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## **Office of National Intelligence keeps us guessing on traditional customs responsibilities**

### **Customs as we once knew it will soon be distant a memory. Is the new order too radical or a logical progression aligned to our contemporary security and economic environment?**

The federal government has declared last week that the new Office of National Intelligence (ONI) 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 and the Australian Criminal Intelligence Commission.

On the surface this makes a lot of sense as integration of these intelligence and enforcement agencies into a single department has the potential of enhancing coordination of national security.

The merging of Immigration and the Australian Customs and Border Protection Service on 1 July 2015 has delivered efficiencies in the passenger processing environment. From an international trade perspective, this merge has had minimal impact with cargo management systems and processes relatively unchanged.

A move to the ONI regime will be a significantly greater paradigm shift with a distinct and increased focus on safeguarding Australians against terrorist activities. Community protection activities could sit neatly in the new department but what about the traditional customs role of revenue collection, trade remedies and facilitation?

We note with interest the views of the Export Council of Australia (ECA) that the Department of Foreign Affairs and Trade (DFAT) should take on some of these responsibilities in the new regime. This concept has significant merit in an environment where the Australian government continues a commitment to remove trade barriers through initiatives such as the Australian Trusted Trader programme, Mutual Recognition Agreements, Free Trade Agreements and the ongoing reduction of duty payments.

Perhaps another twist to all of this is that the import tax and duty collection task could transfer to the Australian Taxation Office (ATO).

The Treasury Laws Amendment (GST Low Value Goods) Bill 2017, which comes into effect on 1 July 2018, takes the onus away from the traditional revenue collection at the border to a model whereby the Goods & Services Tax (GST) is collected by overseas vendors and remitted to the ATO.

Interestingly, the government is prepared to forego duty collection on this category of low value goods due to diminishing tariffs and the complexity and costs of collecting this revenue. From a GST collection perspective, the ABF will take a back seat with the compliance task transferred to the ATO.

Is this a signal of things to come?

The way things are shaping up there will be potentially three streams of compliance on imports being (1) supply chain security requirements to ONI; (2) tax collection to the ATO and amongst all of the hype let's not forget (3) the all-important biosecurity protections as administered by the Department of Agriculture and Water Resources.

The above will require significant reform and co-ordination between government and industry and may well be the catalyst to introduce a new technology platform, being a “Single Window” government, delivering a new era of streamlined statutory reporting. It is likely that this system would be the focus of the proposed Australian Cyber Security Centre which will work in cooperation with the Australian Signals Directorate to combat cyber security threats.

Labor has not ruled out its support of the sweeping structural changes, indicating that they require a briefing from the existing intelligence agencies before making a decision on the reforms.

Reform is shaping up to be extremely complex. Let’s hope that both sides of parliament do not underestimate the complexity of our current systems and processes and that the flawed 2005 Integrated Cargo System (ICS) implementation has not been lost in the corporate memory.

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) will report back to members outcomes from our upcoming Ministerial and departmental executive meetings as we prepare for the next stage of an evolution away from a customs environment that we once knew.

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