

**Q1. Does the high-level vision for the future of cross-border trade align with the needs of business? What would you prioritise or emphasise? Are any components missing?**

CAPEC supports a whole-of-government approach to border clearance in that it improves visibility on why consignments may be held and enables industry to take immediate action to resolve (even pre-border). The ICS provides a platform for this already, for example with the payment of Duties and Taxes, however it would require further development to enable these information flows. CAPEC is open to exploring the possibility of reporting data outside of the ICS if this allows for greater flexibility, noting that the architecture of the ICS limits the flow of information by not providing a clearance status until the cargo physically arrives into Australia.

The priorities are Streamlined and integrated reporting and a Holistic approach to compliance. The latter should be coordinated through the Australian Trusted Trader Branch to ensure that nationally consistent policies are applied.

**Q2. Which of these regulatory reforms would deliver the most practical benefits for business? Are there other reforms you would recommend we prioritise?**

Service standards and Reporting reforms would deliver the most practical benefits for CAPEC members, as they will lead to greater predictability and efficiency in the border clearance process.

**Q3. What is your experience in understanding cross-border trade regulation? How accessible do you find this information? How can better guidance on regulatory requirements be provided?**

It is often difficult to obtain all of the relevant regulatory requirements from a single source. A single website with a repository of all relevant cross-border regulations (across legislation) should be established. CAPEC members are Accredited Trusted Traders and thus have access to a dedicated Client Manager, however this is only for ABF-related matters. The Trusted Trader program should be broadened to include the Department of Agriculture, Forestry and Fisheries, as well as other regulatory bodies such as the Therapeutic Goods Association.

**Q4. What duplication in cross-border regulation have you experienced? What are the opportunities to streamline?**

Consignments that require a Formal Import Declaration (FID) impose a duplication in cross-border regulation in that CAPEC members must lodge an Air Cargo Report (ACR) for consignments and then lodge a FID. Whilst the FID contains additional information, there are several data points that are duplicated from the ACR which could be used to pre-populate the FID. In addition, consignments may be held by both the ABF and DAFF, which can create duplication of processes at the border. Ideally, a single regulatory body would be preferred.

**Q5. What international best practices or models could be adopted or adapted to improve the cross-border trade regulatory environment?**

The taskforce should review the border clearance processes in Singapore, which have a simplified model. For example, Singapore has only 4 commodities that are dutiable, does not require Customs Client Identification Numbers, and operates a simplified and deregulated approach to risk assessment. In addition, Minister Farrell also referenced the US border clearance model in his address at the recent STS Summit, stating that both the import and export processes were faster than those of Australia.

**Q6. What is your experience with paper-based and electronic records in how you interact in cross-border trade with the Australian Government?**

Duplication of the same paperwork to different agencies happens frequently. CAPEC members do not want to simply automate a process without improving the actual process itself, i.e. "digitising rather than digitalising". The use of images only should be minimised where possible, driven by the adage that "PDF is where data goes to die". The Self Assessed Clearance Paperless initiative is a good example of a process that eliminates physical paperwork and manual processes. It has been in operation for over 10 years and operates through an automated interface between CAPEC members' and DAFF systems that transfers the Air Waybill and Commercial Invoice information to DAFF as soon as the consignment hits a HELD status in the ICS. This allows for a secondary risk assessment process to take place and results in the majority of consignments being released without the need for further intervention, such as a physical examination of the cargo. The ABF does not have an equivalent process, which creates a slower, more cumbersome border clearance process, e.g. a delay of several days, followed by a request to produce documents, which could have been automatically sent through at the time the risk profile was applied.

**Q7. How many paper-based documents would you transfer between your business and Australian Government in cross-border trade interactions per year? On average, how much time do these processes take?**

It is difficult to quantify the number of documents, however there are numerous paper-based documents being transferred by CAPEC members to the border agencies on a daily basis. For example, Unaccompanied Personal Effects Forms, printing documentation for DAFF to undertake physical examinations, emailing imaged documents to the ABF for Query Memorandum examination requests etc. The use of tablets should be explored to minimise the amount of paper-based documents required.

**Q8. Are there other approaches, instead of MLETR, that would support the adoption of digital solutions and/or transference of electronic records in cross-border trade interactions with the Australian Government?**

CAPEC members are not aware of any other approaches per se, but would welcome further development into how electronic records may be transferred and assessed. For example, would the information have to be in "document form" or could it be in another format such as transactional records or data fields/points from CAPEC members' systems (as a trusted data source)? This would potentially assist in avoiding some of the current limitations experienced around minimum documentary requirements, such as physical signatures on commercial invoices being enforced by DAFF.

**Q9. What factors should the Australian Government consider if it were to adopt the MLETR? Are there inter-jurisdictional considerations that should be considered by the Australian Government in looking into whether to implement the MLETR domestically?**

CAPEC members would suggest that all WCO and WTO obligations be reviewed and met to ensure the exchange of information is both legally compliant and efficient and effective.

**Q10. Please describe your experience of the varying levels of administrative burden placed on your business in order to provide the information required to satisfy FPP tests.**

Currently the requirement is that all staff, whether full or part time, who attend a s77G Customs Licensed Depot (even to return cleared cargo that is unable to be delivered) require a FPP check to be undertaken. This is not a practical approach, and increases the time and cost involved for CAPEC members to obtain and store such sensitive information. There needs to be a more pragmatic approach than having a myriad of FPP Forms, e.g. B301, B1555, Approved Arrangements, CISC Background Checks, ASICs, denied party screening and National Police Checks etc.

**Q11. What digital or other opportunities exist to streamline collection of all your requisite FPP information, and would they enable you to integrate possible future FPP monitoring requirements into your business' own fraud and risk management process?**

CAPEC members currently have their own internal fraud and risk management processes in place. The preference would be to work with all regulatory agencies to establish a single set of requirements that cover all regulatory requirements. This would ideally include an electronic process for employees that are required to complete and a simplified, single submission process to Government, who would then hold the information in a central data base. It could then introduce a mandatory requirement for all persons wishing to gain employment within the border clearance sector to demonstrate that the process had been followed. If legislation needs to be amended to allow for this process to operate, this should be undertaken.

**Q12. Would you support your FPP test information being shared between relevant agencies and, if so, would there be any concerns or risks you'd want to see mitigated?**

Yes (refer Q11).

**Q13. How can we reduce the cost of cross-border trade administration?**

In addition to the FPP procedural changes, consideration could be given to removing the need for formal Certificates of Origin on Free Trade Agreements for all claimants.

By de-linking the MAWB from the HAWB for early cargo reporting. Currently industry must wait for a clearance status which is only generated once the airline has reported the MAWB, 2 hours from arrival. This shortens the time window for industry to react to avoid unnecessary administrative type holds from entering the bond, leading to excessive handling of cargo, paperwork and administration after the cargo has arrived which generates excessive cost to our businesses. By providing details of clearance at consignment level as early as possible some of this administrative type clearance activity can be achieved prior to the goods being deconsolidated at our 77G facilities.

**Q14. How can information on the tariff concession system be more accessible and what are the opportunities to simplify the tariff concession system?**

Apart from Excisable Goods, consideration could be given to eliminating the Tariff Concession Order system, resulting in all imported goods attracting a duty rate of 5%, unless 'duty free' in their own right or under FTA preference. This would simplify the border clearance process for all parties.

**Q15. Are there any border controls that you consider have a high regulatory burden on your business?**

The Therapeutic Goods Administration can impose a high regulatory burden on industry and the time taken to process consignments that are border held can be excessive, e.g. > 7 days. Other regulatory agencies such as DAFF (Biosecurity holds), and DFAT/ABF (FTA complexities) can also create high regulatory burden.

**Q16. How many border controls would your business typically interact with? Please identify the impact of border controls on your business.**

CAPEC members deal with multiple border agencies, often concurrently. The impact can result in the delayed release of cargo, creating a strain on resources for industry to provide the necessary documents and information to the agencies, and not having a standardised set of requirements for how to submit. These border controls impact CAPEC members as they are imposed post arrival. A preferred option would be to de-link the mandatory requirement of reporting a Master Air Waybill to enable air cargo consignments to be risk assessed and classified as CLEAR/HELD earlier, even pre-arrival. This would allow for a more efficient border clearance process and strengthen regulatory compliance, e.g. it would have the potential to address risks pre-border in the country of origin.

**Q17. Are there any specific border controls that could be streamlined?**

One example of where specific border controls could be streamlined is where the ABF, DAFF and TGA all have their own set of regulatory requirements for pharmaceutical products, and all risk assess consignments separately. During the COVID-19 pandemic, 'Operation Hangfire' was established to bring these three regulatory agencies together to streamline the border clearance of specific commodities. This worked extremely well in terms of improving communication and reporting lines and reducing overall clearance times. The concept has been proven to work well. As such, it should be continued and even augmented across other regulatory agencies.

**Q18. What global best-practice examples of digital improvements might be relevant in the Australian context?**

CAPEC members are not aware of any countries that currently allow for the 'de-linking' of the MAWB information to enable earlier risk assessment and clearance status of consignments. This should not, however, prevent the concept from being explored to establish a world's best practice (similar to vendor collect model for the collection of GST on Low Value Goods).

**Q19. What are the priority improvements from a whole-of-government digital services perspective you would see delivering early benefits to business?**

An agreed Service Level Agreement that stipulates the performance standards that industry can expect across all border agencies. This should include a clear escalation process to manage exceptions.

**Q20. Do you or your business currently use services like myGovID for digital identification?**

CAPEC members currently use the ABF-approved system, administered by Digicert, to enable staff to access the ICS with their own individual Gatekeeper digital certificates. The suggestion has been made to implement an alternate system, using myGovID to verify the identity of users. This is not practical, however, as many organisations have offshore

operations that need access to agency systems to process consignments and myGovID is not available to non-residents. The current process could be retained in conjunction with the my GovID.

Another option would be to allow corporate customs brokerages to operate under a single Gatekeeper digital certificate. This would be linked to the ABN level rather than each individual having to obtain their own certificate. This would significantly reduce the amount of regulatory burden placed on CAPEC members.

**Q21. How might use of digital identification in cross-border trade interactions impact your business?**

The preference would be to apply the digital identification requirements at the corporate/ABN level to reduce the administrative burden on CAPEC members. Refer above response.

**Q22. Does the Framework reflect your views of how the Australian Government should approach improvements to the collection and use of cross-border trade data?**

Yes

**Q23. Are there benefits or concerns with the sharing of data collected by trade agencies beyond government to facilitate trade (e.g. with foreign governments or third parties that facilitate trade, such as financiers)?**

There may be possible legal and/or data privacy issues applicable that would need to be worked through.

**Q24. What benefits might Australian businesses see from a streamlined cargo intervention model? What data can you share with us about your experience with the current model?**

There would be significant benefits to industry, with better accuracy on clearance times, which would enable improved efficiencies to last mile delivery to market. CAPEC members are often able to provide data to regulatory border agencies at a much earlier point in the supply chain, which can then be used to risk assess and, where required, place holds on consignments earlier that would allow industry to work on obtaining the required information to the agency before arrival, thus preventing congestion of cargo at the border.

**Q25. What opportunities do you see for industry collaboration and involvement in co-design of the cargo intervention model?**

CAPEC members are at the coal face of what is actually required for border clearance and the issues that are faced on a daily basis. This enables us to review and assess any proposals that are being considered and to advise regulatory border agencies whether or not they are feasible and offer tangible benefits. To this end, CAPEC members would welcome any opportunities to participate in reform initiatives such as the Regulatory Sandbox.