



Australian
BORDER FORCE

Goods Compliance Update

Summer 2021



Table of Contents

Table of Contents	2
Customs Group Update	3
Feature Articles	6
Combatting the black economy	6
Illicit Tobacco in Australia	7
Managing the risk of asbestos in imported vehicles	10
Free Trade Agreements Update	14
Pacific Agreement on Closer Economic Relations (PACER) Plus	14
Signing of the Regional Comprehensive Economic Partnership (RCEP)	15
Trade Compliance News	16
Border Watch Reminder	19
Australian Trusted Trader Update	20
Customs Licensing Update	22
Licensing Statistics	22
Customs Brokers	22
Customs Licensing – Depots & Warehouses	23
Customs Compliance Reminders	24
Compliance program results 1 July 2020- 30 September 2020	26
Infringement Notice Scheme	26
Revenue understatements – General	28
Revenue understatements – Trade remedies	28
Duty Refunds	29
Duty Drawbacks	29
Compliance Monitoring Program	30
Australian Customs Notices and Industry Guidance	33
Australian Customs Notices	33
Around the Regions	34
In the news	35
September 2020	35
October 2020	36
November 2020	36
Next Issue and Contact	36
Glossary	38

Customs Group Update

A message from Dr Bradley Armstrong PSM, Deputy Comptroller-General and Group Manager, Customs Group

2020 was a challenging year for all of us. The Government has maintained its focus on responding to and recovering from the COVID-19 pandemic. During 2021, there will be an increased emphasis on economic recovery. This is an unprecedented time for all of us and consultation and partnership with industry will be integral to our success. Over the past months, I have hosted several key forums to support this ongoing relationship and will continue to work with industry to support our recovery.

On 5 November, the ABF hosted the annual Australian Trusted Trader (ATT) Symposium. This year's symposium was delivered virtually for the first time to more than 500 participants, and demonstrated our commitment to engage with trusted traders while meeting COVID-19 requirements, and for ATT members to work with us to shape the future of our customs arrangements at the border.

The Symposium also had a virtual address by Assistant Minister, the Hon Jason Wood MP, where he announced two new benefits for Trusted Traders (read the media release [here](https://minister.homeaffairs.gov.au/jasonwood/Pages/trusted-traders-periodic-payments.aspx) <https://minister.homeaffairs.gov.au/jasonwood/Pages/trusted-traders-periodic-payments.aspx>). ABF Commissioner, Michael Outram APM delivered the closing remarks where he commented on the Program's importance in supporting businesses to recover from the COVID-19 pandemic.

Across the 23rd and 24th November the Home Affairs Portfolio hosted the third annual [Industry Summit](https://www.homeaffairs.gov.au/help-and-support/how-to-engage-us/industry-engagement/industry-summit) (<https://www.homeaffairs.gov.au/help-and-support/how-to-engage-us/industry-engagement/industry-summit>).

The theme for this year's program was *National Recovery: Building the partnership between Home Affairs and Australian Industry*. The Summit was held virtually this year due to COVID-19 and featured Ministerial addresses by the Hon Peter Dutton MP, Minister for Home Affairs, the Hon David Littleproud MP, Minister for Agriculture, Drought and Emergency Management and the Hon Jason Wood MP, Assistant Minister for



Customs, Community Safety and Multicultural Affairs, presentations from the Home Affairs Secretary and ABF Commissioner; leaders of industry, academia, and leadership panel discussions which included, for the first time ever, the heads of all six Home Affairs portfolio agencies.

Topics of discussion included building resilience to supply chain threats, crisis preparedness, cyber security and the digital economy, national security, trade simplification and the impact of COVID-19. During the height of the morning plenary sessions, a record Summit attendance number of 575 people participated online.

The Customs Group is always thinking of ways that we can improve what we do. At the ATT Symposium, the Superintendent ATT Operations hosted a workshop on supply chain security. The workshop focused on the need to understand security risk and how it differs from other risk disciplines. Addressing effective governance and

security management strategies can reduce the likelihood and consequence of an entity being exploited by a trusted insider, whether they are malicious or unwitting. Moving forward, the ATT Program will look to develop more formalised information for Trusted Traders to help them to continue to strengthen their international supply chain security.



Assistant Minister for Customs, Community Safety and Multicultural Affairs, the Hon Jason Wood MP and GM Customs Group, Dr Bradley Armstrong at the ATT Symposium, Australian Parliament House session.

This edition of the Goods Compliance Update includes a feature article on combating the black economy. The ABF will continue to look closely at systematic and serious revenue evasion through misclassification, undervaluation and non-declaration of goods, false claims for GST

exemptions or improper application for preferential treatment under free trade agreements or duty refunds and concessions, visa and migration fraud in addition to modern slavery and human trafficking.

The ABF is also progressing its contributions to the Government's Simplified Trade System agenda, announced in the 2020–21 Budget. This reform program brings together a suite of policy changes and digital investments across Government to create a simpler, more efficient and digitised trade system for Australian business. The ABF is working with partner agencies to progress foundational regulatory reform and data interoperability measures that will lead towards the development of a future Trade Single Window. We look forward to working with business to progress this important agenda, and will shortly release an issues paper to seek your input on key reform priorities.

There is also a useful update on Australia entering into a trade agreement with our Pacific neighbours. The Pacific Agreement on Closer Economic Relations Plus is a regional development-centred trade agreement. It is a comprehensive Free Trade Agreement covering goods, services and investment. PACER Plus has been included in the Origin Waiver benefit for Trusted Trader importers.

Finally, I encourage you to also read the Compliance Program results for 1 July 2020 through to 30 September 2020 as it may provide valuable information on the themes and priorities that may become of interest to the ABF in 2021.

I wish you a happy, safe and prosperous start to 2021.

Dr Bradley Armstrong PSM
Deputy Comptroller-General
Group Manager Customs
Australian Border Force

The **2020 Home Affairs Portfolio Industry Summit** was held virtually across 23 and 24 November and featured two leadership panel discussions each day.

Below were the panellists from Day 1 discussed the topic:

Framing the future for National Security: strategic challenges now and into the future.



From left to right: Master of Ceremonies Dr Catherine Ball with Mr Mike Burgess, Director-General ASIO, Mr Michael Pezzullo AO, Secretary Department of Home Affairs, Ms Nicole Rose PSM, CEO AUSTRAC, Mr Tom Seymour, CEO PriceWaterhouseCoopers, Mr Michael Phelan APM, CEO ACIC, Mr Reece Kershaw APM, Commissioner AFP.

The Leadership panel on Day 2 (below) discussed: *Partnering with industry to reopen Australia: paving a path through COVID-19.*



From left to right: Master of Ceremonies Dr Catherine Ball with Mr Peter Verwer AO, Prime Minister's Special Envoy for Global Business and Talent Attraction, Ms Carla Wilshire OAM, CEO Migration Council of Australia, Mr Michael Outram APM, ABF Commissioner, Ms Margy Osmond, CEO Tourism and Transport Forum, Ms Dianne Tipping, Chair of the Export Council of Australia.

Feature Articles

Combatting the black economy

The 'black economy' refers to actions and behaviours that take place outside of regulatory systems, or divert resources away from the legitimate economy. It is not simply non-compliant activity, but a range of issues which converge and contribute to the undermining of legitimate tax, business and other economic structures in Australia.

The ABF takes black economy activities seriously because they have negative consequences for the Australian community. For example:

- Avoiding the payment of customs duties and taxes gives those who do the wrong thing an unfair competitive advantage over legitimate businesses and undercuts legitimate revenue, which would otherwise be invested in public services and programs.
- Supplying counterfeit goods can have serious health and safety risks for our community, and undermines legitimate trade and innovation.
- Black economy behaviours are enabled by other unlawful activities – including visa and migration fraud, and modern slavery and human trafficking – and are routinely connected to deeper criminality in our community.

The ABF's primary interest in the black economy is non-compliance with trade and traveller requirements, border-related fraud, and transnational criminality. This includes a range of issues across customs and migration, including where these activities are linked with serious and organised crime. ABF activities to counter the black economy seek to protect the community from dangerous goods, disrupt criminal enterprise, and create an environment that supports fair competition, investment and business.

One example of this is the ABF-led Illicit Tobacco Taskforce (ITTF), which was established on 1 July 2018 to proactively target, disrupt and dismantle serious and organised criminal actors that deal in illicit tobacco. The ITTF was formed as part of the Government's '*Black Economy Package – combatting illicit tobacco*' announced in the 2018-19 Budget. Further information on the important work undertaken by the ITTF is available in a feature article later in this edition.

The ABF works collaboratively with agencies across the Australian Government to target black economy activities as well as transnational, serious and organised crime. Information sharing and strong cross-agency relationships with international partners support these efforts by disrupting risks ahead of the border, in the live cargo environment and post clearance.

In response to the impact of COVID-19 on our border operating environment, the ABF has worked hard to maintain its intelligence and monitoring activities to ensure strong border protection outcomes, as well as safeguard legitimate trade and business. A prosperous legitimate economic environment is essential to Australia's post COVID-19 recovery, and the ABF will continue efforts to secure international supply chains and maintain strong border integrity during these challenging times.

We encourage industry and the community to talk to us if you know of, or suspect, any unlawful activity is occurring. If suspicious behaviour is connected to activities at the border, they can be raised via the [Border Watch portal](https://www.border.gov.au/Border-Watch), www.homeaffairs.gov.au/about-us/what-we-do/borderwatch/reporting, or by calling 1800 009 623. Black economy behaviour that is not explicitly connected to the border can be reported online at ato.gov.au/tipoff.

Illicit Tobacco in Australia

Illicit tobacco can be defined as any tobacco product that has been produced, imported, exported, purchased, sold or possessed in a manner that does not comply with legislation. This includes tobacco where legally required duties and taxes have not been paid, or when health standards, copyright and trademark laws have been breached.

Tobacco is one of the most highly taxed commodities in Australia, making illicit tobacco an attractive trade for established Organised Crime Groups (OCGs) as it is perceived as a low risk, high reward criminal activity. Illicit tobacco is a multifaceted problem for Australia, undermining Australian Government health initiatives and defrauding the Commonwealth of significant revenue. Based on estimates from 2018-19, Australian Taxation Office (ATO) analysis indicates that each year approximately \$822 million in Government revenue is lost due to tobacco related duty evasion. Investigations into illicit tobacco sales suggest OCGs are likely to be using the proceeds to fund other criminal activity, feeding into the black market economy.

The illicit tobacco trade also impacts on legitimate business owners who are forced to compete against criminals that sell illicit tobacco products at a cheaper price. This puts honest taxpayers and the legitimate business owners who are doing the right thing at a disadvantage and, if unchecked, can foster a damaging culture of non-compliance that undermines Australia's future and continued economic growth. A compliant trading community and the payment of Government revenue is a critical element of Australia's recovery from the impacts of the COVID-19 pandemic.

The Australian Border Force (ABF) is responsible for detecting and addressing the importation of illicit tobacco into Australia, maintaining Australia's supply chain integrity and managing the collection of duties and taxes on legitimate tobacco imported into Australia. The ABF uses advanced technology and intelligence to screen and examine goods prior to entry to the Australian market, applying an intelligence informed approach in identifying smuggling methodologies of criminals and in targeting prohibited goods at the border.



Domestic illicit tobacco crop seizure - Operation CARPO, 21 March 2020.

The creation of the ITTF on 1 July 2018, in response to recommendations made by the Black Economy Taskforce, demonstrates the Government's commitment to addressing illicit tobacco. The ITTF, led by the ABF, includes the Department of Home Affairs, the ATO, the Australian Criminal Intelligence Commission, the Australian Transaction Reports and Analysis Centre, and the Commonwealth Director of Public Prosecutions, bringing together a range of Federal, State and Territory agencies and international partners with distinct, but complementary powers and functions, to work collaboratively to protect Commonwealth revenue and enhance border protection.

The ITTF was structured to develop an innovative, whole-of-government strategy to combat the black economy driven by illicit tobacco, and investigates serious actors and OCGs that facilitate Australia's illicit tobacco trade. This includes targeting individuals that smuggle tobacco through all importation streams: passenger, international mail, sea cargo and air cargo as well as the domestic cultivation of illicit tobacco. The ITTF benefits from expertise sourced from a variety of disciplines including specialist investigations, target development, policy, tactical and strategic intelligence, and financial analysis. This approach has led to a comprehensive evolution in the ITTF's understanding of the illicit tobacco market, inclusive of overseas sourcing, importation, distribution, manufacturing and domestic cultivation which has seen year on year increases in undeclared tobacco detections.

In the 2019–20 financial year, the ABF seized an estimated value of \$621.45 million in evaded duty, consisting of more than 432 million cigarettes and 177 tonnes of loose leaf tobacco.



Smuggled illicit tobacco, seized by the Australian Border Force Example of concealment methods for illicit tobacco smuggling

Australia now has one of the strongest regulatory regimes for tobacco in the world. In another measure related to the Black Economy Taskforce, the Australian Government changed the way tobacco can be imported or bought into Australia in July 2019. To import tobacco products for both commercial and personal use, a permit issued by the ABF is required before the tobacco arrives in Australia. Importers must pay the relevant duty and taxes for tobacco when it arrives at the border in order to receive their goods. It is no longer possible to import tobacco and store it in licensed warehouses before paying duty and taxes.

Together, these measures target major sources of illicit tobacco entering the Australian market. They eliminate the ability for OCGs to target licensed customs warehouses, previously estimated to be the source of almost a quarter of the illicit tobacco market in Australia. Legislation was also strengthened under the *Customs Act 1901* (the Act) in order to deter OCGs and individuals planning to deal in illicit tobacco. Through Section 233BABAD, if charged with illicit tobacco offences, individuals face the potential maximum penalty for tobacco smuggling of 10 years' imprisonment and/or a fine of up to five times the amount of duty evaded.



Illicit tobacco products found at a residential address during warrant activity.

Any involvement in illicit tobacco, including the purchasing of it at the retail level, supports the black economy and is a criminal offence. Whether it is producing, importing, supplying or buying black market tobacco – it is an offence. Buyers of illicit tobacco should consider what they are buying and by making this illegal choice, understand that smuggled or counterfeit tobacco products puts money into the hands of organised criminals, rather than injecting it into the Australian economy and supporting the local community.

It is imperative that the community does not support the black market and report any suspicious activity they encounter. The ABF operates Border Watch, a program that enables industry and the community to report suspicious behaviour at our borders, and in the community, including suspected trade in illicit tobacco. Information on Border Watch, including how to make a report can be found on the ABF website at www.abf.gov.au/borderwatch.

For more information on the ITTF, visit www.abf.gov.au/about-us/taskforces/illicit-tobacco-taskforce, or for more information on tobacco more broadly, www.abf.gov.au/importing-exporting-and-manufacturing/prohibited-goods/categories/tobacco.



Australian Government

Illicit Tobacco Taskforce

Managing the risk of asbestos in imported vehicles

A reminder for personal importers, licensed customs brokers and commercial vehicle importers facilitating the supply of passenger vehicles, trucks, plant equipment and motor cycles into Australia.

The importation of asbestos in any quantity into Australia is prohibited. Australia's strict asbestos import prohibition extends to all goods, including vehicles of any type, age or value.

The ABF enforces the prohibition of asbestos under the *Customs (Prohibited Imports) Regulations 1956*, which prohibits the importation of asbestos except in very limited circumstances. The Regulations support Australia's domestic ban on the manufacture, supply, use and transport of asbestos, and reflect the Australian Government's concern about the significant threat to human health posed by friable asbestos. Australia's importation requirements include that an importer is responsible for ensuring that their goods do not contain asbestos, and further that they must address any risk of asbestos content before shipping those goods to Australia.

Compliance with asbestos import requirements at the border is in addition to complying with the import requirements administered by the Department of Infrastructure, Transport, Regional Development and Communications for a [Vehicle Import Approval](#). The [asbestos information page](#) on the ABF website provides guidance addressing asbestos in imported goods, sampling, testing and risks, and is intended to assist traders to comply with Australia's requirements. The ABF fact sheet: [Managing the risk of asbestos when importing a motor vehicle](#) provides additional guidance on this issue.

The ABF cannot provide technical advice as to where asbestos will be present in specific vehicle models, as each vehicle will be different. For older used vehicles, the risk of asbestos exists in after-market as well as original parts. An expensive and loving restoration of an older vehicle is no guarantee it is free of asbestos.



1969 Ford Mustang



Clutch plate which contained chrysotile asbestos

The risk of asbestos content does not just apply to classic cars. Graders, [forklifts](#) and other machinery, new and used, can contain components with asbestos. Importers should also consider any asbestos-related laws in the country of manufacture, and indicators such as third party suppliers of parts and a low purchase cost for new goods can indicate cheaper quality production that can heighten the risk of asbestos. Importers should do their research and make careful decisions, gathering all relevant information about the vehicle and the people that act on their behalf from the point of purchase overseas and throughout the entire supply chain to Australia.

Asbestos continues to be detected in vehicle parts at the border, even in instances where the owner has had some identified high risk parts and components removed. Efforts to remove asbestos from a vehicle prior to shipping to Australia must address all known or suspected parts and components. The removal of only components with significant quantities of asbestos is not sufficient to meet the requirements of Australia's import prohibition. Do not disregard hard-to-get-at parts with asbestos on the basis that there is little likelihood they will ever be disturbed. The ABF cannot predict how a vehicle will be used or maintained after it is cleared for home consumption. The enforcement of the import prohibition at the border targets whether asbestos is present, not the likelihood of exposure to an end-user.

Exemptions and tolerances for asbestos that are lawful in overseas countries do not apply at the Australian border. If considering the importation of a used vehicle from the USA, for example, the importer should be aware that the US Government definition of Asbestos Containing Material (ACM) means any material containing more than 1% asbestos¹. This is an important consideration when using contracted personnel to identify and remove ACM prior to shipment as they may report testing results to local US standards. There are also US Government exemptions that allow asbestos within specific goods such as gaskets, aftermarket brakes/linings, as well as friction materials².



1947 Hudson Commodore




Mastic on floor pan which contained chrysotile asbestos

Instructions provided to overseas-based personnel that undertake pre-shipment inspections, or agents on their behalf, must be carefully considered. Incomplete or flawed actions by contracted personnel do not abrogate the importer's responsibility.

Importers of vehicles suspected of containing asbestos must demonstrate to the ABF that they have undertaken every effort to ensure their vehicle does not contain asbestos prior to shipment to Australia. The ABF accepts a range of evidence to inform its assessments of imported vehicles. This includes written and photographic evidence of the work undertaken to remove the parts and components containing asbestos. Evidence should also demonstrate that any replacement parts and components used also do not contain asbestos, such as manufacturer information about their material structure. Other relevant evidence might include commercial records of the work (risk assessment, removal and replacement) undertaken overseas by asbestos professionals.

¹ [US Occupational Safety and Health Administration – Standard Number 1910.1001- Asbestos](#)

² [US Environmental Protection Agency – Risk evaluation under TSCA](#)



Licensed customs brokers, freight forwarders and commercial importers supplying to a purchaser in Australia must undertake due diligence to ensure documentation to be provided to the ABF is readable in English, genuine, and will demonstrate that the vehicle does not contain asbestos. Irregularities need to be queried with the importer or the overseas supplier, before passing on documents to the ABF. A declaration of no asbestos content signed by the importer or supplier, on its own, is not sufficient due diligence. Obtaining and evaluating relevant documentation prior to the vehicle's arrival at the border will minimise impact on cost, effort and time when the goods enter customs control. If importers have questions, they should be referred to the asbestos information page on the ABF website in the first instance.

Reporting parties lodging import declarations into the Integrated Cargo System need to adhere to their relevant obligations when answering Community Protection Questions (CPQs) that may be triggered by a declaration with asbestos risk goods. Further information is detailed within the ABF [information sheet about CPQs](#).

If an importer is unable to provide adequate assurance, the ABF can require the vehicle to undergo sampling and testing for asbestos while under customs control. The owner of the vehicle is responsible for engaging the competent person for sampling, the laboratory for testing, and for all related costs including under bond storage at a licensed depot. The ABF oversees, but does not arrange this action. The risk of asbestos in vehicles and parts is not limited to brakes, gaskets and clutches. A range of locations within imported vehicles have revealed the presence of asbestos during examination at the border. These locations include mastics in jointing, bituminous material painted onto floor pans or underbody surface areas and boot linings. Before ABF clearance will be granted, the asbestos containing parts or components must be removed by a licensed asbestos removalist, in a manner that is in line with the relevant state or territory jurisdictional work, health and safety law.

A person found unlawfully importing or exporting asbestos, or goods containing asbestos, may be subject to fines or prosecution. The Australian Government will consider the evidence available in deciding whether to prosecute an asbestos border offence. A person convicted of an offence against section 233 of the Act is punishable by a fine not exceeding 1000 penalty units (currently \$222,000 Australian dollars) or three times the value of the goods, whichever is the greater. A person convicted of an offence under section 233BAA is punishable by a fine not exceeding 1000 penalty units and/or imprisonment for up to five years. When a body corporate is found guilty of an offence against section 233, or section 233BAA, the court may impose a fine of up to 5000 penalty units (\$1,110,000 Australian dollars) or 15 times the value of the goods, whichever is the greater, through application of section 4B(3) of the *Crimes Act 1914* (Cth). When prosecution is not considered appropriate to the circumstances of the offence, the ABF may also issue fines under the Act [Infringement Notice Scheme, https://www.abf.gov.au/trade-and-goods-compliance-subsite/files/infringement-notice-scheme-guide.pdf](https://www.abf.gov.au/trade-and-goods-compliance-subsite/files/infringement-notice-scheme-guide.pdf).

Ensuring the imported goods do not contain asbestos before shipment will significantly reduce the cost impact compared to having to undertake the same action at the border, in addition to receiving a penalty for committing a border offence.



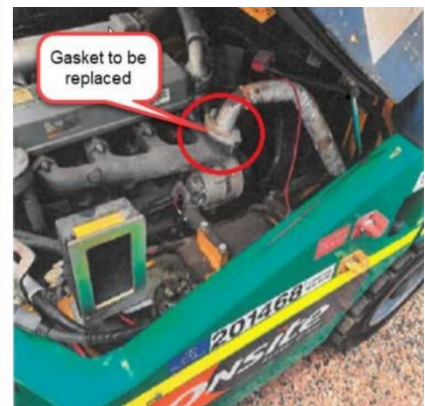
1956 Buick Century



Underbody bituminous layer which contained chrysotile asbestos



Boot - bituminous layer which contained chrysotile asbestos



Free Trade Agreements Update

After a busy year, the Pacific Agreement on Closer Economic Relations (PACER) Plus entered into force on 13 December 2020. This was the fourth FTA to enter into force in 2020. The other three agreements that entered into force in 2020 were:

- Free Trade Agreement between Australia and Hong Kong, China on 17 January 2020
- Peru-Australia Free Trade Agreement on 20 February 2020
- Indonesia-Australia Comprehensive Economic Partnership Agreement on 5 July 2020.

The Regional Comprehensive Economic Partnership (RCEP) Agreement was signed on 15 November 2020.

Pacific Agreement on Closer Economic Relations (PACER) Plus

The Pacific Agreement on Closer Economic Relations (PACER) Plus entered into force on 13 December 2020 for Australia, Cook Islands, Kiribati, New Zealand, Niue, Samoa, Solomon Islands and Tonga.

Australia's then Assistant Minister for Trade, Tourism and Investment, Keith Pitt, signed the Agreement in Nuku'alofa on 14 June 2017 alongside Cook Islands, Kiribati, Nauru, New Zealand, Niue, Samoa, Solomon Islands, Tonga and Tuvalu. Vanuatu signed PACER Plus in Apia on 7 September 2017. PACER Plus will enter into force for other Parties, namely Nauru, Tuvalu and Vanuatu, sixty days after notifying the depositary that they have completed their internal requirements. Parties have committed to progressively reducing or eliminating customs duty on originating goods. For Australia, Pacific Islands originating goods, other than alcohol, tobacco, fuel and petroleum products, are eligible for a 'Free' rate of customs duty.

To be entitled to PACER Plus preferential tariff treatment on import into Australia, goods must be 'Pacific Islands originating goods'. These are goods that meet the requirements of Division 1GA of Part VIII of the *Customs Act 1901*.

Documentary Requirements

Unless the requirement has been waived, importers must possess a valid Declaration of Origin (DOO) or a copy of this document when making a claim for preferential treatment under PACER Plus. The exporter or producer or their authorised representative must complete the DOO. The DOO must be in English, need not follow a prescribed format and can be in an electronic format. It must also contain the minimum data requirements set out in Annex 3-A of the agreement.

More information about the DOO for PACER Plus can be found in Section 9 of the Guide to the Pacific Agreement on Closer Economic Relations (PACER) Plus at the link below.

Australian Trusted Trader Origin Waiver

The ATT Trusted Trader Origin Waiver has been extended to Australia Trusted Traders for PACER Plus in accordance with ACN No 2020/49. More details on the Origin Waiver benefit for Australian Trusted Traders can be found at: <https://www.abf.gov.au/about-us/what-we-do/trustedtrader/benefits/origin-waiver-benefit>

Related guide and Australian Customs Notice

- [Guide to the Pacific Agreement on Closer Economic Relations \(PACER\) Plus](#)
- [Australian Customs Notice No. 2020/49– Entry into Force](#)
- [Australian Customs Notice No. 2020/48– Extension of Origin Waiver benefit for Australian Trusted Traders](#)

Further details on importing goods under PACER Plus can be found on the Australian Border Force PACER Plus webpage: <https://www.abf.gov.au/importing-exporting-and-manufacturing/free-trade-agreements/pacer-plus>

Further details of other benefits of the PACER Plus can be found on the Department of Foreign Affairs and Trade PACER Plus webpage: <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/pacer/pacific-agreement-on-closer-economic-relations-pacer-plus>

Signing of the Regional Comprehensive Economic Partnership (RCEP)

The Prime Minister announced the signing of the Regional Comprehensive Economic Partnership (RCEP) Agreement on 15 November 2020. RCEP is a regional trade agreement between Australia and the ten ASEAN Member States, China, Japan Korea and New Zealand. The ten ASEAN Member State are Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

The text of the agreement, RCEP outcome documents and the next steps to be taken by the Australian Government can be found on the Department of Foreign Affairs and Trade website at: <https://www.dfat.gov.au/trade/agreements/not-yet-in-force/rcep>

The Prime Minister's media release can be found here: <https://www.pm.gov.au/media/regional-trade-deal-boost-export-opportunities-aussie-farmers-and-businesses>

Trade Compliance News

The risks of 'broker shopping'

Has your new client been broker shopping? Are they fishing for a lower rate of duty or GST?

A licensed customs broker recently contacted the ABF with concerns that one of their clients could attempt to 'broker shop'. These concerns were raised because they took their due diligence seriously, and advising the client on the correct classification of a new commodity that included a significant amount of dumping duties would be applicable. The importer then voiced their dissatisfaction with the amount payable, even verbally abusing and threatening the licensed customs broker, and then demanded that the declaration be withdrawn and that they would no longer be doing business with them.

The ABF investigated the allegations and identified that the importer had found another licensed customs broker to lodge a declaration for the same goods, also supplying false documents to attempt to clear the goods under a different tariff classification that did not attract dumping duties. This is a serious offence that can attract sanctions through prosecution or the Infringement Notice Scheme (INS), and can result in imprisonment or large fines. Licensed customs brokers who knowingly misreport goods also risk sanctions under the INS, prosecution and they may also face the loss of their customs broker licence.

Industry members are asked to remain vigilant, exercise due diligence and be aware of risk factors that may indicate that a potential client is attempting to 'broker shop'. Risk indicators include: new clients who demand that goods are classified in a certain way, perhaps to avoid higher duty or tax rates; clients who fail to, or are reluctant to provide adequate illustrative descriptive material (IDM); and/or clients who provide documents that appear to not be legitimate or show signs of alteration. Please report any concerns to the ABF via abf.gov.au/borderwatch.

Errors caused by automatic software application of FTA preference

ABF officers recently initiated a project to identify and target instances of incorrect claims for preference under free trade agreements. Officers identified that a leading third party software provider had a 'time saving' feature that automatically assigned the country of origin preference to import declaration lines based on information contained in the declaration header. For example, when the software noted that a consignment had an origin of China it automatically assigned ChAFTA preference against all the lines. Correct reporting required the software user (usually a licensed customs broker or compiler) to consciously modify each line to attribute a different origin preference where required.

This automatic process can result in incorrect declarations if the user does not pay close attention and check and modify the lines individually in accordance with accurate information on the origin of the goods.

The project involved the assessment of declarations from 11 different brokerages that use the software. They were contacted using a voluntary process that encouraged compliance through pro-active cooperation and education. As a result of this exercise, 370 amendments were made to remedy incorrectly claimed preferences, and \$23,561.02 in additional short paid duty and \$4,567.93 in GST was paid.

The software proprietor has been contacted and requested to explore implementing a 'pop up reminder message' to users to alert them to the risk of the automatic fill function. The ABF Trade Compliance team is now conducting real-time monitoring of transactions claiming free trade agreement preference to mitigate the ongoing risk of incorrect country preference claims.

Licensed customs brokers are encouraged to familiarise themselves with the operating procedures of their third party software to avoid errors caused by relying on automatic software prefills, which can result in errors and possibly lead to penalty action.

ABF takes action on the incorrect reporting of split consignments

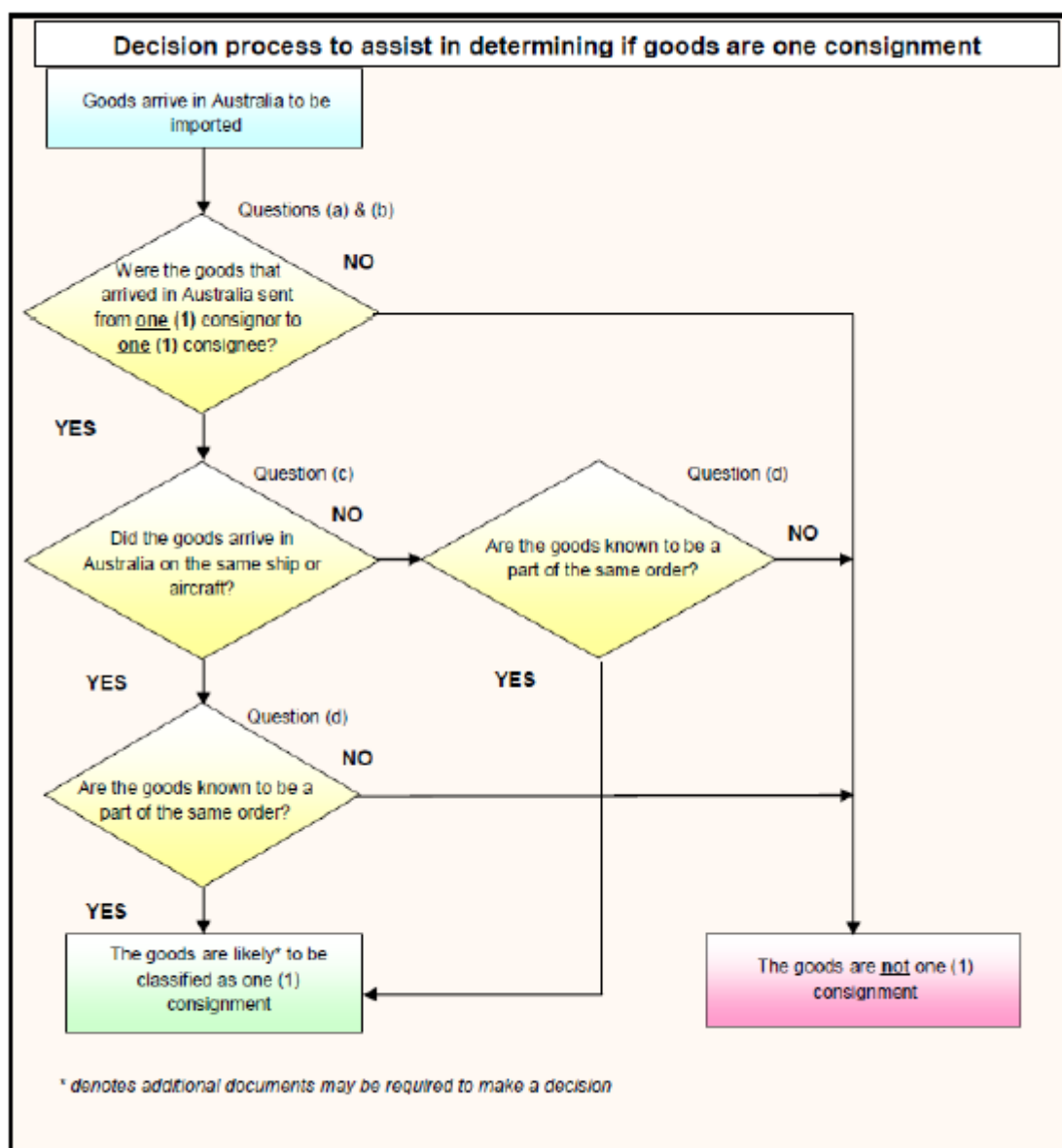
A recent pre-clearance intervention activity found that an importer was split-shipping their orders and not reporting them correctly. As a result, ABF officers conducted further analysis and identified an increased trend in importers splitting their consignments. The fundamental factor when determining whether a consignment is regarded as a single consignment for reporting purposes is whether the goods are from one (1) consignor to one (1) consignee. With this in mind, the following questions and flow chart can help importers and cargo reporters to determine how the goods should be reported:

- (a) are the arriving goods from the same consignor (regardless of date of shipment); and
- (b) are the arriving goods for one (1) consignee; and
- (c) did the goods arrive in Australia on the same ship/aircraft; and
- (d) are the goods known to be part of the same order?
 - If the answer to questions (a) and (b) is 'no', then the goods do not constitute one (1) consignment.
 - If the answer to questions (a) and (b) above is 'yes' but the answer to question (c) is 'no', then the goods may be part of the same order, and the bulk-order by-law may apply.
 - If the answer to questions (a), (b) and (c) above is 'yes' but the answer to question (d) is 'no', the goods do not constitute one (1) consignment.
 - If the answer to all four questions above is 'yes', then the goods constitute one (1) consignment.

When an importer has a business model that involves the arrival of multiple consignments from the same supplier within a few days of each other that are part of the same order, the ABF has initially been working with the licensed customs brokers to address the matter and provide education. Officers have recently reviewed and encouraged the voluntary amending of past importations that have been incorrectly lodged as Self Assessed Clearances (SACs). Officers have also been providing fact sheets and information on what constitutes a "consignment" to educate importers and cargo reporters of their obligations under the Act.

While the ABF understands that in recent times there have been significant changes in the demand and supply of goods due to the effects of the global pandemic, the deliberate structuring of orders and/or splitting of goods in order to circumvent the SAC threshold (\$1,000 AUD) and avoid payment of relevant duties and GST is taken seriously. Incorrect reporting of this nature may result in breaches of s.243T of the Act and can attract penalties of up to \$13,320 per offence.

Cargo reporters are reminded to take particular care, particularly when reporting SAC consignments for commercial entities. Many of the discrepancies found recently were for textile and clothing importers. The ABF thanks those industry members who are being proactive and have brought some of these examples to our attention.



For general Customs Trade Compliance queries please contact goodscompliance@abf.gov.au.
Please note that the Goods Compliance mailbox is not for requests relating to the clearance of goods.

Border Watch Reminder



BORDER WATCH

Help protect Australia's border

Did you know you can report a suspected trade compliance issue to Border Watch?

You can use your commercial expertise to help ABF protect Australia's border by reporting suspicious import details and behaviours to Border Watch.

What can I report?

Suspicious import details

- Vague goods descriptions
- Declared values that appear to have been altered
- Commercial documents received from an unusual source
- A consignment that has been split to evade the \$1,000 entry threshold
- Consignments sent on a door-to-door basis for Delivery Duty Paid with an attached 'pro-forma' invoice

Suspicious behaviours

- Has the importer or client's behaviour recently changed?
- Is the importer or client insistent on the use of a tariff or exemption code that isn't applicable?
- Has the importer advised they will take their business elsewhere when you advise them of tariffs or dumping duties?
- Have you been asked to use a Free Trade Agreement and have concerns that the requirements have not been met?
- Is the importer providing only 'pro-forma' invoices that are not accepted as valid by the ABF?
- Is the importer or client reluctant to provide evidence of how the goods were paid for?
- Is the importer or client reluctant to show exactly what the goods are?
- Has the importer or client asked for unusual amendments that result in a duty/GST refund after the goods have been delivered?
- Has the importer requested re-export or transshipment once the consignment has been held at the border?

How do I make a report?

If it doesn't seem right, report it to **Border Watch**. Visit abf.gov.au/borderwatch.

Help protect Australia's border

Border Watch is a Department of Home Affairs and ABF program that allows members of the community and industry to provide information about suspicious border related activities.

Become a Border Watch member

As industry members working as part of Australia's trading community, you and your staff know what looks and sounds unusual.

We encourage any company that operates in the international trade or transport sectors to join the Border Watch industry program. Border Watch is free to join.

As a member, you can:

- Receive a free presentation
- Receive free resources to help you identify suspicious activity.
- Access a dedicated 24/7 industry allegation hotline.

More info:

www.abf.gov.au/borderwatch

Australian Trusted Trader Update

Program update

By mid-November 2020, 780 Australian businesses had been accredited as Trusted Traders, with a further 330 progressing towards accreditation. In total, more than 1100 businesses are actively engaged in the program. Trusted Trader accreditation is open to Australian businesses that can demonstrate a secure international supply chain and sound trade compliance practices.

With the COVID-19 global pandemic having an on-going impact on trade, the ABF is working with Trusted Traders to reduce business costs and to develop a genuine partnership with the Federal Government. This takes the form of various benefits to Trusted Traders, involvement in forums such as the Industry Advisory Group and events including the Australian Trusted Trader Symposium.

Validations and Revalidations

Both validations of ATT applicants and revalidations of accredited entities provide assurance to the Australian Government and industry that Trusted Traders maintain secure, and compliant supply chains.

Due to Government health restrictions many validations and revalidations were postponed in 2020. Validations and revalidations have recently resumed in some parts of Australia. To maintain a safe environment for industry and ABF officers, validation process changes have been implemented to meet COVID safe guidelines.

In the spotlight – Australian Trusted Trader Symposium 2020

The Australian Border Force hosted the annual Australian Trusted Trader Symposium on Thursday 5 November. There were more than 500 participants and 67,504 minutes of live stream viewing on the symposium website.

This year's symposium was delivered virtually for the first time, and demonstrates the Government's commitment to maintaining an important dialogue with businesses throughout a year of hardship and uncertainty.

In a virtual address from Parliament House, Assistant Minister for Customs, Community Safety and Multicultural Affairs, Jason Wood, announced two new benefits for Trusted Traders, and reflected on the role the ATT program would play in the road to recovery from the COVID-19 pandemic. In his address Minister Wood commented:

"As we grapple with the health and economic challenges surrounding the COVID-19 pandemic, Australia's prosperity relies on how quickly and easily businesses can trade internationally. Australian Trusted Trader is your toolkit for recovery."

Symposium participants also heard from Trusted Traders on their experience with the program.

Jerry and Tim Tyrrell founded their business, 'Survival', 30 years ago after a personal tragedy and began with the production of a first aid emergency handbook. The company has since developed a full range of pioneering first aid products.

'I wish we'd known about Trusted Trader sooner. I can't even begin to say how much easier it is to import in to Australia now that we are a Trusted Trader. I can imagine there are a thousands of Australian companies with good ideas that can take advantage of being a Trusted Trader.' Jerry Tyrrell said.

The Trusted Traders were asked 'what has been the key benefit for your businesses?'

Chris Jackson from Ikea explained that, 'the symposium and other events like this provides us access to a network of trusted traders. It's a great benefit and I would definitely recommend it to any importer out there.'

Christian Harders from Henning Harders explained that in this market 'you have to be efficient, you have to be competitive. If you import or export, or you have contact with the border then you need to be a Trusted Trader.'

Tim and Jerry Tyrrell from Survival acknowledged the benefit of partnering with the Government at the border.

'We are a small business, I'm in a partnership with my brother. And now we are partnering with the Government to grow our business. For a small business like ours, it has been absolutely fantastic to have the Australian Border Force with us.' Tim said.

Introduction of new benefits for Trusted Traders

Periodic payment benefit

As part of the Federal Budget 2020-21 announcement and the Simplified Trade System Budget measures, businesses who are part of the Australian Trusted Trader program will be able to improve cash flows and reduce delays in moving goods.

From mid-2021, the periodic payment benefit will allow eligible Trusted Traders to pay import fees and charges on a monthly rather than transactional basis. It will affect the following charges: Import Processing Charge, Wine Equalisation Tax, Luxury Car Tax, Agriculture Processing Charge and the Wood Levy.

The periodic payment benefit extends the duty deferral benefit introduced to the program in 2018, with a single monthly payment.

Expansion of the origin waiver benefit

The Australian Border Force has expanded the Australian Trusted Trader (ATT) Origin Waiver benefit with four additional trade agreements:

- Australia-Hong Kong Free Trade Agreement (AHKFTA) for importations after 17 January 2020
- Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA) for importations after 11 February 2020
- Peru-Australia Free Trade Agreement (PAFTA) for importations after 5 July 2020, and
- Comprehensive and Progressive Agreement for Trans-Pacific Partnership for importations after 5 November 2020.

Trusted Trader importers will no longer be required to obtain or present origin certification documents, in order to claim preferential rates of duty under those Free Trade Agreements.

For more information please see [Australian Customs Notice No.2020/43](#)

In order to access the benefits of the program you must be an accredited Trusted Trader. Businesses who are not yet accredited Trusted Traders are encouraged to apply by visiting www.abf.gov.au/trustedtrader. The Trusted Trader team can be contacted by email at: TrustedTrader@abf.gov.au or by calling 1300 319 024.

Customs Licensing Update

Licensing Statistics

Licence Type	Number
Nominee Customs Broker	1668
Sole Trader Customs Broker	15
Corporate Customs Brokerage	452
S77G - Depot	440
S79 – Warehouse (ABF)	169
S79 – Warehouse (ATO)	312

Note: Licensing figures as at 16 November 2020

Customs Brokers

Customs Broker Licensing Continuing Professional Development Audits

As outlined in the October 2020 edition of the Goods Compliance Update, all individually licensed customs brokers were assessed as part of the 2019/20 Continuing Professional Development (CPD) audit. This audit resulted in 32 customs brokers being referred to the National Customs Brokers Licensing Advisory Committee (NCBLAC) for investigation and report for failing to meet their CPD obligations. Prior to NCBLAC conducting their investigation 4 customs brokers surrendered their customs broker licence.

In undertaking its investigation, NCBLAC took into account the impact of the COVID-19 pandemic, coupled in some cases with the effects of the drought and bushfires. Whilst there were no face-to-face CPD events cancelled in the 2019/2020 CPD year it became evident during the interviews that many customs brokers wait until late in the CPD year to complete their points. This is mainly put down to the fact that they prefer to complete all the required points in one or two days and that some CPD providers do not have sufficient CPD activities available online until late in the CPD year.

The impacts of the pandemic began affecting the industry during the first quarter of 2020 and hence customs brokers, particularly those that run their own business or are in management, were impacted with other business pressures. NCBLAC took this factor into account in making its suggestions to those interviewed that they undertake their required CPD activities spread throughout the year to avoid similar issues in the future.

NCBLAC noted its appreciation of the efforts made by the industry associations, particularly the International Forwarders and Customs Brokers Association of Australia (IFCBAA) and the Freight and Trade Alliance (FTA), to provide information concerning their records of CPD compliance. NCBLAC also appreciated the steps taken by the industry associations to re-open online courses from the 2019/2020 CPD year to assist some of the non-compliant brokers make up the shortfall of points for that year.

After considering NCBLAC's investigation report and all supporting documentation a Delegate of the Comptroller-General of Customs (Comptroller-General) revoked one customs brokers licence; the remaining 27 customs brokers, 16 of which also received a formal reprimand, are required to complete any missed CPD points from the 2019/20 CPD year, along with their obligations for the 2020/21 CPD year, by 31 March 2021. Customs brokers who fail to meet these requirements will have their licence cancelled without an additional referral to NCBLAC.

Customs Licensing – Depots & Warehouses

2020-21 Licence Renewals

The 2020-21 licence renewal period for customs depots and warehouses has been completed. This renewal period, there were two customs depot licences who failed to pay the renewal fee within the prescribed period of 90 days after the fee was due to be paid. Subsequently, the depot licences expired after the period lapsed. One warehouse licence was also suspended and cancelled for failing to pay the renewal fee in a timely manner.

Licence holders are reminded to be aware and across their licence obligations which were updated in 2019. The relevant Notice can be found on our website or can be accessed here: <https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2019-27.pdf> .



Customs Compliance Reminders

ICS Contact details

All ICS clients should now review their contact details recorded in ICS to ensure they are accurate and up to date. This includes importers, exporters, licensed customs brokers, freight forwarders, licensed s77G depots, s79 warehouse operators and cargo terminal operators. Incorrect or missing details may cause delays in cargo clearance if clients are unable to be contacted in a timely manner.

Export declaration reporting - incorrect reporting of FOB value and gross weight

The Compliance Monitoring Program (CMP) provides a level of assurance about industry compliance with Customs related law, the accuracy and standard of import and export declarations, and the accuracy and standard of associated sea or air cargo reports.

The error rate for FOB value in exports is currently 30.53%. This is largely due to calculations of FOB values which are misrepresented through reporting in AUD and not the currency on the commercial invoice. The export value should be expressed in the currency used in the invoice, and that currency then specified in the export declaration.

Gross weight declaration errors account for 16% of the current overall export error rate. These errors are largely attributed to misrepresentation of nett weight as gross weight and insufficient information at the time of export.

All export declarations must be complete and accurate when lodged prior to the exportation of the goods. Some exporters however, may not be able to obtain certain details when an export declaration is lodged. In some cases, an exporter may not accurately know information such as value, weight and quantity until the goods have arrived at the port of destination. Such exporters should consider applying to ABF to become what is known as a 'confirming exporter'.

For further information about confirming exporters and applications for confirming exporter status visit:

<https://www.abf.gov.au/help-and-support-subsite/CustomsNotices/2017-17.pdf>

<https://www.abf.gov.au/form-listing/forms/b111.pdf>

Correct reporting of LCL consignments

During the past year there has been a marked increase in the number of e-commerce consignments arriving through the sea freight environment. As a result the ABF has seen a significant increase in the number of LCL consignments (often referred to as micro LCLs) not reported or out turned correctly in the Integrated Cargo System (ICS). This presents a problem at the Australian border for a number of reasons, the least of which is the ABF's reduced ability to risk assess cargo in line with community standards and expectations.

All LCL consignments (no matter how small) must be correctly reported in the ICS, deconsolidated and out-turned accordingly at a s77G depot. The ABF uses the ICS to conduct regular audits of licensed customs brokers, freight forwarders, reporting parties and s77G depots to ensure compliance and, most importantly, to retain visibility of cargo as it moves through the supply chain. The failure to report cargo correctly and other instances of non-compliance may result in the application of the INS. Some examples include the failure to report cargo under s64AB(10), the failure to outturn cargo under s64ABAA(9), and the breach of conditions of a depot licence under s77R(1) of the Act.

The ABF is committed to working with Industry to ensure their practices remain compliant with Customs legislation. Please take the time to re-familiarise yourself with your obligations under the Act. You will find a number of resources and guides available on our website:

[https://www.abf.gov.au/help-and-support/ics/integrated-cargo-system-\(ics\)/resources-and-guides/manuals#](https://www.abf.gov.au/help-and-support/ics/integrated-cargo-system-(ics)/resources-and-guides/manuals#).



Compliance program results 1 July 2020-30 September 2020



Note: Statistics were accurate at the time of extraction on 16 November 2020. As data has been drawn from a dynamic source, figures provided may differ slightly in previous or future reporting.

Infringement Notice Scheme

Table 1 - Infringement Notice Scheme offences

Offence	Description
33(1)	Moving, altering or interfering with goods subject to Customs control without authority (intentional)
33(2)	Moving, altering or interfering with goods subject to Customs control without authority
33(3)	Moving, altering or interfering with goods subject to Customs control without authority (by an employee)
33(6)	Directs another person to move, alter or interfering with goods subject to Customs control without authority
36(1-7)	Failure to keep goods safely or failure to account for goods
64(13)	Failure to meet reporting requirements for the impending arrival of a ship or aircraft
64AB(10)	Failure to meet reporting requirements for the report of cargo
64ABAA(9)	Failure to meet reporting requirements for outturn reports
64ACD(2)	Failure to report on passengers and crew
77R(1)	Breach of conditions of depot licence
112(2B)	Prohibited exports
113(1)	Failure to enter goods for export and loading/exporting without authority to deal
115(1)	Goods taken on board without authority to deal

Offence	Description
116(2)	Failure to withdraw or amend export declarations when necessary
233(1)(b)	Prohibited imports
233(1)(c)	Prohibited exports
233(1)(d)	Possession of prohibited imports or prohibited exports
240(1)	Failure to keep commercial documents
243SB	Failure to produce documents or records
243T(1)	False or misleading statements resulting in a loss of duty
243U(1)	False or misleading statements not resulting in a loss of duty
243V(1)	False or misleading statements in cargo reports or outturn reports

Figure 1 - Number of Infringement Notice Scheme offences 1 July 2020 - 30 September 2020

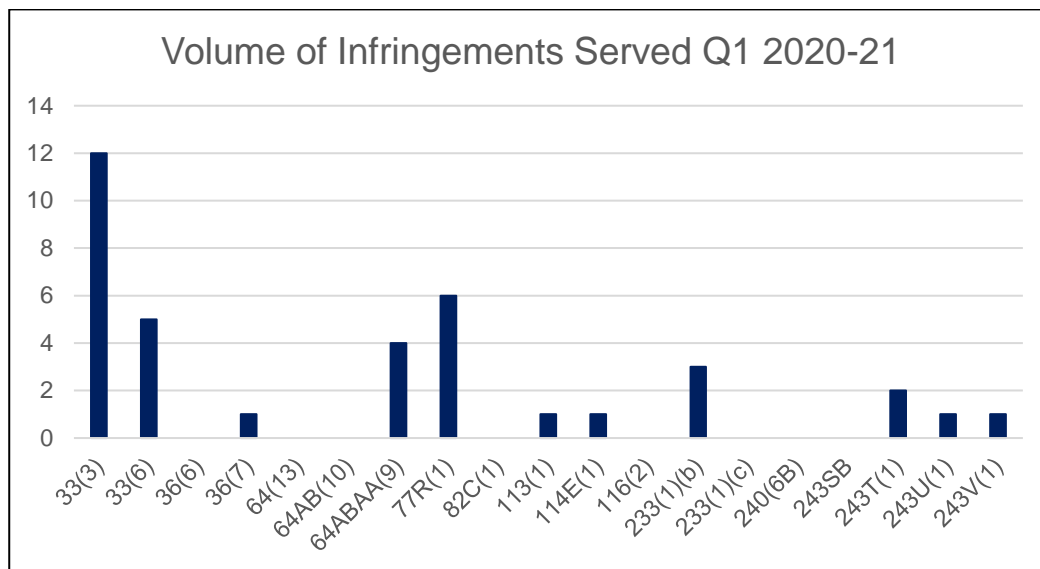
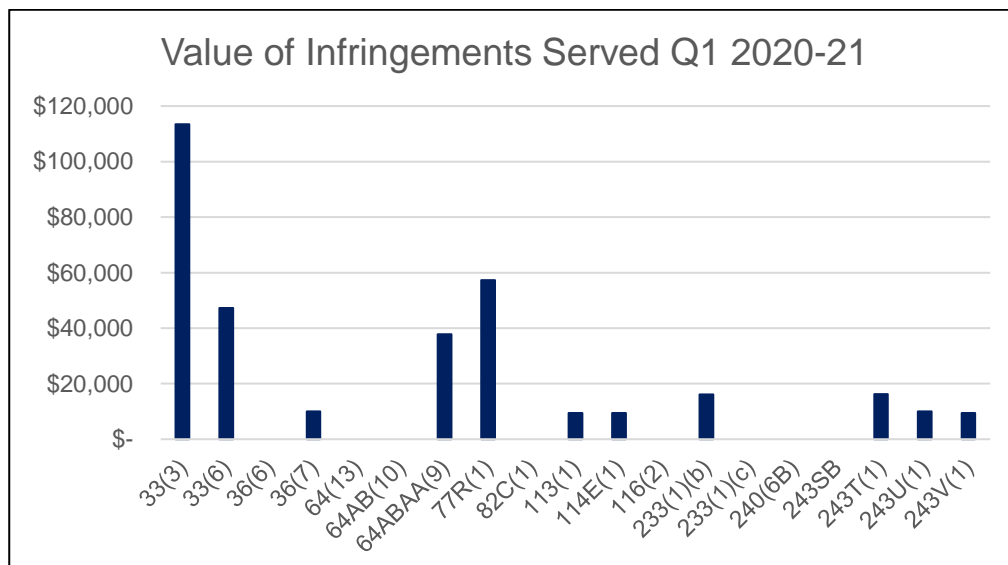


Figure 2 - Value of Infringement Notice Scheme offences 1 July 2020 - 30 September 2020



Revenue understatements – General

Table 2 - Value of revenue understatements identified from Investigations and Compliance activities (Australian Dollars)

Activity	Financial year 2019-2020	1 July 2019-30 September 2019	1 July 2020-30 September 2020
Post Transaction Verification	\$38,597,972.99	\$4,630,434.05	\$41,872,934.53
Pre-Clearance Intervention	\$15,922,188.91	\$3,683,709.36	\$3,308,026.96
General Monitoring Program	\$1,467,495.32	\$599,775.96	\$19,242.24
Voluntary Disclosures	\$40,853,168.25	\$10,425,765.34	\$18,104,812.09
Refused Refunds	\$32,882,214.26	\$1,654,178.77	\$961,667.58

Revenue understatements – Trade remedies

During the period July to September 2020, Trade Compliance officers undertook 24 targeted activities to ensure a level playing field in relation to the enforcement of trade remedy measures for:

- Aluminium extrusions;
- Hollow Structural Sections (HSS);
- Steel pallet racking; and
- A4 copy paper.

Table 3 - Value of revenue understatements identified from trade remedies investigations and compliance activities (Australian Dollars)

Trade remedies understatements identified	Financial year 2019-2020	1 July 2020 – 30 September 2020 (20-21 YTD)
Customs duty	\$347,317.72	\$2,308.41
Dumping duty	\$6,948,130.03	\$646,039.28
Countervailing duty	\$2,018,723.47	\$86,144.93
GST	\$1,077,336.56	\$234,643.58

Note: The apparent reduction in dumping and countervailing outcomes can be attributed to several factors but particularly to the success of ABF operations conducted in the previous financial years, which targeted deliberate evasion of dumping measures on aluminium extrusions. Many of those entities demonstrated 'phoenix behaviour' and some ultimately left the industry.

Duty Refunds

Table 5 - Administration of Refunds

Description	Financial year 2019-2020	1 July 2019-30 September 2019	1 July 2020-30 September 2020 (20-21 YTD)
Number of refunds lodged	120,077	30,758	27,902
Number of approved refunds	117,782	31,148	28,324
Value of approved refunds	\$260,945,917.01	\$51,044,066.75	\$76,244,678.45
Value of refunds claimed	\$323,729,248.13	\$65,169,666.39	\$80,782,004.22
Number of refunds rejected (non-compliant)	707	145	172
Value of refunds rejected (non-compliant)	\$32,882,214.26	\$1,654,178.77	\$961,876.79

Note: The approved refunds figures include claims lodged in past periods.

Duty Drawbacks

Table 6 - Administration of Duty Drawbacks (number)

Description	Financial year 2019-2020	1 July 2019-30 September 2019	1 July 2020 – 30 September 2020 (20-21 YTD)
Drawbacks Lodged	2,559	685	590
Total Drawbacks Paid	2,457	703	547
Drawbacks Rejected	72	10	14
Drawbacks Cancelled	22	10	41

Table 6b - Administration of Duty Drawbacks (value in Australian dollars)

Description	Financial year 2019-2020	1 July 2019-30 September 2019	1 July 2020 – 30 September 2020 (20-21 YTD)
Drawbacks Lodged	\$572,953,666.84	\$112,788,651.72	\$196,595,742.11
Total Drawbacks Paid	\$390,445,295.82	\$111,075,195.61	\$141,722,344.44
Drawbacks Rejected	\$42,252,251.70	\$29,020.75	\$29,405,815.46
Drawbacks Cancelled	\$246,064.39	\$203,524.64	\$29,081,940.82

Note: The drawbacks paid figure is sometimes significantly different than that lodged for a period due to claims lodged towards the end of a period being processed in the next period.

The significant increase in cancelled claims from 1 July 2020 – 30 September 2020 can be attributed to alcohol specific drawback claims and publication of ACN2019-41 Evidentiary Requirements for Duty Drawback Claims (Method C). The claimants notified ABF to withdraw due to their inability to provide sufficient evidence as per the ACN.

The ABF can only approve duty drawback claims where it is satisfied that, among other requirements, import duty was paid on the goods subject to a drawback claim.

Compliance Monitoring Program

The Compliance Monitoring Program (CMP) monitors the accuracy and quality of import and export declarations and cargo reports to assess overall levels of industry compliance.

Import declarations

Table 7 - CMP import declaration results

Description	Financial year 2019-2020	1 July 2019-30 September 2019	1 July 2020 – 30 September 2020 (20-21 YTD)
No. of Lines Checked	6,175	1,282	1,806
No. of Lines Detected to Have Error/s	1,689	415	301
Error Rate	27%	32%	16.67%
No. of Detections	2,453	627	372

Table 8 - Most common errors on import declaration lines (CMP)

Description	Financial year 2019-2020	Financial year 2020-2021 YTD
Incorrect Delivery Address	347	34
Tariff Classification	274	26
Val - Price (Invoice Total)	195	18
Val - Invoice Terms	177	35
Gross Weight	115	13
Origin	81	12
Val - Related Transaction	80	24

Export declarations

Table 9 - CMP export declaration results

Description	Financial year 2019-2020	1 July 2019-30 September 2019	1 July 2020 – 30 September 2020 (20-21 YTD)
No. of Lines Checked	481	131	337
No. of Lines Detected to Have Error/s	235	79	104
Error Rate	49%	60%	31%
No. of Detections	467	156	165

Table 10 - Most common errors on export declarations (CMP)

Description	Financial year 2019-2020	Financial year 2020-21 YTD
FOB Value	136	50
Gross Weight	92	27
AHECC - Misclassification	48	17
Consignee City	24	9
Net Quantity	36	16
Origin	31	10
AHECC - Multi-Lines	24	9
Consignee Name	16	4
Other Export Data Inaccuracy	26	10

Cargo reporting

Table 11 - CMP cargo report results

Description	Financial year 2019-2020	1 July 2019-30 September 2019	1 July 2020 – 30 September 2020 (20-21 YTD)
No. of Lines Checked	6,175	1,282	1,806
No. of Lines Detected to Have Error/s	187	73	27
Error Rate	3.03%	6%	1.50%
No. of Detections	215	83	28

Table 12 - Most common errors on cargo reports (CMP)

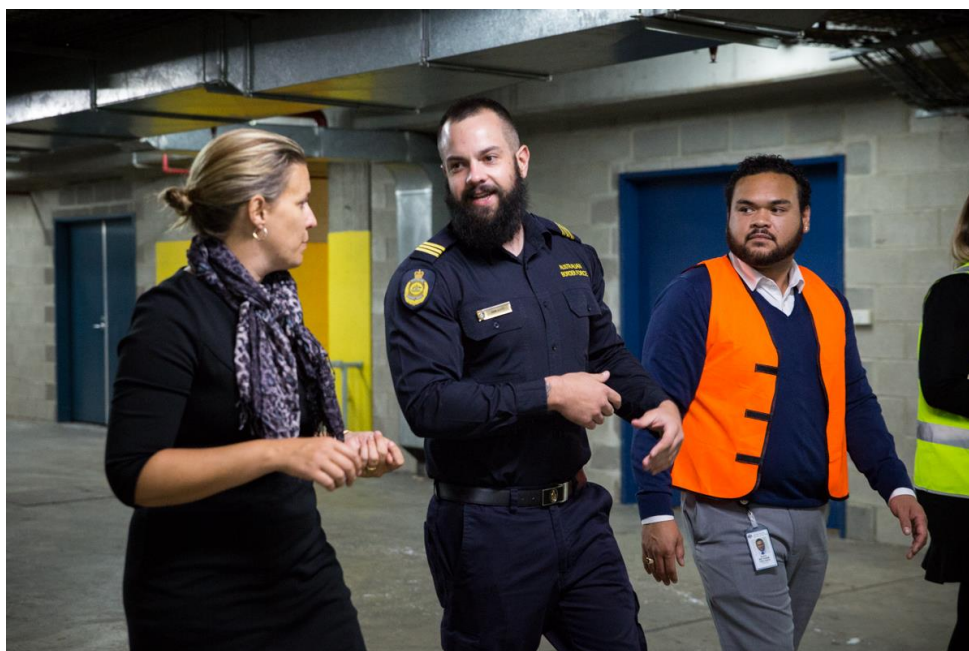
Description	Financial year 19-20	Financial year 20-21 YTD
Gross Weight	77	3
Consignee Incorrect	65	4
Consignor Incorrect	32	3
Goods Description	22	1
Declared Value	16	3
Origin Port of Loading	3	5
Cargo Report Data Inaccuracy (Other)	34	9

Australian Customs Notices and Industry Guidance

Australian Customs Notices

The following table contains the ACNs that have been issued this year to date. Any numbers missing from the table below (such as 2020-38 to 40) refer to customs broker license application notices. The full list and details can be found here: <https://www.abf.gov.au/help-and-support/notices/australian-customs-notices#>

Number	Title
2021-03	Renewal of customs broker licences
2021-01	Definition of 'consignment' for purposes of section 68 of the Customs Act 1901
2020-54	Scheduled Reduction of Preferential Rates of Customs Duty
2020-53	Extension of Concessional Rate of Customs Duty on COVID-19 Medical and Hygiene Products
2020-52	Implementation of the Recycling and Waste Reduction Act 2020
2020-51	Repeal of the export control on goods essential to controlling and preventing the spread of COVID-19
2020-49	Pacific Agreement on Closer Economic Relations Plus – Entry into Force
2020-48	Expansion of Origin Waiver benefit for Australian Trusted Traders
2020-47	Arrangement for goods imported under the Singapore-Australia Free Trade Agreement
2020-44	Customs Duty Drawback – Tobacco and tobacco products
2020-43	Extension of Origin Waiver benefit for Australian Trusted Traders
2020-41	Request to load and remove goods other than cargo



Around the Regions

Western Australia - Aviation Operations Mobile Deployment Team

In the midst of the COVID pandemic the Australian Border Force (ABF), Western Australia Air Cargo teams have been working hard to support and build industry engagement with relevant stake holders. A prime example of this was the recent completion of the newly combined TNT-FEDEX international cargo distribution station located on Rutland Ave Welshpool, WA. This project required a high level of collaboration between both the ABF and TNT-FEDEX to ensure the desired outcomes were achieved in a timely manner. This close collaborative approach minimised impact to the legitimate flow of air cargo goods via this CAPEC member across the border and into domestic consumption.

Frequent on site meetings and telecommunications provided both parties with opportunities to resolve any concerns that occurred during the transition period. The frequent communication enabled the smooth installation of ABF assets such as the cabinet X-ray machine and the adherence to Customs Depot and Warehouse Licence obligations during construction. TNT- FEDEX provided ABF operational air cargo officers with a comprehensive officer induction and depot familiarisation session to ensure all stakeholders were fully aware of their WHS responsibilities. The ABF understand that positive industry engagement is critical to the success of protecting the community whilst facilitating legitimate trade and maintaining open lines of communication being particularly conscious of the ever-changing pandemic working environment. We have appreciated the ongoing assistance and engagement with industry and look forward to continue working with these critical stakeholders into the future.



Cabinet X-Ray machine installed at the new international cargo distribution station in Welshpool, WA

In the news

September 2020

“Ice” found in ice-cream making machine

ABF officers stopped 30kg of methamphetamine, or ice, being smuggled into Australia in an ice-cream making machine. A sea cargo container from Mexico was examined at the Sydney Container Examination Facility (CEF). After anomalies were detected, the container was opened and a pallet containing a machine used to make ice-cream was removed. The consignment was inspected by ABF detector dogs which gave a positive reaction. Further examination of the machine revealed a white crystalline substance hidden behind white foam insulation, in the metal frames of the machine. The substance was tested and returned a presumptive positive result for methamphetamine. A total of 30kgs of the methamphetamine was found inside the machine, which has an estimated potential street value of more than \$22 million dollars. More details can be found here: <https://newsroom.abf.gov.au/channels/NEWS/releases/-ice-found-in-ice-cream-making-machine>



October 2020

Successful Illicit Tobacco Taskforce operation leads to three year prison sentence

A 48-year-old Victorian woman has been sentenced to three years in prison for her part in the large scale supply, distribution and sale of imported and domestically manufactured illicit cigarettes and tobacco products across multiple Australian states. The arrest was made on 22 October 2019 after ABF officers from the ITTF with the assistance of Victoria Police, executed warrants at a number of residential and commercial premises. During the operation a significant amount of illicit tobacco was located and seized.

The total duty evaded relating to the illicit tobacco seized as a result of this operation was calculated at \$3,596,038.99. The sale of illicit tobacco significantly deprives the community and legitimate businesses of income, and places the money in the hands of criminal organisations. More details can be found here: <https://newsroom.abf.gov.au/channels/NEWS/releases/successful-illicit-tobacco-taskforce-operation-leads-to-three-year-prison-sentence>

November 2020

Man arrested for importing child-like sex doll

A 26 year-old man has been arrested following the execution of *Customs Act* search and seizure warrants by ABF Investigators and NSW Police at an address in Ultimo. The investigation began after ABF officers detected and seized a child-like sex doll at the Sydney Gateway Facility mail centre on 26 October 2020. The detection was referred to ABF investigators. During the execution of the warrants on 17 November 2020, officers located and seized a number of electronic devices and another child-like sex doll.

The maximum penalty of importing child-like sex dolls is up to 10 years' imprisonment and/or fines of up to \$555,000. The Criminal Code offence of possession of child-like sex doll attracts a maximum penalty of 15 years imprisonment. More information is available here: <https://newsroom.abf.gov.au/channels/NEWS/releases/man-arrested-for-importing-child-like-sex-doll>

ABF blockchain trial with Singapore

The ABF is developing solutions to make cross border trade simpler and paperless for Australian businesses, in line with the bilateral *Australia-Singapore Digital Economy Agreement and the whole-of-government Simplified Trade Agenda*. The ABF-developed Intergovernmental Ledger (IGL) is a verifiable credentials platform, built on block-chain technology, which provides a 'proof of issuer' identity that is used to authenticate trade documents. ABF conducted a proof-of-concept trial on the IGL in December 2020 by authenticating Certificates of Origin (COO) through embedding a unique QR code on each document. The document was verified by scanning with a mobile camera or through the IGL Portal. The Australian Chamber of Commerce and Industry, Australian Industry Group, as well as business and financial institutions in Singapore, including Rio Tinto, ANZ, Standard Chartered and DBS Bank, took part in the trial. The ABF is currently preparing an evaluation report on the trial which will inform our initiative on paperless trading with the objective of reducing trade administrative costs and increasing trade efficiency. More information is available here: <https://newsroom.abf.gov.au/channels/NEWS/releases/abf-blockchain-trial-with-singapore>

Next Issue and Contact

If you have any comments or queries on this issue or would like to see a particular topic covered in the next issue of Goods Compliance Update, please email goodscompliance@abf.gov.au, attention GCU editor, by 5 March 2021.

If you would like to contact ABF industry engagement in regards to an event or other engagement opportunity they can be contacted at industry.engagement@abf.gov.au.

Glossary

ABF	Australian Border Force
ACM	Asbestos Containing Material
ACN	Australian Customs Notice
AHKFTA	Australia-Hong Kong Free Trade Agreement
APM	Australian Police Medal
APVMA	Australian Pesticides and Veterinary Medicines Authority
ATO	Australian Taxation Office
ATT	Australian Trusted Trader
ChAFTA	China Australia Free Trade Agreement
COAG	Council of Australian Governments
COO	Certificate of Origin
CMP	Compliance Monitoring Program
CPD	Continuing Professional Development
CPQ	Community Protection Questions
DFAT	Department of Foreign Affairs and Trade
DOO	Declaration of Origin
EFT	Electronic Funds Transfer
FID	Full Import Declaration
FTA	Free Trade Agreement
IA-CEPA	Indonesia Australia Comprehensive Economic Partnership Agreement
IAG	Industry Advisory Group
ICS	Integrated Cargo System
IDM	Illustrative descriptive material
IFCBAA	International Forwarders and Customs Brokers Association of Australia

ITTF	Illicit Tobacco Task Force
INS	Infringement Notice Scheme
LCL	Less than Container Load
MRA	Mutual Assistance Arrangement
NCBLAC	National Customs Brokers Licensing Advisory Committee
OCG	Organised Crime Group
PACER	Pacific Agreement on Closer Economic Relations
PAFTA	Peru-Australia Free Trade Agreement
PSM	Public Service Medal
RCEP	Regional Comprehensive Economic Partnership
SAC	Self-Assessed Clearance
TLF	Tariff list file
UK	United Kingdom of Great Britain and Northern Ireland
WCO	World Customs Organization