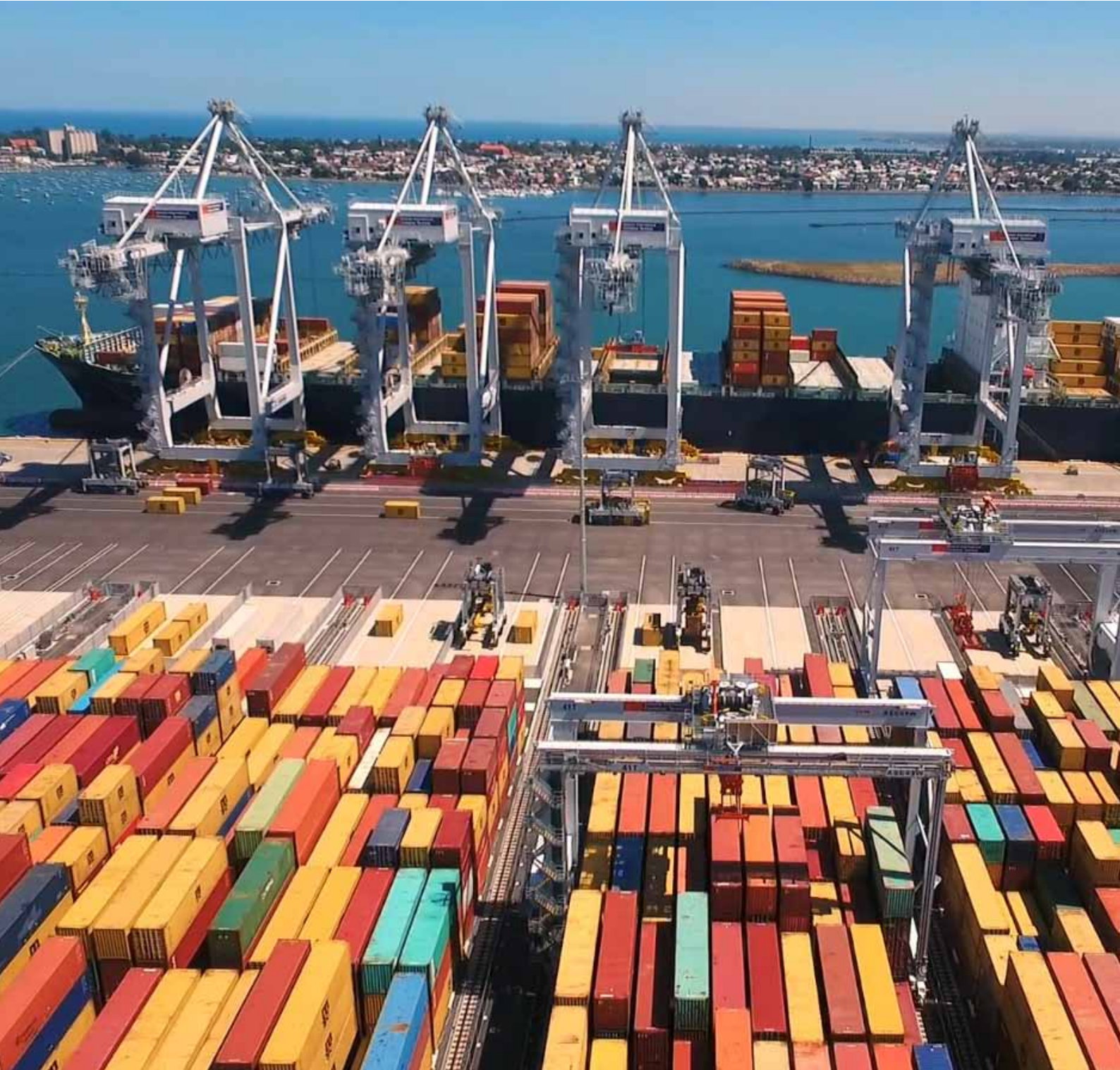


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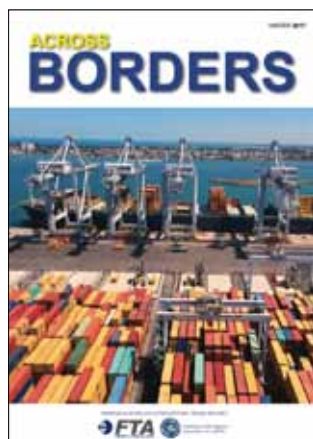
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Contents

- 02 Trade Agenda Provides New Opportunities For Australian Exporters
- 04 A new alliance for Australian freight & trade sectors
- 06 Global Shippers Forum annual conference
- 08 Australian Trusted Trader Programme
- 10 GST on the importation of goods
- 14 The Good, Bad and Ugly of the delay to the GST Low Value Goods Bill
- 18 Biosecurity reforms respond to changing global trade environment
- 20 The WTO Trade Facilitation Agreement
- 21 Customised and cost effective project cargo solutions
- 22 Members turn out in record numbers to ensure compliance
- 24 Old Blighty Leaves the EU: opportunities and risks for the Transport & Logistics sector
- 26 Safety & Security: It's All About Cargo Integrity
- 28 Changes to US air cargo screening requirements – are you ready?
- 30 Known Consignor benefits from Marinova (an approved Known Consignor)
- 32 The court cases we have to have
- 34 Freight & Trade Alliance (FTA) appoints new preferred partner for Foreign Exchange services
- 35 \$6m upgrade at cargo park opens doors for freight operators
- 36 How Automated Vehicles Will Transform Freight Logistics in Australia
- 37 The power of two – intuitive software and personal service
- 38 A.H. Beard a Fourth Generation Family Owned & Proudly Australian Company
- 40 Moorebank Logistics Park
- 42 Asbestos imports



Front cover – image courtesy of Victoria International Container Terminal - Webb Dock East, Melbourne, Victoria

ACROSS BORDERS

WINTER 2017



Welcome to “Across Borders”

We are proud to launch “Across Borders” with the first edition of our new seasonal (Winter, Spring, Summer and Autumn) publication.

We would like to express our sincere appreciation to the Hon. Steven Ciobo, Minister for Trade, Tourism and Investment, all of the government departments and topic experts for their contributions to the publication.

As highlighted in the chairman’s report, Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) have established an influential advocacy alliance supporting the international trade and freight logistics sectors.

“Across Borders” will play a vital role in keeping our membership at the forefront of all emerging supply chain issues to complement our ongoing responsive operational support, professional development training, industry updates, commercial services and corporate events.

We trust that you will find the publication informative and look forward to receiving your contributions and feedback for future editions of “Across Borders”.

By PAUL ZALAI, Director and co-founder, Freight & Trade Alliance (FTA) & Secretariat to Australian Peak Shippers Association (APSA)

Across Boards is published by Freight & Trade Alliance (FTA)

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By THE HON STEVEN CIOBO,
Minister for Trade, Tourism and
Investment

Trade Agenda Provides New Opportunities For Australian Exporters

Congratulations to the team at Across Borders on this new publication and best wishes to all your readers, including members of the Freight & Trade Alliance and Australian Peak Shippers Association Inc.

Australia is currently in its 26th consecutive year of economic growth: goods and services exports have risen 7.6 per cent in real terms, and net exports contributed 1.4% points to our 2.4% annual growth in real GDP in 2016.

International trade and investment will play a significant role in extending into the future this record period of growth for our nation. The Turnbull Government is pursuing an ambitious agenda to maximise the opportunities offered by new and improved market access for Australian products and services.

As readers here will know, exporting businesses not only employ more people on average, those jobs also are better paying. Increased trade and new foreign capital is crucial if we are to maintain the high standard of living we have come to enjoy and expect.

In May, the Turnbull Government launched FTA negotiations with Hong Kong and Peru. Each agreement has a slightly different emphasis and will deliver different wins for Australian businesses.

Hong Kong is a major export market for Australian goods as well as services. A modern FTA with Hong Kong is a valuable opportunity to complete a 21st century deal that increases services access for Australian companies and supports growth of the digital economy. In addition, the agreement would complement our existing FTA with China, and deepen our economic integration in Asia

Over the last decade, Peru has been one of the fastest growing economies in Latin America, and the world. An FTA

with Peru will help Australian exporters compete with other exporters like the US, the EU and Canada in this growing market. It would provide another gateway to the Latin American market and enable Australian businesses to tap into value chains between the Americas and Asia. An FTA with Peru would also be a step towards capturing the benefits of the Trans-Pacific Partnership (TPP).

Additionally the Turnbull Government is getting closer to concluding the Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA). IA-CEPA has the potential to open a new era in our economic relationship with Indonesia.

FTA negotiations with the European Union (EU) will commence later this year. As a bloc comprising more than 500 million people, the EU is Australia's largest source of foreign investment and second largest trading partner. A comprehensive and high-quality Australia-EU FTA will remove and reduce barriers for our goods and services exports, promote investment ties, and enhance regulatory cooperation.

The Turnbull Government is also focused on pursuing new regional trade and investment opportunities. Following the United States' decision to withdraw from the TPP, the remaining 11 members recently agreed on the value of realising the agreement's benefits and agreed to assess options for bringing the agreement into force expeditiously. Work is also progressing on a Regional Comprehensive Economic Partnership (RCEP) involving Australia, ASEAN, Australia, China, India, Japan, Korea and

“ *The Turnbull Government is pursuing an ambitious agenda to maximise the opportunities offered by new and improved market access for Australian products and services.* ”

New Zealand. RCEP has the potential to deliver new commercial opportunities in the region for Australian businesses and investors and support regional value chains.

In April, Australia, NZ and 12 Pacific Island countries concluded regional negotiations on the Pacific Agreement on Closer Economic Relations (PACER) Plus. This is a unique trade and development agreement that has the potential to reshape the economic fundamentals of the Pacific region by creating new opportunities for trade and investment.

The Turnbull Government is also actively supporting efforts to strengthen the multilateral trading system and is pursuing a successful outcome from the 11th World Trade Organisation Ministerial Meeting in Argentina later this year. We also continue to find opportunities to build on our existing FTAs including significantly expanding

the Singapore-Australia Free Trade Agreement and securing China's agreement in March to commence reviews of the services and investment elements of our bilateral free trade agreement by the end of the year.

Ensuring Australian businesses have the information they need to access the benefits created by trade agreements is a key priority for the Turnbull Government. We have created the FTA Portal - <https://ftaportal.dfat.gov.au/> - a free web-based tool, to provide practical and user-friendly information to Australians wanting to take advantage of the opportunities provided by our FTAs.

We are also committed to making it easier for Australian traders. The Turnbull Government is working towards establishing a single window for trading, which will provide Australian businesses with a simple point to engage with government through the export and importing process.

The Turnbull Government continues to pursue the policies that support economic growth and create better paying jobs. Endowed with highly competitive industries and a small population, it is in our national interest to actively seek new markets for Australian exporters.

I take this opportunity to wish you every success growing your businesses at home and abroad.

Steven Ciobo is the Minister for Trade, Tourism and Investment. This is Mr Ciobo's third front bench role in the foreign affairs and trade portfolio. He has previously served as the Minister for International Development and the Pacific, and Parliamentary Secretary to the Minister for Foreign Affairs and Parliamentary Secretary to the Minister for Trade and Investment.



Freight & Trade Alliance & WISTA Annual Women In Logistics Forum

This is a unique opportunity to host your clients at this informative event addressing:

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- port/logistics reforms
- positive effects of gender equality and workplace diversity within the workplace.

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Inspire, Learn & Network

Date: Wednesday 26 July 2017

Time: 2.00pm to 5.00pm (Registration from 1.45pm)

Tickets: FTA/APSA Members \$99 (incl. gst) and Non-members \$110 (incl. gst)

Venue: Stamford Hotel, Mascot (Sydney)

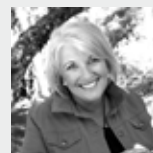
Catering: Champagne and light lunch

To register please contact Caroline Zalai on czalai@ftalliance.com.au or 02 9975 1878

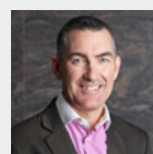
Featuring presenters



Sneha Chatterjee
Chief Superintendent
Australian Trusted Trader
Australian Border Force



Libby Lyons
Director
Workplace Gender Equality Agency



Paul Scurrah
CEO
DP World



A new alliance for Australian freight & trade sectors

By PAUL BLAKE, Chairman,
Australian Peak Shippers Association

The Australian Peak Shippers Association (APSA) has been the lead peak body representing Australian shippers for more than 25 years. In that time, we have seen incredible change in the market: the slow disappearance of Australia's container trading fleet, the privatisation of our ports and a glut of new surcharges and costs faced by our exporters. But there have been several positive developments we also must acknowledge: Free Trade Agreements delivering duty relief, the Australian Trusted Trader reducing barriers to trade and, most importantly, a Government that is engaged and interested in shipper issues.

It is an exciting time for our industry and shipping has never been more critical to our nation's economic success.

Secretariat

On 1 January 2017, APSA entered a new era, commencing a five-year partnership with Freight & Trade Alliance (FTA), Australia's largest international trade and logistics representative group. While APSA has retained its independent status and identity, we are delighted to have the support of the FTA team in helping us achieve our advocacy goals. The Association would like to thank and congratulate, Paul Zalai, Caroline Zalai and Travis Brooks-Garrett, as the new Secretariat team for the Association.

We would also like to acknowledge the contribution of Robert Coode, who had a celebrated 40-year career with Murray-Goulburn and who has led APSA as Executive President for the last five years. Robert led the charge in many key advocacy actions including the DP World rental increase dispute, the privatisation of the Port of Melbourne and Coastal Shipping reform. The Association is eternally grateful for his efforts. While Robert has stepped down from the

Executive President role, he has been retained by the current administration and will continue to play a role.

Executive

During the APSA Board meeting on 24 May 2017, the executive unanimously accepted the nomination of Sean Richards, Executive General Manager-Logistics for Visy Industries, and Eimear McDonagh, Director of the Australian Cotton Shippers Association (ACSA), to join the board commencing 24 May 2017.

Sean Richards replaces Goran Miljanic as the Visy Industries representative on the Board. Visy, as Australia's largest containerised exporter by volume, will continue playing a central role in the

direction of the Association under Sean's leadership.

The appointment of the Australian Cotton Shippers Association to the APSA board is a move to bring the two organisations closer together, with a focus on advocacy activities and reflects the importance of the cotton industry as a growing export commodity at a time of increasing international supply chain costs.

The Board meeting also saw the appointment of Dominic Dillon, Trade Execution Manager for Cargill, as the new Treasurer for the Association.

Membership

Coinciding with the new Secretariat and Executive structure we have been fortunate to be joined by new members this year including Mondelez, Emerald Grain, CH Broadbent, Casella Family Wines, the Horticultural Exporters Association, AH Beard and Flinders Ports.

APSA now represents more than 550,000 TEU on exports annually and continues to grow. We look forward to continuing to represent Australia's shippers to the highest levels of Government. It is more important than ever that Australian shippers can contain the costs of trade, while having the best possible access to overseas markets.

Paul Blake can be contacted via email on chairman@auspsa.com



Caroline Zalai, Paul Zalai, Travis Brooks-Garrett, Robert Coode and Paul Blake



SCREENING REQUIREMENTS FOR US-BOUND AIR CARGO AFTER 1 JULY 2017

After 1 July 2017, all US-bound air cargo exports will need to be examined at piece level or originate from a Known Consignor. These requirements have been imposed on airlines by the US Government. The Australian Government has been working with Australian businesses to help them comply with these US requirements.



HOW CAN EXPORTERS COMPLY WITH THE US REQUIREMENTS?

Businesses exporting to the US by air have two options to meet the US requirements:

1. Using an Australian Government-approved freight agent who can examine US-bound air cargo. A list of these agents can be viewed on the department's webpage listed below.
2. Being approved as a Known Consignor to secure air cargo at the point of origin in order to minimise potential delays and costs. You can begin the process of being approved as a Known Consignor on the department's webpage listed below.



HOW CAN FREIGHT FORWARDERS COMPLY WITH THE US REQUIREMENTS?

Freight forwarders will need to arrange to examine all US-bound air cargo at piece level if their customer is not a Known Consignor.



WHAT DOES PIECE LEVEL MEAN?

Piece-level means that each individual box, carton or other item in a shipment is examined by an X-ray machine or metal detector, depending on the nature of the item being examined, before it is loaded onto an aircraft.



WHAT IF I HAVEN'T SECURED A SOLUTION FOR MY US-BOUND AIR CARGO?

If you are an exporter who has not yet secured a solution for your US-bound air cargo, a list of freight agents who can examine cargo at a piece level is available on the department's webpage listed below. If your freight agent is not on this list, they will not be able to examine cargo at piece level.

If you are a freight forwarder, exporters of US-bound air cargo who have not secured a solution may need your help. It is your responsibility to put in place contingency arrangements to avoid disruption to your customers' business.

If you are not examining US-bound air cargo yourself, a list of approved freight agents can be found on the department's webpage listed below.



MELBOURNE CONVENTION & EXHIBITION CENTRE - 8 TO 11 May 2018

The Australian Peak Shippers Association (APSA) and Freight & Trade Alliance (FTA) are delighted to announce the hosting of the Global Shippers Forum annual conference - "GSF2018"

The world's most senior gathering of shippers and logistics providers will be meeting in Melbourne on 8 to 11 May 2018 to discuss trade facilitation, international logistics challenges and other macro-trends affecting global trade. The event will be held as part of MEGATRANS2018, Australia's leading logistics and supply chain event.



The Global Shippers Forum (GSF), based in London, is the world's leading trade association for shippers engaged in international trade moving goods by all modes of transport. The GSF represents shippers interests in the major UN agencies including the International Maritime Organisation (IMO), International Civil Aviation Organisation (ICAO), International Labour Organisation (ILO) and the World Customs Organisation (WCO).

Their role centres on international logistics policy.

Chris Welsh MBE, the GSF Secretary-General, noted Melbourne's credentials as a host city "we are excited about the prospect of holding the 2018 meeting in Melbourne. This will afford the opportunity of connecting with members in Australasia on issues of concern within the Asia Pacific region and internationally".

THE FIRST TIME THE EVENT HAS BEEN HELD IN AUSTRALASIA

The event will be curated by Australia's representative to the Global Shippers Forum, the Australian Peak Shippers Association (APSA), an association representing Australia's top containerised exporters by volume – please refer to the membership at www.ftalliance.com.au

Paul Blake, the APSA Chairman commented "this is a once in a lifetime opportunity for Australian importers, exporters and logistics providers, to be at the forefront of global policy and compliance issues. APSA has represented Australia's shippers since 1992 and we are proud to be able to host the global trade community for this event."

Melbourne secured the rights with the support of the Victorian Government's Melbourne Convention Bureau and private sector sponsor the Port of Melbourne. It will attract hundreds of local and international delegates, including representatives from inter-governmental organisations, once again demonstrating Melbourne's credentials as a destination of choice for global business events.

FREIGHT & TRADE SECTORS

This is a once in a lifetime opportunity for Australian importers, exporters and logistics providers to come together to be at the forefront of global policy and

compliance issues.

ACCREDITATION

Sessions that meet criteria as prescribed by the Department of Immigration and Border Protection will be accredited for Australian licenced customs broker Continued Professional Development (CPD) points.

PROGRAM

The APSA / FTA GSF2018 sub- committee will deliver a first class program blending a global governance agenda with a Pan Pacific/Asian regional focus.

Committee representatives are Chris Welsh MBE (GSF), Travis Brooks-Garrett & Caroline Zalai (APSA secretariat / administration), Paul Blake (APSA Chairman), Dominic Dillon (Cargill Australia), Michael Lamperd (Bega Cheese / Tatura Milk Industries), Eimear McDonough (Namoi Cotton / Australian Cotton Shippers Association) and Paul Zalai (FTA).

- **8 May 2018 – GSF and VIP - Lord Mayor Welcome Function**
- **9 May 2018 – Port Tour and GSF Annual General Meeting**
- **10 May 2018 – DAY 1 GSF2018 – EARLY BIRD NOW AVAILABLE**
- **11 May 2018 – DAY 2 GSF 2018 – EARLY BIRD NOW AVAILABLE**
- **11 May 2018 – Trade Ball**

Further details are available at www.FTAAlliance.com.au/upcomingevents



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Australian Trusted Trader Programme

By DEPARTMENT OF IMMIGRATION AND BORDER PROTECTION

Australian businesses are enjoying faster and streamlined trade since the implementation of the Australian Trusted Trader (ATT) programme.

ATT is a voluntary trade facilitation initiative open to all Australian businesses active in the international supply chain and aims to enhance trade by improving the international competitiveness for Australian businesses. To date, 26 businesses are fully accredited trusted traders with over 90 businesses currently undergoing the accreditation process.

ATT establishes two flows of trade: one that the Australian Border Force (ABF) validates through an accreditation process, and one where businesses are unknown or high risk.

ATT is recognised as a global benchmark for an Authorised Economic Operator (AEO) programme. It is currently the only AEO programme that includes all businesses involved in international trade—import, export and services—that secure their supply chain, while also providing trade facilitation benefits for demonstrating compliant trade practices.

ATT is free to join and open to all financially solvent businesses with an Australian Business Number and two years of trading history in all sectors of Australia's international trade community. This includes big and small businesses from sectors such as importers, exporters and service providers including customs brokers, freight forwarders and ports.

Becoming a Trusted Trader can give businesses access to world class benefits including:

- a dedicated ABF Account Manager
- a lighter touch at the border
- priority service when requesting advice or review on tariff, origin and valuation of certain goods
- reduced examinations by overseas customs agencies (where Australia

has signed a Mutual Recognition Arrangement).

Trusted Traders will receive faster treatment at export markets through Mutual Recognition Arrangements (MRAs) with our key trading partners.

More benefits are in the pipeline over coming months, including deferral of duty payments on imported goods for a set period as well as streamlined reporting arrangements to cut the

Pacific Brands helped to shape ATT as part of their involvement in the pilot programme. They were also amongst the first Australian businesses to become accredited. They join a small community of Australian businesses meeting the highest of standards in supply chain security.

Mr Tyrone Tapusoa is the Head of logistics at Pacific Brands and recognises the "Trusted Trader programme as an opportunity to enhance our strategic objective of building an efficient and fast global supply chain".

"By looking at speed, and reduction of lead-time of the products coming into Australia, it was a natural progression for us to move from the bonded warehouse to the Trusted Trader programme."

Mr Tapusoa believes the market is changing rapidly, and that fast-fashion is now a reality faced by the business. "With global competitors coming to Australia, it is important to protect the brands that that we own. It's important how we work with our suppliers, not just our traditional suppliers, but also our partners in our supply chain."

"Being an Australian Trusted Trader will help Pacific Brands grow and develop, and provides them with certainty and surety in delivery of goods across borders.

Now we have an opportunity to work closely with the Australian Border Force to find opportunities on how they can support us, as we take Bonds to the world."

administrative burden involved in importing and exporting goods.

As a trusted trader, you will be able to work in partnership with the ABF to co-design and test new trade facilitation initiatives to benefit industry.

There are five key steps to becoming a Trusted Trader:

1. Submit an expression of interest (EOI).
2. Complete the self-assessment questionnaire (SAQ).
3. Undergo a physical site validation.
4. Sign an Australian Trusted Trader agreement.
5. Ongoing partnership with the ABF.

Completing the EOI requires your

business to answer a series of questions to determine whether your business is eligible to join ATT. It takes about 15 minutes to complete.

The self-assessment questionnaire establishes detailed information about your business, operations, trade compliance and international supply chain security measures. This is used to assess if your business meets the programme requirements.

An on-site validation will be conducted by the ABF contact officer to verify the information provided in the self-assessment questionnaire. This site visit enables us to see your business' trade compliance and supply chain security measures in practice, and will provide us with an opportunity to identify any residual risks.

The Department of Immigration and

Border Protection is also currently exploring a range of new trade facilitation benefits, including enhanced cross-agency collaboration with other border agencies, labour mobility and trade in services, and secure trade lanes.

Co-design with industry has been a cornerstone of the ATT programme from its inception. Being a Trusted Trader means you have the opportunity to work with us to test new benefits and influence the development of future benefits and design. The Australian Government is progressing reforms to foster legitimate trade and provide Australian businesses with a seamless border experience.

For more information or to start the application process, visit www.border.gov.au/trustedtrader.



**Australian
BORDER FORCE**



**AUSTRALIAN
TRUSTED
TRADER**

Interested in trade facilitation benefits for your business?

Become an Australian Trusted Trader and secure the benefits to help you trade more quickly and effectively.

Australian Trusted Trader is an Australian Government trade facilitation programme, which offers world-class benefits to members, including:

- a dedicated Australian Border Force Account Manager
- a lighter touch at the border
- prioritised service when requesting advice or review on tariff, origin and valuation of certain goods
- reduced examinations by overseas customs agencies (where Australia has signed a Mutual Recognition Arrangement).

Apply now or find out more at www.border.gov.au/trustedtrader



GST ON THE IMPORTATION OF GOODS

By CROWE HORWATH (AUST) PTY LTD

The passage of *Treasury Laws Amendment (GST Low Value Goods) Bill 2017* through the Federal Parliament has recently generated a lot of interest in the freight and international trade community. The bill, expected to receive royal assent in the coming days, will see the amendment of the GST law such that from 1 July 2018 low value imports will generally be subject to GST under a vendor collection model.

“*With a Productivity Commission Inquiry due to report on 31 October 2017, there is still some uncertainty around the exact form of the vendor collection model*”

However, with a Productivity Commission Inquiry due to report on 31 October 2017, there is still some uncertainty around the exact form of the vendor collection model. As the freight and international trade community prepares for compliance by the 1 July 2018, it is important to remember that the existing law already contains its own complexities which need to be understood.

The purpose of this note is to outline the key concepts which affect the GST treatment of importations and to draw the reader's attention to some procedural issues which need to be attended to in order to prevent GST shortfalls and unnecessary GST leakage. These concepts are particularly relevant where a non-resident entity is making supplies into the indirect tax zone.

Taxable importations – general principles

Entities are liable to GST on their taxable importations. An entity makes a taxable importation, if:

- goods are imported; and
- the entity enters the goods for home consumption.

However, an importation is not a taxable importation if it would have been a supply that was GST-free or input taxed had it been a supply. An importation is also not a taxable importation if it is covered by certain specified provisions

of the *Customs Tariff Act 1995*. In this note we will assume that the supply of the goods would not be GST-free or input taxed and that they would not be covered by the relevant provisions of the Customs Tariff Act 1995.

For the purposes of Division 13 of the GST Act, the Commissioner of Taxation ('Commissioner') considers that goods are imported where they are brought to the indirect tax zone with the intention of being unloaded in the indirect tax zone. Goods passing through the indirect tax zone in transit to another country are not imported.

As to the requirement for entry for home consumption, the Commissioner considers that goods are entered for home consumption by the lodgement of an import declaration. In contrast, if the imported goods are entered for warehousing under a warehouse declaration, there has been no entry for home consumption and therefore, no taxable importation.

It is the entity that enters the goods for home consumption which makes the taxable importation and is liable to GST. The Commissioner will usually consider that the entity identified as the 'owner' on the import declaration is making the taxable importation in its own right. Therefore where a non-resident entity supplying into the indirect tax zone contracts on DDP incoterms, it will very likely be making the taxable importation. Under other incoterms, it will be the

consignee that completes the import declaration and makes the taxable importation.

Consistent with the policy intention of taxing private domestic consumption, registration for GST is not a pre-requisite for being liable to GST on importations. It is also not necessary that the entity which entered the goods for home consumption is the same entity that imported the goods, only that the goods were, in fact, imported.

Agency relationships

If the entity identified as the 'owner' is in fact acting as an agent, then under the general law, the act of an agent is the act of the principal. The effect of this would be that the principal is the entity that makes the taxable importation and is liable to GST. However, parties to agency relationships are expected to be able to produce evidence of the agency relationship. A written agreement will ordinarily suffice. If the agency relationship cannot be demonstrated,

the entity identified as the 'owner' will be considered to be making the taxable importation in its own right and therefore be liable to GST.

Resident agents acting for non-resident principals

Division 57 of the *A New Tax System (Goods and Services Tax) Act 1999* introduces a notable exception to the general law of agency. Under this provision, where a non-resident principal makes a taxable importation through a resident agent, it is the resident agent that is liable to the GST on the taxable importation. The resident agent, for the purposes of Division 57, may be a customs broker if the broker is appointed to enter the goods as 'owner' on the import declaration. This provision would not apply to a broker if the broker is not identified as the 'owner' on the import declaration.

Creditable importations

An entity is entitled to input tax credits

on its creditable importations. Under Division 15 of the GST Act, an entity makes a creditable importation if:

- it imports goods solely or partly for a creditable purpose; and
- the importation is a taxable importation; and
- it is registered or required to be registered for GST.

While the identity of the entity which made the importation was not relevant to the question of whether there was a taxable importation, it is vital to the question of which entity, if any, is entitled to an input tax credit.

In addition, to the requirement that goods be imported, Division 15 of the GST Act also requires that the entity seeking to recover the input tax credit, itself makes the importation. Apart from bringing the goods, or causing them to be brought into the indirect tax zone, for the purposes of Division 15, the



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Commissioner requires that the entity does so for its own purposes, such as for use in its business, resale or retention. The use by an entity of goods:

- in a manner consistent with their design or nature;
- for the purpose for which they are intended to be used; or
- for the purpose for which they are capable of being used

is considered by the Commissioner to be an application by that entity of the goods for its own purposes.

However, it is possible for more than one entity in a transaction to cause goods to be brought into the indirect tax zone for their own purposes. For example a supplier of a machine may cause it to be brought to the indirect tax zone for the purpose of selling it to the recipient, while the recipient may also cause it to be brought to the indirect tax zone for the purposes of operating the machine in its business.

For the purposes of Division 15 of the GST Act, the Commissioner considers that merely landing the goods in the indirect tax zone for an entity's own purposes is not sufficient to amount to an importation. In order to have imported the goods for the purposes of Division 15 of the GST Act, the entity must also complete the customs formalities. Generally speaking, the entity identified as the owner on the import declaration is taken to have completed the customs formalities. Where an agent completes the customs formalities on behalf of its principal, the principal is still the importer of the goods. However, as mentioned above, documentary evidence needs to be retained as evidence of the agency relationship.

Because of the particular requirements in Division 15 of the GST Act, it is important to ensure, when structuring a transaction, that the entity that causes the goods to be brought to the indirect tax zone for its own purposes also makes the taxable importation by completing the import declaration. If this, or any of the other requirements are not

fulfilled, then no entity will be entitled to an input tax credit, notwithstanding that GST may have been paid on the importation.

The risk of this happening is illustrated by the following examples.

- Where a non-resident consignor contracts to supply into the indirect tax zone on DDP incoterms, it may complete the import declaration, thus placing itself in the position of the importer for GST purposes. However, non-resident entities are often not registered for Australian GST. Without a GST registration, it would not be possible for an input tax credit to be recovered unless the non-resident consignor had made the creditable importation through a resident agent, in which case the resident agent would both pay the GST and recover the input tax credit.
- If a transportation business makes the import declaration, it will have made the taxable importation and become liable to the GST on importation. However, because it would



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not be importing the goods for its own purposes, it will not have imported the goods for the purposes for Division 15. Unless the transportation business can demonstrate that it is acting as the agent for the importing entity, neither will be entitled to an input tax credit.

The above examples have highlighted the potential for loss of input tax credits on the actual importation. However, it is also important for non-resident importers to look beyond the process of importing the goods. If the non-resident is supplying into the indirect tax zone on DDP incoterms, then the supply of the goods is connected with the indirect tax zone because it takes place within the indirect tax zone after the goods have cleared customs. Therefore, not only is GST payable on the importation of the goods, the supplier has a further GST liability upon supplying the goods within the indirect tax zone. In order to comply with its GST obligations, the non-resident supplier would need to register for and remit GST, unless it has made the supply through a resident agent.

Conclusion

In order to comply with the GST law and to prevent loss of input tax credits, those involved with the importation of goods need to be aware of the specific requirements under the GST Act and the expectations of the Commissioner with respect to documentary evidence. In particular:

- Parties involved in the importation must be careful to ensure that whichever party is identified as the owner on the import declaration is the party that is importing the goods for their own purposes.
- Parties to agency arrangements should document the arrangement in writing to ensure that the correct entity is held responsible for any GST liability.
- Non-resident suppliers must look beyond the importation of the goods and consider whether the relevant supply is connected with the indirect tax zone and subject to GST.

References:

- A New Tax System (Goods and Services Tax) Act 1999.
- Goods and Services Tax Ruling 2003/15.

The information provided in this article is of a general nature only and does not take into account your objectives, financial situation or needs. You should consider whether the information is suitable for you and your personal circumstances.

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The Good, Bad and Ugly of the delay to the GST Low Value Goods Bill

By KAI LINCOLN*

Following significant pressure from online retailers, marketplaces and logistics providers in response to the Treasury Laws Amendment (GST Low Value Goods) Bill 2017, on 9 May 2017 a Senate Economics Legislation Committee announced a proposed 12-month delay to the Bill. This Bill was designed to implement a change starting on 1 July 2017 whereby off-shore retailers would be responsible for collecting 10% GST on all purchases made from Australia and then remitting those monies back to the Australian Government on a quarterly basis.

In the report, committee chair Senator Jane Hume (VIC, LP), provided a singular recommendation, writing:

"The committee recommends that the bill be passed, but that the implementation date be delayed to 1 July 2018. The committee urges the government to note the concerns raised in paragraph 2.78.

2.78 While alternative models have been suggested, the committee does not have sufficient information before it to form the view that any of these models is preferable to the one envisaged in the bill. It also notes the OECD's work in the area and that the OECD analysis, while not arriving at a specific recommendation, is consistent with the proposed model. The committee suggests that Treasury better articulate the rationale for its chosen model."

The delay proposed was supported by Senator Nick Xenophon (SA, IND), though he reiterated the importance of getting the details right in order to support the good intentions of the bill.

Deputy Chair of the committee, Labor Senator Chris Ketter, together with Senator Jenny McAllister (NSW, ALP)

provided a dissenting report in which they provided five key points:

- The Government note the in-principle support of Labor Senators for the collection of GST on low value imports.
- That the Senate should not pass the Treasury Laws Amendment (GST Low Value Goods) Bill 2017.
- The Government complete a full review within one year, with engagement from all stakeholders. The review should include an analysis and comparison of alternative implementation models.
- The Government deliver a Regulation Impact Statement with any revised legislation to assure small businesses and consumers that measures will operate as intended.
- Any revised legislation is to have a start date of 1 July 2018

So, where have we been, where are we going and what does this mean specifically for freight providers? Let's start with a quick history lesson to set-the-scene for this initiative moving forward.

In line with the imports phase of the Integrated Cargo System (ICS) implementation on 12 October 2005, a low value threshold for of AUD 1,000 was introduced. Government clearly did not envisage that they would be now dealing with ramifications of having to address the implications of missed revenue due to one of the highest low-value import thresholds in the world.

In 2011, as online retail continued to surge and traditional brick-and-mortar retailers publicly voiced their concern around the lack of parity between themselves and off-shore retailers, the Government launched a productivity

commission to investigate the issue. The report concluded that the cost for implementing and policing collections would far outweigh the revenue collected through the program. They did recommend, however, that further investigations were required to tackle this issue and the Low Value Parcel Processing Taskforce (LVPPT) was created.

The LVPPT provided their final report to the Senate in mid-2012, which advocated for a multi-phased approach for dealing with the issue of the low value threshold. The first recommendation was to separate duty and GST, dealing with each independently. Due to the simplicity of its structure, GST was to be the primary area of initial focus. The next recommended phases included community consultations, legislative actions, several years of infrastructure and system changes and a gradual implementation of the final measures. The indicative timeframes proposed extended into 2016.

There then exists a period of apparent inactivity, possibly due to the 2013 election and change of government from the ALP to the Liberal Party. On 12 May 2015, it was announced in the 2015-2016 Federal Budget that GST would be imposed on digital off-shore purchases beginning on 1 July 2017. At a Commonwealth-State Leaders Retreat in July 2015 it was agreed in principal that the collection of GST via a vendor collection model would be extended to physical cross-border sales as well.

The next formal response from the Australian Government was in late November 2016 when the first draft of the Treasury Laws Amendment (GST Low Value Goods) Bill 2017 was released to the public for review and response.



**Paul Zalai (FTA) & Kai Lincoln
(Seko Onmi-Channel Logistics)**

There were numerous questions and issues raised around the details contained within the Bill and, as was later revealed during the Senate Enquiry, consultation and feedback with community and industry was limited, if present at all. The Bill was read into Parliament in February 2017 while industry submissions remained largely unanswered.

Following significant pressure from Freight & Trade Alliance and various industry segments, including online retailers, marketplaces, consumer advocacy groups and freight providers, the Senate referred the provisions of the Bill to the Economics Legislation Committee for inquiry and reporting, due by 9 May 2017.

And that's how we got here... But where is here?

The Bill is currently before the House of Representatives. At some stage in the following weeks it will either be passed without change, passed with changes as per the recommendations of the report or not-passed and put back to a committee for another go-around. It's hard to imagine it going through in its current form, with Labor, Liberals and Independents alike agreeing that a delay is the minimum approach to ensuring a successful implementation of the legislation.

At this juncture, without any further facts to share, all that can be written is largely based on opinion and predictions, so anyone fearful of fake-news may want to stop reading...

Following the path of Clint Eastwood, we should first look at **The Good** that comes from the delay of this legislation.

Time and consideration must be in the top-left of any SWOT, as the Senate Enquiry highlighted numerous flaws with both the proposed legislation and the process undertaken to hastily put-together the Bill. In fact, in the Senate Enquiry report it states that an official of the Department of the Treasury conceded that it had been found to be a breach of the Office of Best Practice Regulation's guidelines in presenting the legislation by failing to provide a Regulation Impact Statement.

Though I shudder to think about the tax-dollars already spent on trying to address this issue, the long-term benefit of taking a more consultative approach to such an important issue cannot be understated. It is my hope that the Government utilises the willing industry experts at their disposal to come up with a well-considered and commercial response to this issue.

The Bad remains the uncertainty of what may happen and when it may happen. Without overstating the obvious, this is very important legislation. Besides the fact that the revenue collected through the Bill will benefit all Australians, it must be remembered that the whole world is watching. No country has found the perfect solution yet and Australia's vendor-collection model would be the first of its kind. Representing Freight & Trade Alliance during the Senate Enquiry in April, when asked by Senator Ketter what the danger was with rushing the implementation of the bill, I replied,

"As has been highlighted several times with this legislation, it is ground breaking. It is a world first. It would not be a great thing if Australia tried to roll it out in a hasty manner and failed. Then the rest of the world could basically discredit it, which might be a bad thing because it could be a good model if it is done properly."

The reality is, there are only a handful of collection points available – at the point of sale from the vendor, at the point of sale from the consumer, at the border by the freight provider, at the door by the delivery company. There are strengths and weaknesses in all of them, however we need to find the one that makes the most sense and then structure a robust process around it to ensure a successful implementation.

The Ugly for me is both very subjective and self-serving for the freight industry. The proposition of a border collection model, as indicated in the

2012 Taskforce report, would require significant investment in infrastructure within the postal system and, as Kim Garner, Chairman of CAPEC and Managing Director of FedEx Express, Australasia stated during the Senate Enquiry,

"If we use an example of collection at the border, in 2014-15 the CAPEC members, the four companies, brought 8.8 million low-value shipments into the country. That is 34,000 per day. If we have to collect that at the border, we have to make contact with 34,000 consignees. So it is a phone call; it is trying to find out what their numbers are. You call them and then you have to go through process: 'Are you reregistered for GST or are you not? Is this exempt or is it not? Are you are resident or are you not? Is this related to carrying on an Australian enterprise?' We would have to go through that 34,000 times a day with someone to work out whether GST is collectable or not. Then if it is, you have to make arrangements with them to actually collect it. Just using simple maths of 12 minutes per contact to do that, it would take 900 people on phones amongst the four CAPEC members to actually do that—keeping in mind that while we are doing that 34,000, the next 34,000 packages have arrived as well. So the border becomes clogged very quickly."

Implementing a border collection model would be ugly for any company who currently works or is considering entering the world of low-value cross-border importation. Though it may be the best model for minimising GST revenue leakage, it will also be the most expensive to roll-out and undoubtedly the worst option for the efficient movement of freight.

Online retail is here to stay and consumers are buying from overseas for reasons that far-outweigh a 10% savings in GST. Range, convenience and price are all factors that are driving this new wave of commerce and every effort must be made to get the legislation right in the first instance to ensure success.

** Kai Lincoln is an advisor to Freight & Trade Alliance and Managing Director of Seko Omni-Channel Logistics, a specialist cross-border logistics and freight provider based in Sydney*





Australian Government

Australian Maritime Safety Authority

2016 Port State Control Report Overview

AMSA recently released the 2016 Port State Control Report, which shows the statistics on inspections of visiting ships last year. The results are encouraging. Deficiencies remain at historic lows as does the average age of ships visiting Australian ports.



Our statistics also show positive trends in compliance with the Maritime Labour Convention (MLC). As you can see from the figures opposite, MLC related deficiencies have been falling in recent years. I'm particularly pleased to see the MLC maturing as an industry standard and improving working conditions for seafarers.

We have sought to improve port State control with a focus on identifying and targeting high-risk ships. This has resulted in greater efficiencies for AMSA and less regulatory burden on those businesses operating safely. The best reward for maintaining high standards is that good operators will see AMSA inspectors less often.

The risk-based approach has driven a heightened industry awareness of Safety Management Systems or 'whole of ship safety'. We want ship operators to take responsibility for on board safety and take pride in operating to the highest standards. For many, an AMSA inspection with zero deficiencies is a badge of honour.

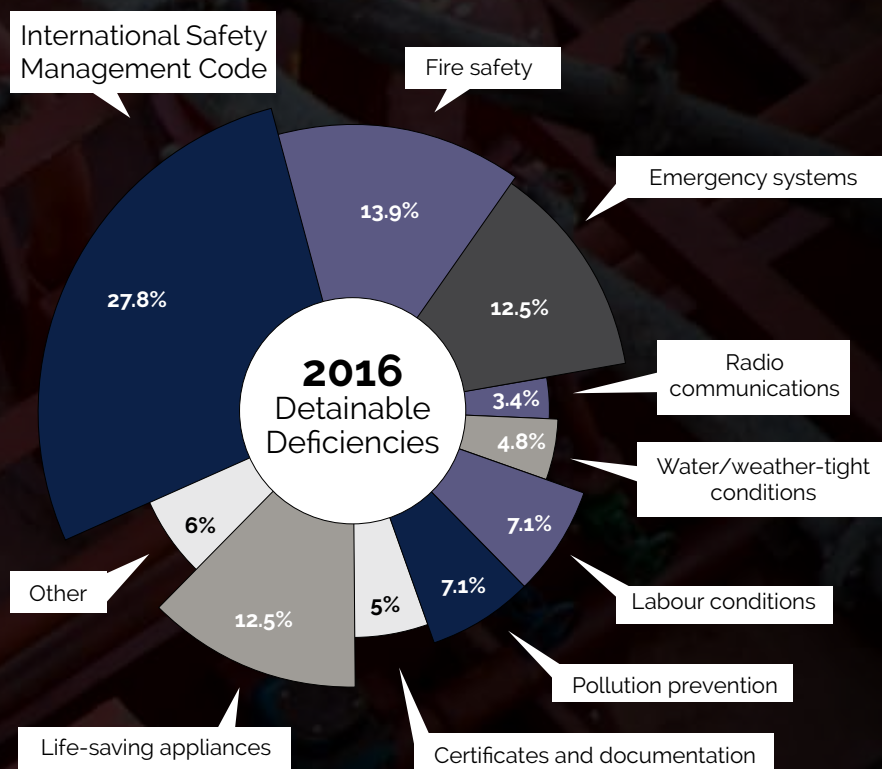
I encourage you to read the full 2016 Port State Control Report on our website at amsa.gov.au.



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“ We give great credit to those who are proud of achieving an AMSA inspection with zero deficiencies, which is seen as a badge of honour around the world. ”

*Mick Kinley
Chief Executive Officer
Australian Maritime Safety Authority*



MLC related deficiencies	2014	2015	2016
Number of MLC deficiencies issued	1652	1443	1091
Percentage of total deficiencies	15.1%	15.2%	12%
MLC deficiencies per inspection	0.4	0.4	0.3
Number of detainable MLC deficiencies	21	26	28
Percentage of total detainable deficiencies	5.5%	7.5%	8%
Vessels banned for repeated breaches of MLC requirements	1	1	1



Biosecurity reforms respond to changing global trade environment

By LYN O'CONNELL, Deputy Secretary, Department of Agriculture and Water Resources

In 2017-18, the Department of Agriculture and Water Resources has a number of legislative reform and improvement projects underway to support Australia's agriculture, food and fibre industries to grow and remain internationally competitive.

We are simplifying old law to make it easier to read, understand and administer, but more importantly we are modernising our legislation to allow us to manage biosecurity risk in modern and flexible ways that allow us to keep pace with industry and environmental change.

This work is exciting because it touches all Australians. It impacts directly on the health and safety of our people and environment. It also plays a critical role in supporting our economy by protecting and advancing our agricultural industries both here and overseas.

This financial year, amending legislation

was introduced to the Commonwealth Parliament to enable a variety of improvements to strengthen Australia's imported food safety management system. These improvements will be delivered through the Imported Food Inspection Scheme and are intended to better protect the health of domestic consumers. The improvements will also reduce the regulatory burden for compliant food importers while upholding Australia's international obligations.

Key highlights for importers include a new requirement to provide supply chain assurance for certain types of foods where border testing alone is insufficient

“ *Australia's emergency powers will also be broadened to allow food to be held at the border where there is uncertainty about the safety of a particular food.* ”



to ensure food safety. They will need to provide an internationally recognised food safety management certificate when importing these foods, demonstrating food safety controls are in place throughout their supply chain. There will also be a requirement to keep records to ensure food is traceable one step backward to the supplier, and one step forward to the customer.

Australia's emergency powers will also be broadened to allow food to be held at the border where there is uncertainty about the safety of a particular food. This will improve monitoring and management of new and emerging risks, and allow us to better target potential areas of non-compliance.

Implementation timing will vary with legislative reforms expected to become effective in 2018. Non legislative changes will be implemented sooner by the department over the remainder of 2017. In all cases, we will be in touch through departmental channels, industry associations, and publications such as this one, to let impacted stakeholders know how to meet new and updated obligations. We are also sensitive to the time it can take to update business practices, so a 12 month transitional period will apply to support the implementation of the supply chain assurance and traceability improvements.

With much of our export regulation framework due to expire on 1 April 2020, work is full steam ahead on modernising and consolidating the 17 Acts and 40 other laws that comprise our current system. Draft legislation based on consultation with the community and industry will be released for comment later in the year. We will continue to engage with international trading partners, and will connect with industry and government for feedback through a variety of forums in 2017.

Implementation of the Biosecurity Act 2015 (the Act), which replaced the Quarantine Act 1908 in June 2016, also continues this year. Similarly to the export regulation



changes, this work simplifies legislation that was difficult to understand and work with, as it had been amended over 50 times in its 108 year lifetime. The new legislation allows us to manage biosecurity risk in a more modern and flexible way, in response to our ever changing global trading environment.

Some parts of the legislation have transitional arrangements and delayed commencement dates, such as the Ballast Water provisions which were passed by parliament on 9 May 2017. We will be in touch with impacted stakeholders as transitional arrangements end and new legislation comes into effect, to ensure everyone is aware of their new obligations under the Act.

In regard to the Ballast Water provision, the next milestone will be ratification of the International Convention for the Control and Management of Ships' Ballast Water and Sediment which is likely to occur in early September 2017.

The final group of activities for you to be aware of fall under the Agricultural Competitiveness White Paper. The Government has committed \$200 million to improve biosecurity surveillance and analysis to better target critical biosecurity risks. This investment helps Australia

maintain its reputation for clean, pest and disease-free produce. It directly benefits Australian primary producers, and supports the freight and trade industries to maintain and grow market access both domestically and internationally.

I encourage you to visit our website for more information on these reforms and other work being delivered by the department. Information about how to subscribe to updates on the topics mentioned in this article is available below.

More information

Imported food safety
Visit agriculture.gov.au/imported-food-reform or email foodimp@agriculture.gov.au.

Export regulation review
Visit agriculture.gov.au/export-regulation-review and subscribe to updates on this topic at the bottom of the page.

Biosecurity legislation
Visit agriculture.gov.au/biosecurity/Australia/biosecurity-reform

Subscribe to updates on this topic at <https://agriculture.custhelp.com> through the Biosecurity Legislation list.

Agriculture Competitiveness White Paper
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The WTO Trade Facilitation Agreement

By DFAT

The TFA commits WTO members to implement common sense customs reforms, which will make procedures around the international movement of goods faster, cheaper and more transparent.

Australia's commitment to open trade and investment has helped deliver a quarter of a century of economic growth. To build on this the Australian Government must continue to reduce red tape for traders. The WTO Trade Facilitation Agreement (TFA) entered into force in February this year and will do exactly that. It is the first new agreement involving all members of the WTO since it began in 1995.

The Australian Government has been a strong supporter of concluding the TFA, which simplifies, modernises and harmonises export and import processes. The TFA makes the movement, release and clearance of goods quicker, easier and cheaper.

One of the ways the TFA does this is through the prioritisation of customs clearance of perishable goods. This is a win for regional exporters, as it means their goods will spend less time waiting for clearance at ports overseas. This reduces operating costs for exporters and makes their goods a more affordable and attractive option for international customers.

Under the TFA, exporters can submit import documentation for processing before their goods even arrive in port. They can also have their goods cleared prior to the final determination of duties and charges. Australian businesses will be able to obtain specific, binding information on the tariff classification for their goods before arrival at foreign destinations. Benefits will also flow from new requirements that WTO members publish relevant procedures and forms online for importing goods.

These changes will make it easier for businesses to navigate overseas

customs procedures, make it easier for Australian exporters to move into new markets, and help Australian importers whose overseas counterparts have to navigate these market conditions as well. Ultimately, these changes will reduce the amount of time it takes for goods to reach their final destination.

While Australia is a leader in trade facilitation best practice, we stand to

benefit from implementation of the agreement by our trading partners. A 2015 OECD study found that Australia stands to benefit, in terms of bilateral trade flows and reducing trade costs, through adoption of measures including: information availability, advance rulings, fees and charges, automation and the streamlining of procedures.

The biggest Australian beneficiaries are likely to be small to medium sized enterprises who, unlike larger firms, do not have the resources or large trade volumes to power through complex customs procedures.

The OECD has estimated that full implementation of the TFA could reduce trade costs globally by up to 17.5%. In addition, the Peterson Institute has estimated that the TFA could increase global GDP by US\$1 trillion per annum and create up to 21 million jobs.

The TFA adds to a suite of trade agreements that will benefit Australian businesses and the wider community to build a prosperous future for us all.



Customised and cost effective project cargo solutions

The Port of Newcastle is the largest port on the east coast of Australia and the port of choice for wind turbine imports servicing the multiple wind farm developments located in New South Wales.

Seventy wind turbines were shipped to Newcastle between October 2016 and April 2017 and unloaded at the Port's Mayfield precinct for the White Rock Wind Farm, near Glen Innes in the New England Tablelands, New South Wales.

The wind turbine blades are the largest to arrive in Australia to date, measuring 59.5 metres in length. Each blade required careful and precise logistics planning from the berth to the nearby storage area, before being progressively transported to their final destination, 500km from Port of Newcastle.

Recognising an opportunity to partner and innovate, Port of Newcastle drove a collaborative process with key logistics service providers, including freight forwarders, stevedores and transport

and heavy haulage companies to deliver efficiencies and cost savings for the cargo owner.

Port of Newcastle invested in reconfiguring the Port's internal roads to accommodate the oversized loads and is now well positioned to receive and handle similar sized cargo in the future.

The turbines added to the array of project cargoes handled by Port of Newcastle for large scale infrastructure developments in New South Wales. They include tunnel boring machinery for the Sydney north west rail link, locomotives, rail and passenger wagons, mining machinery, large tanks and boilers, and transformers and prefabricated structures.

The Port itself is full of opportunity, with unsurpassed road and rail connectivity and capacity to double shipping movements up to 10,000 per annum. Port of Newcastle caters to the unique shipping needs of project cargo, with large parcels of convenient storage solutions that save

cargo owners both time and money.

On every front, Port of Newcastle is positioned to utilise its land and channel capacity to deliver supply chain efficiencies for customers. Contact the Port's Trade and Business Development Team to find out how.



The Port of Newcastle's berthside rail lines and direct connections to the national rail network save time and money by removing cargo handling steps.

PROJECT CARGO SOLUTIONS

The Port of Newcastle is the largest port on the east coast of Australia with a proven track record in handling oversized and specialised project cargo.

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Members turn out in record numbers to ensure compliance

Freight & Trade Alliance (FTA) hosted its Autumn series of CPD & CBC – Border and Biosecurity Compliance Program events attracting large numbers of importers, exporters and licenced customs brokers to learn about the latest statutory reforms and to be in a position to implement best practice measures.

Our Spring 2017 events already have significant registrations with members taking advantage of the early bird rates and programming to complete their annual professional development requirements.

Melbourne – Parkroyal Melbourne Airport (6 September 2017);
Sydney – Novotel Brighton Le Sands (11 October 2017);
Brisbane – Novotel Brisbane Airport (25 October 2017) – refer upcoming events at www.FTAlliance.com.au



Michael Growder (Department of Foreign Affairs and Trade – DFAT)



Erin Dale (Commander Customs Compliance, Border Management Group, Australian Border Force)



Stephen Skehill (Chairman – National Customs Brokers Licensing Advisory Committee – NCBLAC)



L to R – Heather Holman and Norelle Thomson (Vantage Customs) & Pierrett Stewart



Dean Bell (Bell Total Logistics)



Sue Danks (WiseTech Global)



Paul Zalai - Freight & Trade Alliance (FTA)



Peter Thorburn (Peter Thorburn & assoc)



Caroline Zalai - Freight & Trade Alliance (FTA)



Connie Han (Schenker Australia)



Christian Merrigan and Leanne Lewis
(Insync Personnel) networking with
delegates



Lynne Grant (Hunt & Hunt
Lawyers)



Tony Nikro (Nikro Customs & Trade
Solutions/Freight & Trade Alliance - FTA)



Andrew Curdie (Crowe Horwath)

Old Blighty Leaves the EU: opportunities and risks for the Transport & Logistics sector

By TRAVIS BROOKS-GARRETT, Partner, Freight & Trade Alliance

The Trigger is Pulled

At 2:39PM on the 29 May 2017, the British Prime Minister Theresa May pulled the trigger on Article 50 of the Lisbon Treaty, to officially untie Britain from the EU, the world's largest single market. What other country in history has wilfully introduced trade barriers against its biggest client and biggest supplier? International trade academics have called it madness and it's hard to disagree.

Aside from the major trade implications there are major practical implications for their local transport and logistics sector that present far larger and more immediate challenges. These include an incredible labour shortage where 290,940 EU workers are currently employed in the UK logistics sector, with 10% of Heavy Goods Vehicle drivers and

23% of warehouse workers employed under EU work rights. Let's put trade talk aside for a moment. If these workers lose their right to work in the UK, then how will the British keep their trade moving, with or without trade agreements?

Currently UK registered vehicles can move freely between EU and member states. UK operators with a Community license can move freely across borders. Imagine if those movement rights were suddenly removed? The equivalent scenario is the establishment of a hard border between Victoria and New South Wales. Moreover we will likely see the introduction of administrative formalities and new regulatory barriers to trade for all goods movements. Will we see catastrophic bottlenecks at Calais and other crossings? Only time will tell. But it will be an interesting, and sensitive, negotiation ahead.

The great British mantra "keep calm and carry on" will come in handy right about now and being an optimistic Australian, I've taken the same line of thinking.

Freight Transport Association of the UK- the Manifesto

The Australian Peak Shippers Association (APSA), the peak body for Australia's shippers, recently presented at the Keep Britain Trading conference in London, representing the interests of Australian industry. Other speakers included the Rt. Hon. David Jones MP, the Minister for State and the Department for Exiting the European Union and James Hookham, the Deputy CEO of the Freight Transport Association. The Freight Transport Association of the UK is leading the conversation with the British Government, producing the FTA Brexit Manifesto and encouraging a positive and constructive approach to the transition. Their Manifesto points to a large number of EU privileges that need to be maintained in any future operating environment including EU Competition Rules in Maritime Transport, EU Rail Policy and Driver's Hours Rules. Lawmakers will be keen to maintain some of the existing EU rules when drafting the Great Repeal Bill.

For readers interested in more of the detail, I would encourage you to read the full FTA Brexit Manifesto available on the FTA UK website at http://www.fta.co.uk/export/sites/fta/_galleries/downloads/brexit/brexit-manifesto.pdf

Empire 2.0

The UK has reached out to the Commonwealth countries, including Australia, and why wouldn't they? With a common language and strong cultural ties it makes perfect sense. Culture



David Wells, CEO, Freight Transport Association UK; Bob Ballatyne; Travis Brooks-Garrett; Cindy Hick; Sean van Dort; Chris Welsh MBE; Alex Veitch

and language are seriously underrated barriers to trade as anyone trading with China and South East Asia will tell you. Aside from our shared history, in pure trade terms, the UK and Australia have been moving in opposite directions since 1973 and over the years the Common Agricultural Policy (CAP) provided a major challenge to that relationship. While the UK is still Australia's largest trading partner in the EU they are not a major destination for Australian goods. Australia represents 0.5% of the UK's imports (36), while Australia as a destination for UK exports represents only 1.2% (20). In pure trade terms, we shouldn't be at the top of their friends list. But history counts for something.

While trade agreements are attractive and grab headlines, Non-Tariff Barriers to Trade (NTBs) are of much bigger concern to Australian exporters. Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) has therefore made formal recommendations to the Australian Government in respect to the opportunity of a Mutual Recognition Agreement (MRA) between the UK and Australia under the Authorised Economic Operator (AEO) programme, which allows certain customs privileges for accredited importers, exporters and service providers. While Australia's version of the AEO programme, the Australian Trusted Trader (ATT), has received a huge wave of support from industry, the AEO programme in the UK probably needs an injection of activity before that proposal could bear fruit. While a trade agreement may take years, an MRA between the two countries could



Travis Brooks-Garett, Australian Peak Shippers Association; Sean Van Dort, Sri Lankan Shippers Council; Bob Ballatyne, Freight Management Association of Canada; Teddy Soobramanien, Commonwealth Secretariat; James Hookham, Freight Transport Association UK; Chris Welsh, Secretary-General, Global Shippers Forum; Professor Jim Rollo, UK Trade Observatory

potential happen much quicker.

Always Look on the Bright Side of Life

One important takeaway from the Keep Britain Trading Conference was the possibility of the UK securing new deals with the emerging powers in Asia (China, India, Japan), where the EU has spectacularly failed in securing Free Trade Agreements. While the EU may have been the world's largest single market it could also be seen as one of the world's largest bureaucracies. While Australia has forged ahead with trade agreements with China, Japan and the US, the EU (and it's member nation, Britain) has been negotiating with the US unsuccessfully for 27 years (TTIP) and

with China for over 10 years. Mobilising and harmonising the interests of the 28 member states of the EU may have been a millstone around their necks, not the great economic liberator it was said to be. Trade agreements are as hard or as difficult as you make them. Maybe this will be the opportunity the UK needs to break free and capitalise on the Asian Century as Australia has done.

Freight & Trade Alliance and the Australian Peak Shippers Association (APSA) will be continuing to work with DFAT and our UK counterparts on closer trade relationships with the UK. If you would like to provide input into those discussions, please email us at secretariat@auspsa.com



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Safety & Security:

It's All About Cargo Integrity

A plea by TT Club's Peregrine Storrs-Fox for a greater degree of attention to the security of cargo loads within containers and the safety of their transportation as a whole.

“TT Club believes that an insistence on accurate gross mass was merely the first step in achieving what it is calling ‘Cargo Integrity’, not just within container trades but throughout the entire supply chain.”

After the conscience of the container trading world was focussed on accurate weights last year, with the revision to SOLAS entering force on 1 July 2016 making mandatory the submission of a Verified Gross Mass (VGM) for all packed containers as a pre-condition for loading on board a ship, this year the TT Club is calling for concerted action on a raft of other issues affecting the safe and secure transport of goods around the world.

TT Club believes that an insistence on accurate gross mass was merely the first step in achieving what it is calling ‘Cargo Integrity’, not just within container trades but throughout the entire supply chain. The concept of Cargo Integrity seeks to draw attention to other vital aspects, primarily related to ensuring that cargo is appropriately packed and secured within the carrying unit, whether a freight container, a road trailer, railcar or other ‘cargo transport unit’ (CTU). The entirety of the packing process includes ensuring that the unit is both suitable and in

good condition for the intended journey, correctly classifying and declaring the cargo that is packed, planning appropriate load distribution and making sure that all items are properly secured to prevent longitudinal or transverse movement during transport.

With dangerous goods making up an estimated 10% of all containerised shipments worldwide it is imperative that all the stakeholders work together to safeguard people, cargo, assets, infrastructure and the environment from inherent risk as chemicals and other hazardous cargoes move through international supply chains. Proper classification, declaration, packing, securing, stowage, storage and handling are all critical considerations, as laid down in numerous safety laws, recommendations and guidance from regulators and industry bodies.

Simple container maintenance is also a concern. Container operators need to ensure they have in place a system



for monitoring and maintaining the state of the containers under their stewardship. While inspection and repair standards cover the main operational issues to keep the container 'fit for purpose' and protect the value of the asset, they necessarily dovetail with the Container Safety Convention (CSC) list of deficiencies to structural components of the container that would render the container unsafe and not fit for transport. Importantly, this CSC safety standard includes instructions to port control officers and other authorised persons who can stop or restrict the movement of the container.

However, a key stakeholder in the process is the packer who needs to be satisfied that the presented unit is suitable for the cargo and intended journey.

These varied aspects of Cargo Integrity are all important in not only safeguarding the cargo itself but also the

well-being of those handling the goods at warehouses, during inland transport, at ports and of course at sea. TT Club is committed to reducing the incidence of unstable loads causing traffic accidents or injuries when unpacking, and misdeclared dangerous goods causing fires both at warehouse facilities and at sea, giving rise to unacceptable risks throughout the supply chain.

In the immediate future TT Club is anxious to promote awareness of, and adherence to the CTU Code. This is the IMO/ILO/UNECE¹ Code of Practice for Packing of Cargo Transport Units, a publication sponsored by the three relevant UN agencies.

The TT Club has repeatedly publicised its findings that poor and incorrect packing of transport units contributes to some 65% of cargo damage claims, additionally causing injuries and fatalities, as well as damage to other property. The CTU Code is designed to

address these fundamental issues, with in-depth guidance and information for all stakeholders in the supply chain - from shippers, cargo packers, forwarders and logistics companies through to road, rail and sea carriers, as well as ports and terminals.

The Code legitimises the chain of responsibility for all stakeholders, providing a comprehensive framework to ensure cargo can complete the entire journey safely and successfully. TT Club is urging all those engaged in moving goods internationally to follow the Code diligently.

Over the course of the year TT Club will be advising on initiatives to improve safe carriage of international freight through its Cargo Integrity campaign. An early example of this is an event on the CTU Code during the European Shipping Week, organised jointly with Global Shippers Forum, ICHCA, and World Shipping Council.

¹International Maritime Organization (IMO), the International Labour Organization (ILO) and the United Nations Economic Commission for Europe (UNECE)

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Changes to US air cargo screening requirements – **are you ready?**

In just over a week, significant changes to the screening of US-bound air cargo will be introduced which will affect all Australian businesses which export to the US by air.

After 1 July 2017, all US-bound air cargo exports will need to be examined at piece level or originate from a Known Consignor. These requirements have been imposed on airlines by the US Government.

While the Australian Government has been working with Australian businesses to help them comply with these US requirements, it's important to note that after 1 July, Australian businesses will not be able to export to the US by air unless they comply with US air cargo screening requirements.

To avoid increased costs, delays and red tape, businesses should understand these changes and what they need to do to comply.

Piece-level examination means that each individual box, carton or other item in a shipment is examined by an X-ray machine or metal detector, depending on the nature of the item being examined, before it is loaded onto an aircraft.

Piece-level examination can be done by an Australian Government-approved freight agent who can examine US-bound air cargo (a list of these agents can be found on the webpage listed at the end of this article).

There is also the option of being approved as a Known Consignor, which allows businesses to secure air cargo that they originate to minimise potential delays and costs.

A range of businesses have already become Known Consignors and a number of other businesses have started the process of becoming a Known Consignor

to secure their US-bound air cargo business.

You can visit the webpage listed below to begin the process of becoming a Known Consignor.

The Australian Government will continue to work with Australian exporters to minimise red tape and ensure compliance.

More information including responses to Frequently Asked Questions and a link to subscribe to Air Cargo Security updates can be found on the Department's website at <https://infrastructure.gov.au/security/air-cargo/us-bound-air-cargo-security-arrangements.aspx>

For more information, contact aircargosecurity@infrastructure.gov.au or ring the Office of Transport Security Guidance Centre on 1300 791 581 between 9 am and 5 pm on weekdays.

NEW SCREENING REQUIREMENTS FOR US-BOUND AIR CARGO FROM 1 JULY 2017

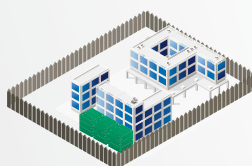
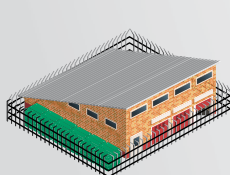
OPTION ONE KNOWN CONSIGNOR



Cargo Terminal Operator



Cleared Air Cargo



OPTION TWO EXPORTER



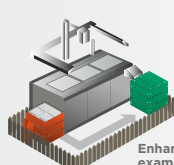
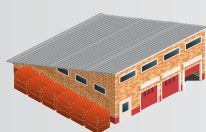
Cargo screened by RACA



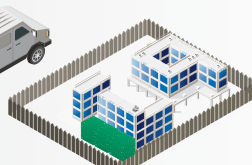
Cargo Terminal Operator



Cleared Air Cargo



Enhanced examination at piece level



KEY



uncleared cargo



cleared cargo



secured cargo



RACA - regulated air cargo agent

FIND OUT MORE: <https://infrastructure.gov.au/security/air-cargo/us-bound-air-cargo-security-arrangements.aspx>



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Known Consignor benefits from Marinova (an approved Known Consignor)

By DAMIEN STRINGER

Innovative Tasmanian bioactive seaweed compound exporter Marinova has signed up to the Department of Infrastructure and Regional Development's Known Consignor program to secure its US-bound air cargo business.

The Known Consignor program enables Australian businesses exporting to the US to secure air cargo originating from their business to minimise potential delays and costs.

The program has been established by the Australian Government to help Australian businesses meet more stringent US air cargo screening requirements imposed on airlines by the US Government.

Marinova, based in Cambridge near Hobart, is a progressive biotechnology company focussed on the research, development and manufacture of high-purity certified organic fucoidan compounds extracted from seaweed.

The company was founded in 2003 and is now recognised globally for quality, sustainability and innovation. Fucoidan-containing seaweeds are prized for their dietary and therapeutic properties, with their medicinal properties well-documented in Asian cultures for the treatment of a range of health conditions.

Marinova Operations Manager Dr Damien Stringer explained that US clients constituted a significant proportion of the company's business, with strong sales growth projected to continue in the future.

"These clients rely on rapid, on-time delivery to meet production schedules which can only be achieved using air freight," Dr Stringer said.

"Rapid clearance and delivery of Marinova's goods to US clients is crucial and any barriers to US clients choosing Marinova as a preferred supplier must be removed because they expect on-time delivery with little turnaround time for orders.

"In a globally competitive marketplace, Marinova must make every effort to expedite deliveries."

Dr Stringer also explained that becoming a Known Consignor was a relatively straightforward process because Marinova operates in a highly-regulated environment, which meant that many of the systems required for becoming a Known Consignor were already in place.

"The support offered by the Department during the application/consultation phase meant that the application/validation process was made easier."

Dr Stringer added that Marinova would recommend becoming a Known Consignor to other Australian exporters to the US.



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The court cases we have to have

By RUSSELL WIESE and LYNNE GRANT, Hunt & Hunt Lawyers.



There is a perception that an importer's priority is to pay as little customs duty as possible and that traders will push the boundaries of the law to achieve this outcome. What we find in practice is that clients value certainty most. Importers need predictability. This enables them to accurately predict the cost of importing goods and make decisions as to sourcing and setting prices. What they do not want is an unexpected duty bill relating to goods sold 4 years ago.

Often legislation is imprecise and it takes a series of court cases to clarify how that legislation should be interpreted. When it comes to income tax there is enough money at stake to result in a steady stream of cases. Additionally, if there appears to be a gap in the law, the Australian Taxation Office may elect to run a test case.

The world of customs and trade is different. With duty rates generally not exceeding 5%, the number of cases where the duty in dispute exceeds the costs of litigating the matter are few. Further, it is common practice to litigate in the Administrative Appeals Tribunal (AAT). AAT decisions do not

carry the same level of authority as court decisions. Additionally, it is not uncommon for importers to not be represented by lawyers in the AAT resulting in a mismatch against the Government's specialist customs lawyers and some unexpected outcomes.

This dynamic has created a situation where there are a number of areas that are currently the subject of great uncertainty, both for the Government and the trade community seeking to comply with the law. Below we set out a wish list for customs and trade court cases over the next 12 months.

What does the wording of a tariff concession order cover

There are 15,000 tariff concession orders (TCOs) used to avoid millions of dollars of duty every year. TCOs reduce duty to zero and apply where the imported goods have the same tariff classification as the TCO and the imports fit within the wording used in the TCO. For example, there is a TCO that has the wording "Ovens, microwave".

Since two AAT decisions in 2014 and 2015 there has been great uncertainty as to how to interpret the wording of

those 15,000 TCOs. The biggest area of uncertainty centres around to what extent a TCO applies where an import is of an item described in the TCO, but it comes with additional items or features not expressly mentioned in the TCO. For example, would the above microwave TCO cover a microwave that came with a microwave cookbook or microwave friendly container or the microwave was a convection microwave?

In 2014 and 2015 there were two AAT decisions that took a very narrow approach to the interpretation of TCO wording. The outcome of these cases is that TCO wording has been very narrowly interpreted by the Australian Border Force (ABF) and will rarely be taken to cover accessories that are not expressly stated in the TCO wording. The favourite quote from the ABF from these cases is that "...the goods must precisely fit the description set out in the TCO".

However, these cases were at the AAT level and are not entirely consistent with previous Federal Court authority. Even the cases themselves were inconsistent. In one case it was said that the goods must fit precisely within the TCO wording, but then in the next breath the Tribunal Member held that certain additional items imported with the goods can be disregarded when considering the application of the TCO.

It is also the case that the narrower approach to interpreting TCO wording can mean that the very goods for which the TCO was originally obtained, would not now fit within the TCO. It seems clear that the makers of TCOs (some of which are over 20 years old) did not consider that the concessions would be interpreted so narrowly.

Currently the state of the law has left importers and customs brokers guessing as to whether a TCO applies. With so many TCOs being used for many different goods it is an inefficient solution to simply say that customs brokers should be obtaining rulings where there is doubt.

The life of both the ABF and customs brokers would be easier if a case was taken to the Federal Court that fully explored whether a TCO can cover an import where the primary good described in the TCO was imported with a minor additional item. Until then we will be arguing with the ABF as to whether TCO wording impliedly covers the good described in the TCO plus any other good/part/accessory that would reasonably be expected to be imported with that good.

“Owner” liability for duty

The trade community was surprised in 2015 when the AAT ruled that the Australian consignee of goods was liable for underpaid duty in circumstances where the Chinese supplier arranged for the importation of the goods and it was that supplier who had provided misleading information to the Government.

The Customs Act provides that the “owner” is liable for underpaid duty and the definition of “owner” in respect of goods includes “any person (other than an officer of Customs) being or holding himself or herself out to be the owner, importer, exporter, consignee, agent, or person possessed of, or beneficially interested in, or having any control of, or power of disposition over the goods”.

The result of the decision was that a person who at any time fell into the above definition of “owner” could be subject to a claim for underpaid duty. To consider the breadth of this, imagine the number of entities that are at some stage in possession of goods that have been imported into Australia.

The Australian consignee was not represented by a lawyer in the relevant case and the judgment reveals a very one-sided view of the case law on the issue. For instance, a statement by the High Court that a bona-fide purchaser for value is not an “owner” and liable for duty, was quickly dismissed. The outcome is an unbalanced decision that makes all in the supply chain potentially

liable for underpaid duty at any time.

While it will be uncommon that the ABF will pursue an entity other than the importer of record, the precedent set by the 2015 AAT case remains. Until the concept of who is an “owner”, and liable for duty, is further explored by a superior Court, any entity involved in the movement or ownership of internationally traded goods is potentially liable for underpaid duty.

Free trade agreements – inconsistent tariff classification

There is very little case law on the circumstances in which a free trade agreement (FTA) will apply. However, since the commencement of the China Australia FTA (ChAFTA) there have been constant questions. Disputes over the application of ChAFTA have not yet made their way to Court as the easiest fix is to retrospectively cure the problem. However, the ability to retrospectively cure issues regarding certificates of origin largely disappears 12 months from the time of export.

A major reoccurring issue is whether a certificate of origin can be used where the tariff classification listed on the certificate of origin is different from the tariff classification the Australian customs broker wishes to use. This discrepancy can arise from genuinely held differing views as to the correct classification to a deliberately incorrect classification used to avoid export restrictions.

There is a legitimate argument that the requirement that a certificate of origin contain a tariff classification is satisfied no matter what tariff classification is inserted. There is no express requirement that a certificate of origin contain the correct tariff classification. The contrary argument is that a tariff classification that is obviously wrong means that the certificate of origin does not sufficiently relate to the imported goods.

A case on this issue is needed now so that importers can address the issue while there is still time to avoid a disastrous duty outcome. If a case does not come to light until 2020 and that case represents a strict interpretation of the requirement, there will be importers facing 4 years of duty exposure. Everyone would benefit from the certainty of a Court decision on

this issue being provided in the next 12 months.

While the ABF may consider that the current state of the law is favourable for it and may not want to agitate that position, the above topics represent incomplete areas of law that add uncertainty to trade. This makes it harder for importers to comply, leads to more disputes and ultimately impedes trade.

Russell Wiese (rwiese@huntvic.com.au) and Lynne Grant (lgrant@huntvic.com.au) specialise in customs and trade law at Hunt & Hunt Lawyers.

“there are a number of areas that are currently the subject of great uncertainty, both for the Government and the trade community seeking to comply with the law.”

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Freight & Trade Alliance (FTA) appoints new preferred partner for Foreign Exchange services

By TRAVIS BROOKS-GARRETT, Partner, Freight & Trade Alliance

Freight & Trade Alliance (FTA) is proud to announce a strategic partnership with Collinson FX.

Collinson FX is a national foreign exchange trading practice specialising in freight forwarders, importers, exporters, and international trade service providers.

Over the last 12 months FTA received a number of recommendations from members to enter into a relationship with Collinson's, reflecting their strong industry ties and ability to deliver positive results for their freight forwarder clients.

"Collinson & Co have been supporting our business for over 15 years now. As our business has grown & evolved

the Collinson team has catered for our changing FX requirements every step of the way. They consistently outperform our bank & other FX traders with competitiveness of rate & fees. We have the utmost confidence in Collinson's ability to add value to any business and as such we regularly recommend them to our own customers."

- Michael Bourne, Director, BR International

"All Ports International Logistics appointed Collinsons FX to handle our overseas payments well over 15 years ago. Collinsons understand our business needs and they offer a

seamless, professional approach to FX at extremely competitive margins. They have become an integral part of our business and we recommend them to all of our Clients".

- Dominic Dimento, Managing Director, All Ports International

This service will complement FTA's preferred relationship with the Commonwealth Bank of Australia (CBA) for international finance, trade technology and business banking needs.

With continued volatility in foreign exchange markets, this is an area of considerable risk and opportunity for cross-border trade.

We encourage members to visit the Collinson FX website at www.collinsonco.com/forex or to contact Paul Bettany directly for a free consultation at paul@collinsonfx.com / 0406 744 923.

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\$6M UPGRADE AT CARGO PARK OPENS DOORS FOR FREIGHT OPERATORS

A \$6 million upgrade to a freight-focused business park in Melbourne's Tullamarine is set to deliver logistics businesses of all sizes access to operating facilities and efficiencies usually reserved for the industry's biggest tenants.

Cargo Park, located on the doorstep of Melbourne Airport, is undergoing a major redevelopment encompassing external upgrades to buildings, landscaping, improved power, fire and air-conditioning services, and the installation of an expansive central truck circulation area.

The large hardstand area is available for use by all warehouse tenants, regardless of size – presenting a unique opportunity within the freight and logistics industry, which commonly sees significant hardstand areas reserved for large-scale tenants.

All warehouses at Cargo Park also offer B-Double access, regardless of tenancy

size.

Located at 1 International Drive, just 3 kilometres from Melbourne Airport, Cargo Park offers 46 office suites and 28 warehouses, with current tenants including AMI, Panalpina, Wholesale Logistics, Xtreme Freight, Bridgestone Australia and Visy.

Office tenancies range in size from 49sqm up to 900sqm, while warehouse areas start from 551sqm and go up to 3,000sqm.

Office rents are \$200/sqm and warehouse rents \$85/sqm.

Cargo Park owner Warrington Property, which has an extensive industrial property portfolio across the Sydney, Melbourne and Perth markets, commenced the multi-million-dollar upgrade in late 2016. Completion is expected in the last quarter of 2017.

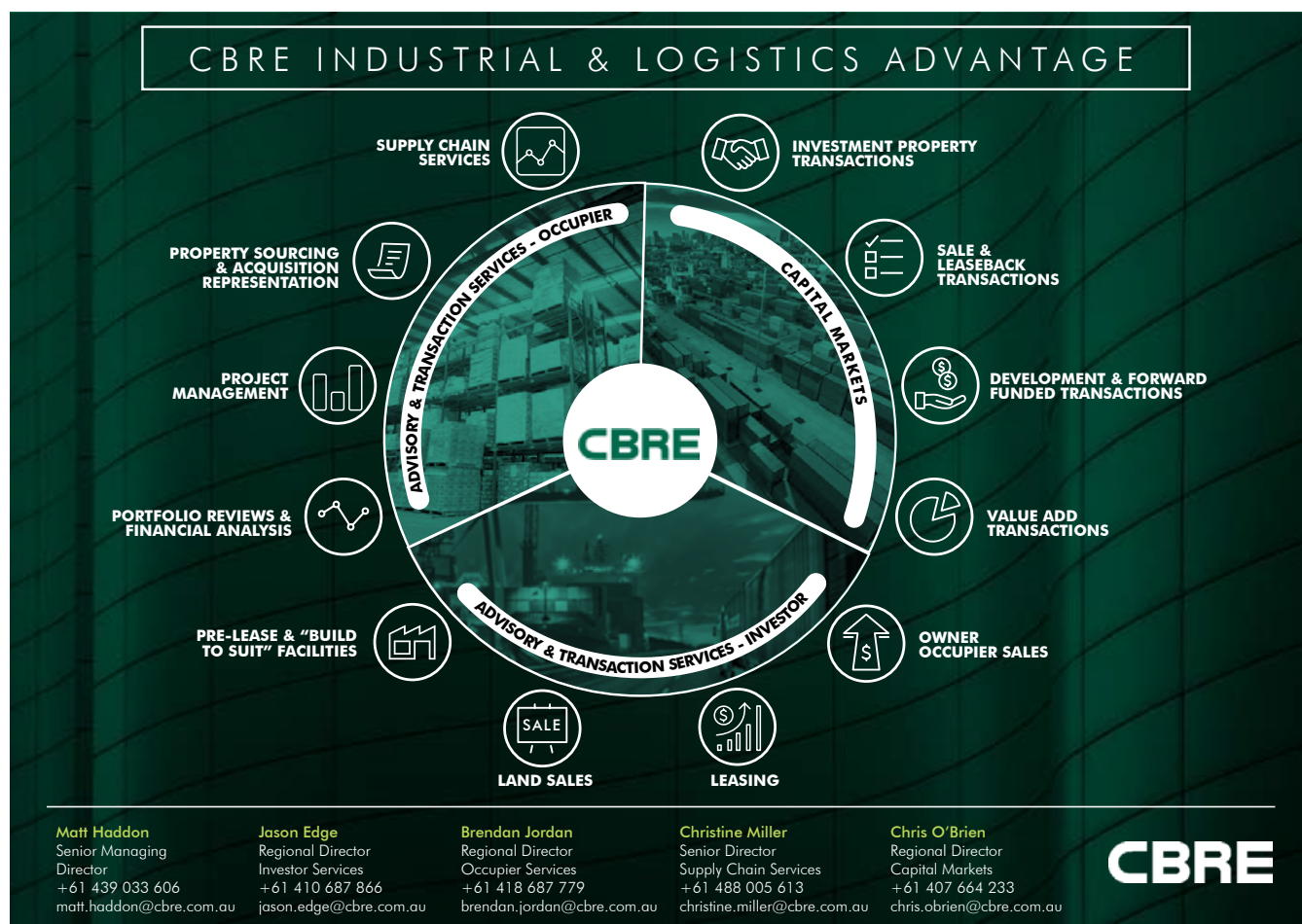
CBRE Senior Negotiator Industrial & Logistics Amanda Traficante said the estate's location, with direct access to Tullamarine Freeway, proximity to the Airport and opposite Gladstone Park Shopping Centre, meant it was ideally positioned to become a key freight and logistics hub.

The redevelopment would establish Cargo Park as a dedicated, secure transport estate, providing exceptional loading and unloading access for smaller as well as large users.

"Warrington Property has approached this redevelopment as an opportunity to open up Cargo Park to the full spectrum of freight and logistics operators – providing access to those high-end facilities such as the central hardstand and B-Double warehouse access to all tenants, regardless of size," said Ms Traficante.

"This means providing businesses with the flexibility to expand and contract within the estate, so tenants can adapt to changing operational requirements as needed while remaining on site.

"With more than 45 operators already on site, tenants are also increasingly seeing the benefits of the development of cross-business opportunities within the estate."



How Automated Vehicles Will Transform Freight Logistics in Australia

By 1-STOP

In November 2016 Australia's Transport Ministers decided to reform vehicle regulations so that fully automated vehicles will be allowed to travel our roads from 2020.

It will be a major disruption to the transport industry, one that forces vehicle booking systems to the next level. Not only will logistics systems book vehicles and log manifests, they will plan and monitor truck and rail routes as well.

The next generation of booking systems will therefore need to provide users with a complete ecosystem – a more predictable and consistent utilisation of assets that maximises the use of supply chain capacity. Automated vehicles carrying freight will be linked to this booking system.

More foreseeable and steady utilisation of capacity available will be possible in this new era, where Big Data, analytics and fully automated vehicles combine on one platform.

In this article, we'll look at the profound effect that this will have on the port community, and what freight operators can do to embrace the change.

Vehicle automation in Australia

The National Transport Commission (NTC) defines automated vehicles as "vehicles that have some level of system automation which do not require a human driver for at least part of the driving task."

There are four categories of automation: Partial, Conditional, High and Full. Many of us are familiar with the first when a human-driven vehicle self-parks or maintains a safe distance from other vehicles without driver intervention.

Conditional automation is where a human driver monitors the vehicle's progress from inside while not having to drive or monitor the environment. If there are bad weather conditions, the human driver intervenes.

At the next level, highly automated vehicles will be able to operate on limited networks without a human driver but with some human intervention in certain situations, such as slow-moving traffic jams.

Full automation is when the vehicle has no driver, but performs as if it were being driven by a human. There is no human input at any point.

Interesting legal questions are raised by the highly and fully automated vehicle categories. Will it be necessary for the system operating the vehicles to hold a driver's license? 'Who' is at fault in the case of an accident involving an autonomous vehicle?

In 2016, the NTC released a policy paper covering these issues titled, 'Regulatory reforms for automated road vehicles'.

The role of autonomous vehicles in logistics

According to Alexandra Tornow, Head of EMEA Logistics and Industrial Research at JLL, autonomous vehicles increase efficiency by reducing traffic congestion and accidents, and saving fuel through more efficient driving patterns. Driver shortages will also be solved, with an obvious saving on payroll.

A human-free logistics chain will probably be the first application for autonomous road vehicles and rail. After all, distribution networks follow fixed routes scheduled at specific times. Efficiency gains will be made by shaving off minutes in delivery time by taking alternate routes to avoid accidents or congestion.

Ranjan Sinha, former Head of Shipping and Logistics at Qatar Steel, adds that the current global trade slowdown – the industry is experiencing the lowest figures since the GFC – means ports and logistics firms need to be more competitive and smarter about the technologies they use.

How the Internet of Things is driving the industry

The Internet of Things (IoT) is a network of sensors attached to objects that send and receive information about that object: position and speed in the case of a vehicle. Vehicle automation systems rely on the interior and exterior environment information that the IoT carries, such as fuel tank levels and traffic conditions.

Sinha identifies the IoT and autonomous vehicles as drivers of a new, smarter logistics chain fuelled by 'Big Data'. This term describes the huge amount of data flowing through the IoT and informing technologies like autonomous vehicles.

"[Big Data] can be used both within port operations – for example, to help identify bottlenecks and indicate where preventative maintenance is needed to minimise downtime – and across the broader logistics chain," he says.

Technological implications for freight logistics

The rise of IoT and Big Data and the simultaneous development of autonomous vehicles heralds a new disruption to the logistics industry, one in which humans are removed from the handling and transport of freight. The new role of management and staff will be to choose and maintain the digital platform on which the autonomous logistics chain runs.

The new, digital dashboard will not be viewed from the driver's seat of a truck on an outback highway, but from a monitoring centre in a city far away. Decisions about the route taken by a container truck in Dubbo could be decided by a digital logistics platform based in Dublin.

This is an exciting time to be part of the port community, and also a time of great change. The next wave of automated vehicle systems will depend on the system you're using now. Visit 1-Stop Connections to discover how you can be part of the logistics revolution.

ABOUT THE ORGANISATION

1-Stop is a globally recognised leader in innovating and delivering integrated solutions to increase productivity for the Port Community. 1-Stop is committed to working collaboratively with all members of the community to deliver efficiency gains for everyone.

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THE POWER OF TWO – INTUITIVE SOFTWARE AND PERSONAL SERVICE

By SCOTT CRAVEN, Managing Director, Expedient Software

The smartest technology in the world is only as good as the people who create, install and support it.

It may sound old fashioned in today's high tech fast-paced world of international business, but the only way to apply great tools with real effect still comes down to relationships between individuals. This is especially true for businesses that have to navigate the complexities of operating across borders, and in the modern global marketplace there are many of them.

Every organisation that acts on behalf of import-exporters must comply with the diverse customs bureaucracies of different countries. Getting it right or wrong can mean the difference between success and failure.

Success requires an ability to understand and apply the intricacies of everything from integrated and automated customs clearance and freight forwarding to accounting and CRM, workflow, track and trace, and bond warehousing.

As you'd expect there are many software packages available to help. But without the knowledge and dedication of experts, the most customisable packages count for little. Especially when regulations may be adjusted at a moment's notice, due to changes of government, fluctuating exchange rates and other unpredictable events. If you need a recent example, think Brexit.

Every business that acts on behalf of import-exporters knows the feeling. A ripple occurs continents away and

suddenly your client's valuable cargo is stuck on the docks and they are losing money by the minute. It's why corporates invest in state of the art freight forwarding and customs clearance software, and engage in-house teams to run it.

Of course, most businesses aren't big enough to have their own specialists waiting in the wings. Most businesses in Australasia are SMEs. At this scale, responsibility falls on business owners themselves or an employee without the time or skills to take on the challenge. For business owners, a common outcome is sleepless nights worrying about customs control, transport and container freight management and other administrative nightmares.

This is where Expedient comes in. As your freight forwarding and customs clearance expert, you get the most versatile, predictive software packages available, and the peace of mind of knowing we are there to make sure everything goes smoothly.

By working people to people, Expedient goes beyond software performance in every aspect of freight forwarding and customs clearance. The proof is in our approach, our scale and our history.

Our approach is straightforward. Transparency, compliance, scalability and integration are cornerstones of our service. Our software engineers have a proven record of driving innovation that can generate direct cost savings for you. We focus on automation and streamlining your existing processes so you can concentrate on what's important to your business and your customers.

As a family business of almost 30 years,

we believe in building client relationships that stand the test of time. The same goes for our staff. Expedient's support manager recently celebrated 19 years with us, and each member of his team has been here almost as long. Needless to say, they know what our customers need down to the smallest detail.

Details are vital in freight forwarding and customs clearance. It is a perpetually changing area of trade that requires the perfect mix of experience and technology.

Expedient's customers know we provide them with simple and succinct software that is tailored to and integrated with their existing processes and systems. They also know those same experts who designed, built and custom-installed that software for them are just a phone call away, ready to deliver unrivalled customer support.

We pride ourselves on giving every customer the one-on-one attention they deserve. Bigger operators are spread much more thinly and could never achieve the same level of dedication. It's why we have enduring connections across a broad range of industries, from food to pharmaceuticals and everything in between.

Our operation is the right size for any business that appreciates the benefits of building ongoing relationships based on trust and experience, knowing that person won't let you down by moving on. Expedient also offers predictable pricing and never charge based on transactions so our customers always know where they stand. Partnering with us simply makes sense.



A.H. Beard a Fourth Generation Family Owned & Proudly Australian Company

A regular feature of Across Borders will showcase APSA and FTA members and their success in international trade.

Leading Australian and New Zealand bedding company, A.H. Beard has come a long way since founder Enoch William Beard started The Australian Bedding Mill in 1899, producing handmade straw paillasses and hand tufted horse hair bedding.

A fourth- generation family owned and proudly Australian company, its headquarters and NSW manufacturing facility in Padstow welcomed Prime Minister Malcolm Turnbull prior to the last election. The Prime Minister used his visit to emphasise that "Australians can do anything including selling mattresses into the Chinese market"

Despite competition from low-cost imports, A.H. Beard has continued to expand both domestically and internationally through distribution agreements with strategic partners in the United States and Fiji as well as mainland China and Hong Kong. From being a leading player in the Australian and New Zealand markets, A.H. Beard is now aiming to become a major world leader in the sleep solutions category.

The move into China in 2012 proved a major turning point for the company. Leading Chinese marketer and franchisee of high-end goods, Shanghai Green sought out A.H. Beard to become its sole licensee for mainland China. The first store, opened by former Prime Minister John Howard, in Shanghai in 2012 has resulted in the export business doubling each year. The current 34 stores are expected to total more than 100 by 2023.

Five years on from the official opening in Shanghai, the former Prime Minister recently expressed his pride in the success of A.H. Beard: "As a result of finding the right partners their export business to mainland China and Hong Kong continues to grow by over 100%

each year. I'm also pleased to see that the Chinese consumer recognises the quality and natural aspects of Australian Made mattresses," he said.

And to give our current Prime Minister the last word on the subject of A.H. Beard exporting to China: "A little while ago, a container (was sent) every three months. Now there is a container every three days."

With the Chinese luxury market in its sight, A.H. Beard launched its Signature Collection in 2013 reviving traditional techniques employed by the company's original mattress master craftsmen. Made to order, each one is sewn entirely by hand and boasts layers of premium, Australian natural fibres, including merino wool, alpaca, mohair, and cotton.

Hand crafted at the company's Padstow facility in Sydney by a dedicated team of highly skilled master craftsmen; these labour-intensive mattresses can take a team of four people up to ten days to produce, and retail for up to AUD75,000.

Employing more than 400 people with seven manufacturing facilities – six in Australia and one in New Zealand, A.H. Beard manufactures 6,000 to 10,000 mattresses each week. Close relationships with retail partners has led to a greater understanding of customer needs. It has long been recognised that every retail customer is different and A.H. Beard have the flexibility to customise product offerings to meet each one's unique needs.

A.H. Beard's brands, including King Koil, Domino, Health Rest, Nature's Rest, Sleepsense, and iComfort, are distributed through more than 1000 retail stores including Harvey Norman, Domayne, Forty Winks and many independent retailers.

In addition, A.H. Beard mattresses

provide a good night's sleep for travellers staying in more than 2,500 properties throughout Australia and New Zealand. The joy of such a refreshing night's sleep has resulted in this experience becoming a powerful sales and marketing tool.

King Koil is A.H. Beard's most well-known brand. Today King Koil beds around the world are benchmarked against A.H. Beard's innovative Reflex support system, recognised by the International Chiropractors Association as the leading support technology. Its technologically advanced spring systems respond directly to the individual weight and shape of the sleeper.

The company is committed to pushing the envelope for innovation and competitive edge and in 2016, launched Australia's first smart bed, Sleepsense. This innovative sleep system was the first of its kind to introduce sleep tracking technology inside a mattress with adjustable comfort. This technically advanced innovation allows couples to independently adjust the firmness on each side of their mattress using the Sleepsense App on their smartphone or a remote control. Advanced sleep tracking also allows each person to monitor individual sleep quality with sleep data and nightly sleep scores delivered directly to their smart phone.

In 2017, the company added to its smart bed portfolio, with the launch of iComfort. This innovative mattress allows sleepers to select their desired firmness on each side, and adjust the comfort at any time to meet their changing needs. Integrated sleep tracking allows users to not only monitor their sleep but make changes to their bed in order to improve their sleep quality.

Fulfilling its purpose of improving lives through better sleep, A.H. Beard has been named the official bedding partner of the Australian Institute of Sport, ensuring our elite athletes get the quality sleep that is essential for optimum performance.

This commitment to improving lives through better sleep was the driving force behind the creation of A.H. Beard's 6 Week Sleep Challenge. Developed in conjunction with leading sleep scientist, Dr Carmel Harrington, this free online health and wellbeing improvement program challenges participants to make behavioural changes to improve their sleep.

To date, more than 60,000 Australians and New Zealanders have taken part in the 6 Week Sleep Challenge. The program was recognised for smart thinking at the 2013 Mumbrella Awards receiving the Mumbrella Award for Insight.

A.H. Beard is also committed to reducing the company's impact on the environment. A.H. Beard Chairman Garry Beard has been instrumental in the creation of a mattress industry product stewardship scheme which aims to reduce the waste impact of mattresses at the end of their life. Mattresses are the most common and bulky items put out for council collection, and each year 1.25 million end up in landfill.

Garry Beard is so determined that old mattresses are kept out of landfill and recycled responsibly that he has spearheaded a global search of mattress recycling best-practice to ensure the Australian program is a success.

The company is a member of Soft Landing, a national recycling social enterprise designed to increase resource recovery and diversion of waste from landfill to minimise environmental health and safety impacts of end of life mattresses. More than 1.6 million are disposed of each year to landfill taking up 1.2 million sq. metres.

Analysis undertaken by Soft Landing found mattresses can contain around 15.5 kg steel, 3kg foam, 2kgs textile, 14kg timber, 3kg husk, 7kg quilting and up to 30kg of latex.

Soft Landing separates these elements for recycling, in the process diverting thousands of tonnes of waste from landfill each year. Steel springs are transformed into steel roofs, foam and latex into carpet underlay and timber slats into mulch.

As well as its environmental achievements, this program makes a positive difference to local communities. Soft Landing employs 75 paid staff



and 35 volunteers and has 15 trucks collecting from councils, hotels and private homes, providing jobs and traineeships for people in N.S.W., Victoria and ACT.

Garry Beard joined his father in the business in the late '70's with brother, Allyn joining in the early '90's. During the last two decades, Garry and Allyn have embarked on a period of national and international growth. This expansion included the establishment of a manufacturing facility in Auckland, New Zealand in 1996.

On home soil, the Beards achieved their objective of national distribution via a string of acquisitions. In 1997, A.H. Beard acquired Suparest bedding in Victoria and Tasmania, cementing the company's manufacturing and distribution operation in southern Australia. In 1999, they purchased Domino - a 90-year-old Sydney-based bedding firm.

In 2008, A.H. Beard acquired South Australian based Sleep-Haven Bedding completing a national operations and distribution network.

A long-time member of Family Business Australia, A.H. Beard was named Family Business of the Year in 1999 and in 2012, marking its 113th year in business, A.H. Beard was inducted into the Family Business Australia Hall of Fame.

Enoch Beard's legacy continues, with members of the fifth generation of the

Beard family currently working within the business. They share their ancestors' passion for creating quality sleep products that transform lives and relish the opportunity and responsibility that comes with building on the success of A.H. Beard for future generations.

A.H. Beard boasts a team of dedicated, highly skilled people, many of whom are second generation mattress makers. One long-term employee started as a 15-year-old apprentice, following in the footsteps of his father who worked for the company for 43 years. This is a common theme, with numerous families having multiple members working within the business. It's this sense of family and respect that have contributed to the organisation's longevity and success.

A hand-picked team of management and marketing professionals led by Chief Executive Officer, Tony Pearson, who joined the company late 2016, ensures the company's ongoing growth.

Tony has worked as both a consultant and CEO across the IT, Telco, Retail, Hospitality, FMCG and Government sectors where his remit has been to realign business objectives to drive improved outcomes from frontline to boardroom.

The company's sights are now set on the world stage with more innovations in the pipeline. The overwhelmingly positive reception by the Chinese market has highlighted the thirst for superior quality mattresses on an international scale.



Moorebank Logistics Park

By PAUL ZALAI & TRAVIS BROOKS-GARRETT, FTA/APSA

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) were privileged to be invited to the official launch of the Moorebank Logistics Park (MLP).

Maurice James (Managing Director, Qube) provided background to the initiative and outlined its capacity / services before facilitating a site tour of the impressive site which when completed, will be the largest intermodal freight precinct in Australia.

The development will consist of the construction and operation of an IMEX terminal and an interstate terminal with capacity to transport up to 1.05 million TEU (twenty foot equivalent units) a year of import-export freight and another 0.5 million TEU of interstate freight per year.

MLP will have related logistics activities including 850,000 square metres of high specification warehousing, as well as auxiliary services including retail and

service offerings.

A rail connection to the Southern Sydney Freight Line (SSFL) will be built that has direct access to the park, with the M5 and M7 arterial roads minutes away providing a complete supply chain solution driving savings in time and costs for onsite tenants.

Where to relocate in Sydney - should you take advantage of intermodals?

Freight forwarders, customs brokers and transport operators are increasingly being forced out of the Mascot, Botany and surrounding suburbs as residential development takes over a zone that was once the commercial hub of international trade. Importers and exporters are also looking at manufacturing, staging, warehousing and distribution centres.

Transport for NSW and NSW Ports are facilitating rail / stevedore interface reforms and are supporting the emergence of intermodal terminals

across the wider Sydney metropolitan area to maximise port throughput and minimise port precinct congestion.

Relocation to the North, South and Western suburbs - where is the ideal long term location for your business?

FTA and APSA members are invited to an Executive Forum that we are hosting in partnership with CBRE and sponsored by NSW Ports. Experts from CBRE will provide advice on key issues when considering lease or property purchasing options.

Hear direct from the intermodal terminals and rail operators about their services and benefits are going to be available at each location - confirmed speakers include Mick Cronin - NSW Ports; Maurice James - Qube; Andrew Adam - Pacific National and Hans Anneveldt - Aurizon.

**15 August 2017 -
8am breakfast through to 12.30pm**

**CBRE (Level 21, 363 George St
Sydney)**

**Members \$55 / Non-members \$110
- limited places with registrations
on a "first-in basis" - register now at
www.FTAlliance.com.au**

What are we doing in Melbourne?

FTA, APSA and the Australasian Railway Association (ARA) have led the charge in Victoria to dramatically increase the rail mode share, with the commencement of the Rail Access Strategy process commencing soon, driven by the Port of Melbourne Rail Users Group and strong support from the Port of Melbourne.

Victoria has a number of ideal sites for intermodal facilities, including Salta's inland ports (Dandenong South & Altona), the DPWA Somerton inland terminal facility and others. We applaud the activity in NSW and now encourage the Victorian Government and new port leaseholder to support similar initiatives in Victoria.



Paul Zalai FTA/APSA and Maurice James Managing Director, Qube

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ASBESTOS IMPORTS

Recently there have been a number of examples of goods containing asbestos entering Australia. Asbestos has been a prohibitive import since December 2003.

Licensed customs brokers (LCBs) must have an understanding of Australia's import prohibitions.

The Australian Border Force (ABF) expects importers to undertake adequate assurance measures to demonstrate that the goods they are importing that are known to be at risk of containing asbestos, or goods supplied from countries with asbestos producing industries, do not contain asbestos.

Due Diligence

Importers and LCBs must be aware of Australia's asbestos import prohibition. Before goods are imported to Australia, importers must have adequate assurance that the goods being imported do not contain asbestos.

SUPPORTING DOCUMENTATION REQUIRED

The nature and level of information within the supporting documentation may provide adequate assurance depending on the risk of the goods containing asbestos. Several types of documentation may be necessary to demonstrate sufficient level of assurance. A non-exhaustive list of examples of supporting documentation is provided below:

- Declarations from importers and/or suppliers which state that the goods have nil asbestos content
- Documentation outlining the level of assurances taken throughout the supply chain
- Invoices demonstrating the supplier of the goods
- Information about the supply chain and possible quality assurance process in place

- Illustrative Descriptive Material
- Ingredient lists
- Test certificate or laboratory report
- Material Safety Data sheets

Solely relying on a declaration that states the goods have nil asbestos content from an importer and/or supplier may not provide adequate assurance.

To comply with these requirements may well be outside of your field of expertise and you should seek assistance from a company that specialises in Asbestos Import Surveys such as AARMS. (www.aarms.com.au).

Simply providing a Chinese certificate, or a letter from a Chinese supplier will not be considered adequate.

If your client is a regular importer of goods, you should also consider a Risk Assessment program that provides the ABF with an assurance of the supply chain. These processes provided by AARMS will ensure your clients shipments are processed through without any untimely delays.



ASBESTOS IMPORTS

It is the responsibility of importers to ensure that they do not import prohibited goods, including asbestos.

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Importers are encouraged to investigate, and where appropriate implement:

- Contractual obligations with their suppliers that Specify **NIL** asbestos content;
- Sampling and testing for asbestos content **PRIOR** to shipping the goods to Australia; and
- Regular risk assessment and quality assurance processes.

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SCREENING REQUIREMENTS FOR US-BOUND AIR CARGO AFTER 1 JULY 2017

After 1 July 2017, all US-bound air cargo exports will need to be examined at piece level or originate from a Known Consignor. These requirements have been imposed on airlines by the US Government. The Australian Government has been working with Australian businesses to help them comply with these US requirements.



HOW CAN EXPORTERS COMPLY WITH THE US REQUIREMENTS?

Businesses exporting to the US by air have two options to meet the US requirements:

1. Using an Australian Government-approved freight agent who can examine US-bound air cargo. A list of these agents can be viewed on the department's webpage listed below.
2. Being approved as a Known Consignor to secure air cargo at the point of origin in order to minimise potential delays and costs. You can begin the process of being approved as a Known Consignor on the department's webpage listed below.



WHAT DOES PIECE LEVEL MEAN?

Piece-level means that each individual box, carton or other item in a shipment is examined by an X-ray machine or metal detector, depending on the nature of the item being examined, before it is loaded onto an aircraft.



WHAT IF I HAVEN'T SECURED A SOLUTION FOR MY US-BOUND AIR CARGO?

If you are an exporter who has not yet secured a solution for your US-bound air cargo, a list of freight agents who can examine cargo at a piece level is available on the department's webpage listed below. If your freight agent is not on this list, they will not be able to examine cargo at piece level.

If you are a freight forwarder, exporters of US-bound air cargo who have not secured a solution may need your help. It is your responsibility to put in place contingency arrangements to avoid disruption to your customers' business.

If you are not examining US-bound air cargo yourself, a list of approved freight agents can be found on the department's webpage listed below.



HOW CAN FREIGHT FORWARDERS COMPLY WITH THE US REQUIREMENTS?

Freight forwarders will need to arrange to examine all US-bound air cargo at piece level if their customer is not a Known Consignor.



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