliance (FTA) and Australian Peak Shippers Association (APSA) representatives had the privilege of participating in the DIBP-hosted industry summit on 31 July 2017 and meeting with the A/g Commissioner and departmental executives. This was followed by a meeting with Alex Hawke (Assistant Minister for Immigration and Border Protection) and a site visit of the automated VICT terminal, Webb Dock on 2 August 2017.

The focus of discussions centred around utilisation of new technology for the physical examination / screening of cargo and emerging reforms including duty deferral, streamlined cargo reporting, and Mutual Recognition Agreements (MRA).

Importantly, the Minister also confirmed that the traditional customs responsibilities of trade facilitation and supply chain security compliance will remain with DHA.

### Section 77G Depot Compliance

Licensed depots are regulated to safely store and deal with goods under Customs' control.

As a part of the ABF 'compliance continuum' the Infringement Notice Scheme (INS) is available to officers as an alternative to prosecutions allowing for 'on the spot fines'. Regulations prescribe the maximum fine being 25% of a court penalty (cap of 15 units for an individual and 75 units for a company).

It is important to note that effective from 1 July 2017, a penalty unit has increased from \$180 to \$210, this being a 15%+ increase in the quantum of fines that can be issued by the ABF.

### Deliveries without authority

It is staggering to note that during the reported year to date, in excess of \$1.5 million in fines have been issued for breaches of Sec 33 of the Customs Act.

Officers generate a report from the Integrated Cargo System (ICS) that shows all cargo reported to be at an establishment that remains uncleared. Therefore all of that cargo listed should be safely secured and shown to the officer upon request. If the cargo is not there, then we have what is referred to as a "Delivery Without Authority" and a possible infringement notice of 45 penalty units equating to \$9,450 fine.

### Other breaches

The horror story does not end there. 64 infringement notices were also issued during the period against Sec 77R(1) of the Customs Act, being other depot licence breaches, totalling another \$517,950 in fines.

The report also notes that in an extreme case, the ABF cancelled the depot licence of a Victorian company for repeatedly breaching its licence conditions.

### Mandatory training

As well as making good business sense, it is also important to note that training depot staff is mandatory as outlined in ABF notice 2013/56 - clause 28 "The holder of a licence must provide adequate training to make staff aware of their legal obligations in dealing with goods subject to the control of Customs".

In supporting this need and in response to member feedback, Freight & Trade Alliance (FTA) has enhanced its e-Learning course titled "Sec 77G DEPOTS – Obligations dealing with goods subject to ABF control". [www.ComplianceNetFTA.com](http://www.ComplianceNetFTA.com).

The most recent enhancement to the training package includes the revised Infringement Notice penalty arrangements and the above referenced depot cancellation case study. Members will

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also be provided with a certificate of completion and online history maintained to demonstrate completion of the accredited course.

A word of warning ... this is not your 'get out of jail free' card and the onus clearly remains on depot management to ensure that comprehensive standard operating procedures are in place and that staff know and can follow instructions to ensure the safekeeping of goods under Customs' control.

### Trade facilitation

ATT promises to deliver streamlined cargo reporting and duty deferral benefits to importers during the 2017 / 2018 financial year. While we await further detail on specific functionality and implementation timeframes, the following immediate benefits are available to exporters and Australian businesses.

### Reciprocal benefits through MRA

In July 2017, DIBP signed Mutual Recognition Agreements (MRA) with Korea Customs Service, Canada Border Services Agency, and Hong Kong Customs and Excise Department at the World Customs Organisation's council sessions in Brussels.

MRA are a formal arrangement between customs agencies that recognise supply chain security programmes and provide reciprocal benefits to the other country's trusted partners. MRA also provide border agencies with greater end-to-end assurance over imports and exports.

The arrangements will ensure that Trusted Traders and members of partner countries' Trusted Trader equivalent programmes receive differentiated border treatment when conducting trade with these countries.

### Monthly reports benefit

All businesses can currently request import and export reports from DIBP for a fee. Now, accredited Trusted Traders will be sent these reports for free each month, with no need to contact DIBP, reducing financial and administrative burden on Trusted Traders.

The monthly reports will help Trusted Traders manage their supply chain and improve the integrity of their transactions, by giving them an overview of all transactions made in the previous month.

### Temporary work (skilled) visa benefit

The new benefit enables Trusted Traders to increase their international competitiveness by addressing labour shortages—bringing in genuinely skilled workers where they cannot find an appropriately skilled Australian.

Accredited Sponsor benefits include sponsorship validity for six years, priority

processing of all nomination and visa applications, and additional streamlined processing of certain low-risk nominations. These benefits will reduce the administrative burden on Trusted Traders when applying to become Accredited Sponsors.

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