Australian
BORDER FORCE

Goods Compliance Update

Edition 3 - March 2016

Table of Contents

Message from Commander Customs Compliance

Welcome to the third edition of the Goods Compliance Update and welcome to what I am sure will be a busy 2016.

I would like to thank everyone who provided feedback on the first two editions of the Goods Compliance Update. In this issue you will find information regarding our areas of compliance focus for 2016. We aim to be upfront and open about our areas of focus so we can work with industry to resolve compliance issues collaboratively. We recognise that effective partnerships with industry are critical to achieving our mission.

In this edition you will also find analysis of compliance activity for the financial year to date, updates on the China and Australia Free Trade Agreement and Australia Trusted Trade Programme and an article on our border controls for asbestos.

The first meeting of the Trade and Goods Compliance Advisory Group (Compliance Advisory Group) was held on 10 March 2016. The outcomes of the first meeting will shortly be available on our website. The Compliance Advisory Group, consisting of members from industry, the Department and the ABF will collaborate on solutions to existing and emerging compliance issues with outcomes informing our approach to trade and goods compliance. I would like to thank all of you that nominated to participate on the Compliance Advisory Group. More information, including details of the 2016 membership of the Compliance Advisory Group, is available later in this edition.

The development of the *Approach to Trade and Goods Compliance* is progressing, with the ABF outlining its proposed approach to this work at the first meeting of the Compliance Advisory Group for their consideration and discussion. In the next few months a co-design workshop will be held with industry following a round of individual industry engagement. For those that have previously indicated their interest in participating in this work – you can expect to be contacted in the coming months.

While there is still work required, I would like to recognise the improvement seen in the accuracy of cargo reporting and import and export declarations evidenced by the Compliance Monitoring Program results. This is an encouraging trend that I am confident will continue as we work together with industry to improve compliance with legislated obligations.

Erin Dale

Commander
Customs Compliance

Compliance areas of focus 2016

The Department of Immigration and Border Protection (the Department) and its operational arm, the Australian Border Force (ABF), recognises that effective partnerships with industry are critical to achieving its mission of protecting Australia's border and managing the movement of people and goods across it. From a compliance perspective, we are committed to working with you to identify and address compliance issues.

In 2016 we will be looking at a number of specific areas of compliance and will be engaging with industry to raise awareness and understanding to improve overall compliance with the *Customs Act 1901* and other border related legislation.

In particular, the ABF will be focussed on the following areas in 2016:

- Cargo reporting requirements
- The correct use of Tariff Concession Orders
- Undervaluation

If you would like to offer your views on how the Department and ABF could better support industry to increase compliance in these areas please email us at goodscompliance@border.gov.au.

Cargo reporting requirements

In 2016 the ABF is applying a renewed focus to compliance with cargo reporting requirements, particularly in relation to timeliness and accuracy. Late, inaccurate and incomplete information limits the ABF's ability to risk assess cargo and facilitate legitimate trade.

In the coming months, the ABF will be meeting with industry representatives and cargo reporters to discuss how the ABF can work with industry to improve cargo reporting compliance. This will include discussing what information and support may be useful to industry in these areas. The outcomes of this engagement will inform the development of our ongoing compliance approach.

For more information on cargo reporting requirements, please look at our website which includes a number of resources, or email us at goodscompliance@border.gov.au

Specific issues that have been identified include:

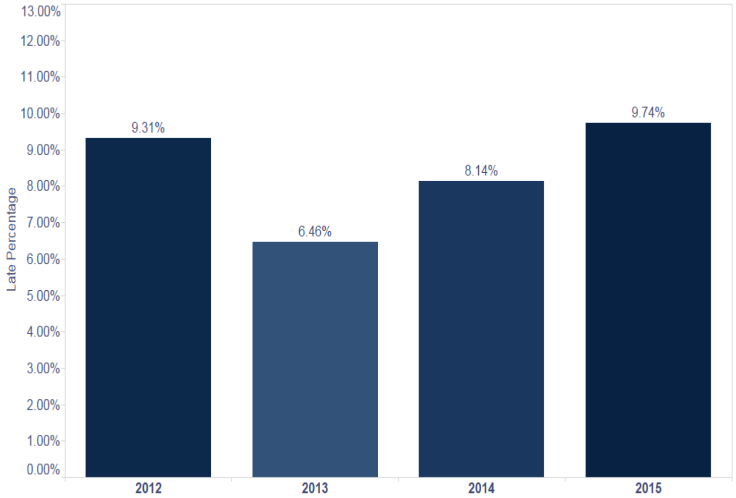
The provision of deficient information in cargo reports

Examples include the use of 'NA', 'goods' and 'unknown' in the consignee name or address fields, or within the goods description. The use of deficient terms may not comply with cargo reporting obligations. The table on the following page lists the most common deficient terms reported on cargo reports:

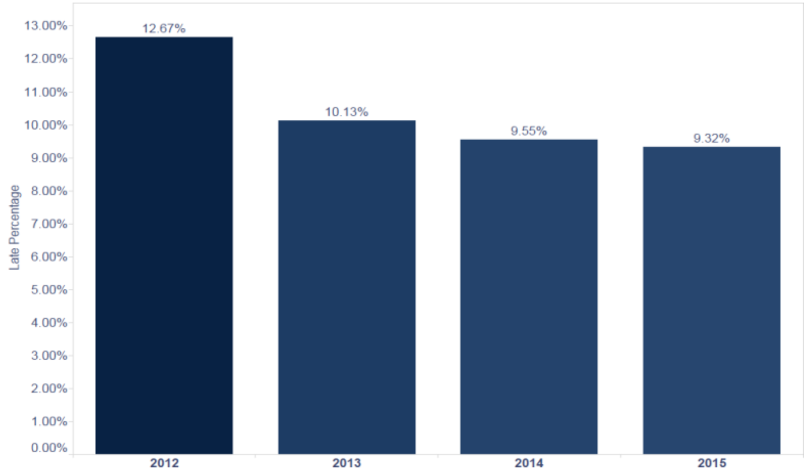
Air Cargo		Sea Cargo	
Goods	. [full stop]	As per attached	Address not supplied by loadport
Shipping/Shipment/Shipments	Gift	General Goods	TBA
Service	Unknown/1Unknown	Please see FID for full details	Same as above
Consol/Consolidation	Product	Various	FCL
Private	No data	Goods	Same as CNEE

Cargo reporting timeliness

Reporting timeframes are specified under section 64AB of the *Customs Act 1901* and section 18 and 19 of the *Customs Regulation 2015*. The graphs below reflect the industry average for late lodgement of cargo reports for air and sea cargo at the lowest level bill, for the period of 1 January 2012 to 31 December 2015. The percentage of late reporting for the below figures is calculated by the estimated arrival date and time for the ship or aircraft, at the first port or airport in Australia as stated in the latest Impending Arrival Report available to the ABF at the time.



% of late air cargo reporting: Industry Average



% of late sea cargo reporting: Industry Average

The use of freight forwarder details in the consignee data fields of the cargo report

Section 64AB (5b) of the *Customs Act 1901* (the Act) defines the consignee as the ultimate recipient of the goods that have been sent from outside Australia, whether or not the person ordered or paid for the goods. The reporting of logistics service provider details in the consignee fields of a cargo report does not meet the requirements of section 64AB (5) of the Act. Please refer to ACN 2009/47 which outlines these requirements in more detail.

Incorrect reporting of discharge port

Cargo reporters should ensure that the data they enter into the Integrated Cargo System (ICS) is complete and accurate, based on the information available to them. Recently, it has been identified that a number of reporters have reported the incorrect UNLOCODE for the port of discharge. This can have implications for the accuracy of trade data.

The incorrect use of self-assessed clearance (SAC) declarations which results in the non-payment of duty and taxes

SAC declarations are only for goods valued at or below $1,000. Alcohol and tobacco products are taxable regardless of value and need to be reported on a Short or Long Format SAC, not on a cargo report SAC. The majority of SAC declarations are lodged by cargo reporters in the form of a cargo report SAC declaration. If a cargo reporter is unsure that the cargo meets the requirements for a cargo reported SAC declaration to be made, then do not select the SAC indicator.

Tariff Concession Orders

We acknowledge that the interpretation of Tariff Concession Orders (TCO) is an area of concern for industry members. Throughout 2016, we want to work with industry to ensure that our requirements are clear and that compliance can be improved. A TCO will be granted on imported goods if substitutable goods are not produced in Australia. If granted, the TCO allows duty free entry of the product into Australia. Each TCO is keyed to a specific tariff classification and, in order to claim a TCO the goods must:

- be classifiable to the tariff classification to which the TCO is keyed to; and
- meet all requirements and conditions of the TCO.

The following advice can be used to help brokers to avoid incorrect use of TCOs:

- Discuss the properties of the imported goods with your client and advise them to tell you if the properties of the goods change. Particular goods may been eligible to claim a TCO previously, but changes in the properties or characteristics of the goods, even small variations, may affect their eligibility

- TCOs do not apply to sets, kits, assemblies or systems unless they are specifically referred to in the wording, together with a list of all the items making up the set, kit, assembly or system
- Ensure goods are classified correctly before searching for a TCO
- Do not undertake a key word search for a TCO
- Pay close attention to the wording of TCOs, particularly those containing a number of 'and' stipulations, as well as punctuation
- Pay particular attention to units stipulated in the wording of the TCO
- If doubt exists as to the applicability of a TCO to any goods, the importer can apply for tariff advice or apply for a TCO on the specific goods

More information on TCO requirements is available on our website.

Valuation

Undervaluation of customs value will be one of the key areas of compliance focus for 2016. This will include a focus on the failure to include production assist costs in the customs value. Undervaluation of goods imported to Australia impacts on government revenue and creates an uneven playing field for entities operating in the trading environment.

All goods imported into Australia must be declared and assigned a customs value. To avoid non-compliance it is important that importers, working with their broker, ensure that any inland freight, inland insurance and packaging costs incurred by the purchaser before the goods leave the 'place of export' are included in the customs value. For more information please refer to the valuation of imported goods factsheet.

Valuation of free of charge goods

Free of charge goods - such as gifts, bonus goods, samples and promotional goods - must be assigned a customs value. The only exception to this is if the free of charge goods are part of a larger shipment and are covered by the contract of sale. If the free of charge goods meet these criteria then you will need to apportion the total value of the shipment to each good, including the free of charge goods. For more detailed information please refer to the valuation of free of charge goods factsheet.

Production assist costs

Ensure production assist costs are included. Production assist costs are the costs incurred when an importer provides goods, materials and certain services, either free of charge or at a reduced cost to use in the production of the imported goods. These costs must be included in the customs value upon import. Examples of production assist costs include production materials, dyes, moulds and tools used during the manufacture of the imported goods. For more information please refer to the valuation treatment of production assist costs factsheet.

Tips for brokers to ensure the correct valuation

- Become familiar with your client's importing process from when the goods are ordered to when they are received
- Be wary of pro forma or shipping invoices as these may not reflect the true price paid or payable for imported goods.
- Ensure your client provides you with all commercial invoices applicable to the imported goods. Some entities pay deposits and these payments are not always shown on the final commercial invoice
- Ensure the place and date of export are correct as this can affect the duty and taxes payable and the value of the goods
- As some of the following might need to be included in the customs value, ask your client if they make payments overseas other than for the payment of goods, including payments for:
    - Production assists such as dyes, moulds, production materials or tools
    - Packing, fumigation or similar costs incurred to pack the goods for export
    - Inland freight and inland insurance charges up to the goods leaving the place of export
    - Commissions and brokerage, other than buying commission
    - Royalties and licence fees, other than royalties for the right to reproduce the imported goods
    - Any proceeds of subsequent resale, use or disposal of the goods paid or payable in the future

Update on the China-Australia Free Trade Agreement

The China-Australia Free Trade Agreement (ChAFTA) entered into force on 20 December 2015. As traders begin to take advantage of the agreement, the Department and the ABF are working with the Department of Foreign Affairs and Trade and industry stakeholders to provide advice and to resolve issues as they arise.

Origin certification

To demonstrate to the customs administration in the importing country that your goods qualify for preferential tariff treatment, you must possess origin documentation in the form of a Certificate of Origin or a Declaration of Origin. Please note that a Declaration of Origin will only be accepted in place of a Certificate of Origin for goods covered by an advance origin ruling issued by the importing customs administration.

Certificates of Origin can only be issued by the authorised body in the exporting country and they must be based upon the templates at Annex 3-A to the ChAFTA treaty. Examples of Certificates of Origin issued by the Chinese authorised bodies are available on our website.

Discrepancies in the Harmonised System Classification

One concern that has been raised by industry stakeholders is the acceptability of discrepancies in the Harmonised System (HS) classification of goods. The HS code in the issuing country may differ to the classification of the importing country due to different precedents and rulings in each country. These discrepancies in HS code may be acceptable on condition that the imported goods can be adequately identified and linked to the Certificate of Origin and supporting commercial documentation.

For more information

We will continue to update the ChAFTA website, including the Frequently Asked questions section. More information, including the text of the ChAFTA is also available on the Department of Foreign Affairs and Trade website.

If your queries cannot be answered by the information provided on the website, please email CHAFTA@border.gov.au or call 1300 805 876.

Asbestos

The importation of asbestos or goods containing asbestos into Australia without permission is prohibited under Regulation 4C of the Customs (Prohibited Imports) Regulations 1956. The Department urges industry members to ensure they are aware of the import restrictions and border requirements for products that may contain asbestos, as the importation of such goods may result in an infringement notice being issued or prosecution. Goods deemed at high risk of containing asbestos content are targeted at the border. More information on border controls for asbestos is available on the website.

Asbestos in building products

Despite importation restrictions, asbestos has been detected in a range of imported building products. In light of this, the Department and the ABF are actively targeting imported building products at high risk of containing asbestos to ensure the ongoing safety of members within the construction industry and the broader community.

Importers should be aware of varying definitions and standards applied in the country of origin and/or supply in regards to asbestos and asbestos containing materials. For example, Australian law has no tolerance for any level of asbestos, however, some countries consider an asbestos content of less than 5% to be ‘asbestos free’. Further information about Australian standards can be found on the National Association of Testing Authorities (NATA) website (www.nata.com.au). The onus is on importers to ensure they do not bring prohibited imports such as asbestos into Australia.

For more information on asbestos in building materials please refer to DIBPN 2015/38 published in December 2015.

Targeting imported children's toys at risk of containing asbestos

The ABF has intensified its efforts to address the risk of asbestos in children's toys after reports that some products, such as crayons manufactured in China, had been found to contain asbestos.

The ABF has stopped high risk shipments of toys at the border to ensure the goods did not contain asbestos. In many cases, this has required the importer to undertake testing to demonstrate the goods do not contain asbestos. Since the commencement of this activity, the ABF has seized shipments containing over 300,000 crayons with traces of asbestos.

The ABF has also undertaken an outreach programme targeted at major importers of children's toys. This programme has focused on raising industry awareness of the risk of asbestos in toys and to ascertain whether importers have quality assurance frameworks in place to prevent the importation of goods containing asbestos. The ABF has noted an increase in the number of importers that are now arranging for goods to be tested and certified in advance, which facilitates the timely clearance of goods. We thank industry for their proactive action in this area.

The ABF will continue to target high risk shipments to ensure those goods do not contain asbestos. All importers of children's toys will be subject to some form of periodic monitoring to ensure ongoing compliance.

The Trade and Goods Compliance Advisory Group

The Compliance Advisory Group has been established as a collaborative forum for industry, the Department and the ABF to develop solutions to emerging and existing trade and goods compliance issues and will meet quarterly. Industry is represented on the Compliance Advisory Group by the four key industry broker and forwarder associations and six non-industry association members. Non-association industry membership will be for a 12 month period. Prior to the conclusion of the 12 month period requests for nominations will be circulated to industry. The 2016 Compliance Advisory Group Industry members are:

Industry Association Members

John Chambers *Customs Brokers and Forwarders Council of Australia*

Brian Lovell *Australian Federation of International Forwarders*

Vic Regina *Conference of Asia Pacific Express Carriers*

Paul Zalai *Freight & Trade Alliance*

Non-Industry Association Members

Julia Armstrong *Kuehne & Nagel*

Brian Bilton *Agility*

Michael Cook *Geodis*

Andrew Hudson *Export Council of Australia, Foods and Beverage Importers Association and Gadens*

Christine Kontos *Clemenger International Freight*

Brian Slater *APC Logistics*

Australian Trusted Trader Programme

The Australian Trusted Trader pilot phase commenced on 1 July 2015 with four sea cargo exporters based in Melbourne. The pilot has since expanded to 22 participants, including export and import supply chains, across four states in Australia. Two businesses have been offered Trusted Trader Agreements and will be provided with ongoing status once they undergo physical site assessments and validation of controls. These validations are anticipated to be completed by the end of March 2016. The final expansion of the pilot phase has commenced, and by the end of April will include up to 50 participants including large importers and exporters, service and logistics providers. The pilot is set to conclude on 30 June 2016.

Target is the first business to gain interim Trusted Trader status and is anticipated to be fully accredited in late March 2016. In January 2016, the Trusted Trader team travelled to the People's Republic of China, Hong Kong, Malaysia, and Singapore to visit consolidation hubs and two manufacturing facilities connected to Target Australia's international supply chain. This visit provided the Trusted Trader team with a rare opportunity to understand and learn from this modern supply chain model.

During this visit the Trusted Trader team also met with Singapore Customs to discuss a possible future Mutual Recognition Agreement (MRA) with the Department. Achieving customs-to-customs MRAs of Authorised Economic Operators/Trusted Trader programmes between Australia and its major trading partners will be a key benefit of the Australian Trusted Trader programme. MRAs are viewed as one of the key enablers in increasing uniformity in the application of supply chain security standards and global value chain participation.

More information on Australian Trusted Trader programme is available on our website or you can contact the Trusted Trader team by email at trustedtrader@border.gov.au.

Re-export verification of Temporary Imports Lodged Electronically

Certain goods may be imported into Australia on a temporary basis for a period of up to 12 months without the payment of duty and taxes. These goods are referred to as temporary imports. Approval for most temporary importations is granted under section 162 or section 162A of the *Customs Act 1901*. Not all goods imported temporarily are eligible for concessional treatment. The following classes of goods may be provided concessional treatment upon temporary importation under section 162:

- the property of a tourist or temporary resident
- specialised equipment or tools to be used in exploration, production, manufacture, repair or modifications that are covered by an intergovernmental agreement (convention)
- goods imported for use at a public exhibition or entertainment
- testing or evaluation equipment (goods that will be used to test and evaluate the operation of other goods)
- goods that require testing and/or evaluation or are used to test and/or evaluate other goods within Australia.

Section 162A covers goods temporarily imported which are covered by intergovernmental agreement, some of which are not covered by section 162.

To bring goods into Australia on a temporary basis, importers must lodge a security or undertaking with the ABF at the time of import or obtain a carnet.

The most important condition of a temporary import is that the goods are exported within the approved time limits. If the goods are not exported, the importer will be required to pay an amount equal to the duty and taxes that would have been payable if the goods had not been treated as temporary imports. The ABF recommends businesses make provisions to allow for the payment of import duties and taxes should the goods not be used in accordance with temporary importation requirements, including the goods not being re-exported within the specified time period.

In order that the ABF can verify that the use of the goods has complied with the terms of the legislation, export documentation must be retained by the person who lodged the temporary import. At the completion of the temporary importation time limit, importers and brokers may receive a letter requesting evidence of export.

Requests for extensions of time must be submitted to National Temporary Imports and Securities prior to expiry of the time period on either company letterhead or on the Form B257. Valid reasons must be given. These applications will be considered and you will be advised of the decision.

More Information

For more information on temporary import requirements, please see the temporary imports fact sheet or email ntis@border.gov.au.

The Duty Drawback Scheme

The Duty Drawback Scheme enables exporters to obtain a reimbursement of customs duty paid on imported goods where those goods are exported unused since importation, or are treated, processed, or incorporated into other goods for export. The Scheme does not provide for a refund of GST which must be claimed through the Australian Taxation Office.

To claim a duty drawback you must satisfy the following eligibility criteria:

- Customs duty was paid on the imported goods when they were imported and the duty has not already been refunded through another scheme or programme.
- The imported goods have not been used in Australia other than for exhibition, inspection, processing, treatment or further manufacture.
- The value of the goods at export must be at least 25 per cent of their import value.
- The goods are actually exported and you have an Export Declaration Number (EDN) for each line you are claiming duty drawback. The EDNs must have a CLEAR status.
- You are the legal owner of the goods at the time the goods are exported, or the previous owner has assigned this right to you.
- The claim is made within the permissible timeframe (12 months for tobacco products, four years for all other goods).

- For tobacco products, you must have notified Drawbacks before exporting to allow reasonable time for a possible examination of the tobacco goods to be exported. We need approximately four weeks' notice of your intention to export tobacco products.
- The drawback claim amount is $100 or more (multiple claims of less than $100 may be aggregated to a single claim of $100 or more.)
- The amount of the claim does not exceed the amount of import duty paid when the goods were imported.
- If requested, you must provide evidence to support your claim and you must keep all documentation relating to your claim for a minimum of five years.

The information above is a guide only.

More Information

For more information on the Duty Drawback Scheme please refer to the website or the Duty Drawback Scheme factsheet. Alternatively, you can contact the Drawbacks team at drawbacks@border.gov.au or on 1300 304 322.

The AusIndustry – Tradex scheme

An alternative Government Scheme (known as Tradex and administered by AusIndustry) allows an importer to gain an 'up-front' exemption from customs duty and GST on imported goods that are intended for export. This Scheme can provide significant cash flow advantages for any importer who meets the criteria. For further information about the Tradex Scheme, contact the AusIndustry hotline on 132 846, email hotline@ausindustry.gov.au or visit their website at http://www.ausindustry.gov.au/.

Contact details in the Integrated Cargo System

To avoid unnecessary delays in the clearance of goods, it is important that client contact details in the Integrated Cargo System (ICS) are correct. Correct details makes it easier for the ABF to contact the relevant party to resolve and issues related to a consignment as well as assisting us to clear goods as quickly as possible. Of particular importance are the following fields:

- Name (individual or business)
- Telephone number, landline and mobile
- Business address
- Email address

For more information, please refer to DIBPN2016/01 or the Cargo Support FAQs.

Compliance programme results 2015-16 year to date[1]

The Infringement Notice Scheme results

Table 1 shows the number of infringement notices issued to date during the 2015/16 Financial Year. Breaches of section 33 of the *Customs Act 1901*, moving altering or interfering with goods subject to Customs control without authority, continues to account for the majority of infringement notices issued by the ABF.

Table 1 – Infringement Notice Scheme for the 2015/16 Financial Year.

	First Quarter 2015-16		Second Quarter 2015-16		Financial Year to date 2015-16 (to 17 Feb 2016)	
Offence	**Number of notices issued**	**Total fines issued**	**Number of notices issued**	**Total Fines issued**	**Number of notices issued**	**Total fines issued**
33(2) - Moving altering or interfering with goods subject to Customs control without authority.	1	$2550	1	$2700	3	$12 900
33(3) - Moving altering or interfering with goods subject to Customs control without authority	2	$15 300	0	0	2	$15 300
33(6) - Moving, altering or interfering with goods subject to Customs control without authority.	55	$420 750	30	$232 650	110	$853 650
36(6) - Failure to keep goods safely or failure to account for goods	4	$30 600	3	$23 400	8	$61 650

[1] The Compliance Programme statistics were the best available at the time of publishing. Current system parameters may result in variances if published for the same timeframe in the future.

	First Quarter 2015-16		Second Quarter 2015-16		Financial Year to date 2015-16 (to 17 Feb 2016)	
64ABAA(9) - Failure to meet reporting requirements for outturn reports	0	0	1	$7650	3	$22 950
64ACD(2) - Failure to report on passengers and crew	11	$28 050	0	0	11	$28 050
64(13) - Failure to meet reporting requirements for the impending arrival of a ship or aircraft	2	$5100	2	$5400	5	$13 200
77R(1) - Breach of conditions of depot licence	5	$38 250	3	$23 400	11	$85 950
118(1) - Departing without Certificate of Clearance	1	$2550	0	0	1	$2550
243T(1) False or misleading statements resulting in a loss of duty	5	$62194.05	5	$39 150	11	$108 994.05
243U(1) - False or misleading statements not resulting in a loss of duty	1	$2550	2	$15 300	3	$17 850
233(1)(b) - Prohibited imports – natural person who is in a section 234AA place and is embarking or disembarking from a ship or aircraft	2	$10 200	1	$7 650	4	$20 550
243SB - Failure to produce documents or records	0	0	1	$3 825	1	$3825

Value of revenue understatements

Table 2 provides the value of identified understated revenue year for the 2015/16 Financial Year.

Table 2 – Understated Revenue for the 2015/16 Financial Year

Description	First Quarter	Second Quarter	Year to Date (to 31 January 2016)
Post Transaction Verification	$2,387,179.85	$2,259,613.39	$4,928,511.64
Pre-clearance Intervention	$2,291,738.81	$3,226,399.49	$6,112,058.92
General Monitoring Programme	$37,848.93	$57,700.98	$156,243.85
Voluntary Disclosures	$10,476,227.07	$7,900,444.10	$18,801,814.45

Cargo control and accounting

Table 3 provides an overview of the cargo control and accounting results for the 2015/16 Financial Year. The purpose of cargo control and accounting activity is to monitor the level of compliance of cargo terminal operators and licensed depots and warehouses with their respective legislated and licence conditions.

Table 3 – Results from cargo control and accounting activity for the 2015/16 Financial Year.

Description	First Quarter	Second Quarter	Year to Date (to 31 January 2016)
Number of customs cargo control and compliance activities*	526	605	1,303
Proportion of breaches identified as against lines checked	6.56%	6.21%	38.43%

* Customs cargo control and compliance activities involve physical visits to licensed premises as well as desktop activity undertaken off-site.

Administration of the Refund Scheme[2]

Table 4 provides an outline of the results of the refund scheme for the 2015/16 Financial Year. The most common reasons for rejected refund applications are:

- Incorrect use of Tariff Concession Orders
- The lodgement of refund applications where the duty has already been refunded through a drawback claim
- Refunds lodged outside of the legislated timeframe (over the four year limit)
- Nil documents submitted for refund applications or nil response to a notice to produce documents requesting further information.

Table 4– Administration of the Refund Scheme for the 2015/16 Financial Year.

Description	First Quarter	Second Quarter	Year to Date (31 January 2016)
Number of assessed refund applications	29,100	27, 867	66,020
Number of approved refund applications	28,975	27,672	65,672
Value of approved refund applications	$71,282,785.48	$66,303,449.05	$156,808,541.51

[2] Statistics for the Administration of the Refund Scheme were the best available at the time of publishing. Current system parameters may result in variances if published for the same timeframe in the future.

Administration of the Drawback Scheme

Table 5 provides an outline of results of the Duty Drawback Scheme for the 2015/16 Financial Year. In this period, 3.1% of drawback applications were rejected. The most common reasons for the rejection of drawback applications include the use of revoked Export Declaration Numbers (which cannot be used as proof of export) and concurrent refund/drawback applications.

Table 5 – Results from the Duty Drawback Scheme for the 2015/16 Financial Year.

Description	First Quarter	First Quarter Value	Second Quarter	Second Quarter Value	Year to Date	Year to date value
Number of drawback lodged	872	$25,587,921	868	$57,749,007	1,923	$86,164,278
Number of drawbacks paid*	877	$21,345,146	839	$64,405,315	1,890	$89,781,725
Number of drawbacks rejected	26	$534,314	33	$565,613	60	$1,100,477
Number of drawbacks withdrawn	10	$403,503	2	$9,100	12	$412,603
Number of drawback over claims	42	$64,684	39	$31,024	85	$96,620

** The number of drawbacks paid includes drawbacks lodged in the previous financial year.*

Compliance Monitoring Programme results

The Compliance Monitoring Programme (CMP) monitors the accuracy and quality of import and export declarations and cargo reports to provide a level of assurance about overall levels of industry compliance. As a statistically valid sampling program, results from the CMP can be used to represent compliance behaviours across the cargo environments. Tables 6 to 11 show results for the 2015/16 Financial Year.

Import Declarations - results

Table 6 provides the results of CMP activity directed at Import Declarations for the 2015/16 Financial Year. Encouragingly, the error rate to date for this Financial Year is 13%, an improvement from the 2014/15 Financial Year error rate of 18%.

Table 6 – Compliance Monitoring Programme – import results for the 2015/16 Financial Year.

Category	First Quarter	Second Quarter	Year to date (up to Jan 31 2016)
Number of lines checked	1650	1944	3992
Number of lines detected to have error/s	228	220	531
Error rate (by number of lines)	14%	11%	13%
Number of errors detected	269	249	626

Table 7 provides a list of the ten most common areas of non-compliance identified during CMP activity directed at import declarations for the 2015/16 Financial Year.

Table 7 – Ten most common errors on import lines for the 2015/16 Financial Year.

Category	First Quarter	Second Quarter	Year to date (up to Jan 31 2016)
Tariff Classification	25	44	83
Val - Invoice Terms	42	23	81
Val - Valuation Date	40	13	62
Gross Weight	24	27	57
Val - Related Transaction	22	20	48
Tariff Concession or Other Concession Other	15	18	42
Val - Price (Invoice Total)	13	17	35
Loading Port	16	8	31
Val - Overseas Freight	11	9	24
Incorrect supplier identified	4	7	18

The most common error identified on import declarations through CMP activity continues to be incorrect tariff classification. Table 8 has been provided to display the most common tariff classifications incorrectly reported on import declarations as identified through CMP activity. Note that Table 8 only includes the overarching description of the tariff classification - for the full tariff description, please refer to the Working Tariff available on the website.

Table 8 – Ten most common tariff classifications incorrectly reported on import declarations.

Tariff Classification	Description
39269090	Other articles of plastics and articles of other material
40169300	Gaskets, washers and other seals
49019990	Printed books, brochures, leaflets and similar printed matter, whether or not in single sheets - other
73181500	Other screws and bolts, whether or not with their nuts or washers
73269090	Other articles of iron or steel
84818090	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like, including pressure- reducing valves and thermo statically controlled valves
85044090	Electrical transformers, static converters (for example, rectifiers) and inductors
85176200	Machines for the reception conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus
85437000	Electrical machines and apparatus having individual functions, not specified or included elsewhere in this chapter
85444219	Insulated (including enamelled or anodised) wire, cable (including coaxial cable) and other insulated electric conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors

Export Declarations - results

Table 9 provides a comparison between the results of CMP activity directed at export declarations for the 2015/16 Financial Year. At approximately 50 per cent, the error rate for export declarations is notably higher than for import declarations and cargo reports.

There was an 8% reduction in the error rate from the first to second quarters of this Financial Year for export declarations assessed as part of the CMP.

Table 9 – Compliance Monitoring Programme – Export Declaration results for the 2015/16 Financial Year.

Category	First Quarter	Second Quarter	Year to date (up to Jan 31 2016)
Number of lines checked	232	140	452
Number of lines detected to have error/s	119	60	231
Error rate (by number of lines)	51%	43%	51%
Number of errors detected	216	96	367

Table 10 provides a list of the 10 most common areas of non-compliance identified during CMP activity directed at export declarations for the 2015/16 Financial Year.

Table 10 – Top 10 most common errors on Export Declarations for the 2015/16 Financial Year.

Category	First Quarter	Second Quarter	Year to date (up to Jan 31 2016)
FOB value	48	27	97
AHECC - Misclassification	32	19	55
Gross Weight	33	12	52
Net Quantity	32	11	43
Origin	19	6	27
Consignee City	15	4	23
Consignee Name	9	7	18
FOB Currency	11	4	16
Declared Owner	6	0	7
AHECC Multi-Lines	2	3	6

Cargo reports - results

Table 11 provides the results of CMP activity directed at cargo reporting accuracy for the 2015/16 Financial Year.

The error rate has decreased significantly from 8% for the 2014-2015 Financial Year to 2% for this Financial Year.

Table 11 – Compliance Monitoring Programme – cargo report results for the 2015/16 Financial Year.

Category	First Quarter 2015-16	Second Quarter 2015-16	Year to date (up to Jan 31 2016)
Number of lines checked	1650	1944	3992
Number of cargo reports detected to have error/s	46	26	92
Error rate	3%	1%	2%
Number of errors detected	48	28	96

Table 12 – The most common errors on cargo reports for the 2015/16 Financial Year.

Category	First Quarter	Second Quarter	Year to date (up to Jan 31 2016)
Gross weight	19	13	39
Declared Value	13	0	13
Consignee Incorrect	6	6	13
Consignor Incorrect	4	2	9
Goods Description	2	2	11
Origin Port of Loading	2	1	3
Cargo Report Data Inaccuracy (Other)	1	4	5
Port of Destination	1	0	1
Container Number	0	0	1
Country of Origin	0	0	1

Useful points of contact

General enquiries can be made through online forms available at Contact us page of our website. For referrals, including suspected revenue evasion, please contact Border Watch.

Purpose	Phone	Email	Online
General enquiries	NA (online form available)	NA (online form available)	http://www.border.gov.au/about/contact/make-enquiry/general
Referrals (Border Watch)	Inside Australia: 1800 06 1800 Outside Australia or satellite phone : +61 2 6246 1325	NA (online form available)	http://www.border.gov.au/about/contact/report-suspicious-activities-behaviour
Cargo Support	1300 558 099	cargosupport@border.gov.au	http://www.border.gov.au/Busi/Carg/contact-cargo-support
Tariff Concession Orders	General Enquiries: 02 6198 7289 TAPIN help desk: 02 6275 6534	tarcon@border.gov.au	http://www.border.gov.au/Busi/Tari/Tari-3
Tariff Advice	1800 053 016	tariffclassification@border.gov.au	http://www.border.gov.au/Busi/Tari/Tari-1
Duty Drawback Scheme	1300 304 322	drawbacks@border.gov.au	http://www.border.gov.au/Busi/Expo/Faci
Voluntary Disclosures	NA (email address only)	vdi@border.gov.au	N/A
ChAFTA enquiries	1300 805 876	CHAFTA@border.gov.au	https://www.border.gov.au/Busi/Free/China

We welcome your feedback

We welcome any feedback you may have on this update.

If you have suggestions on additional information for inclusion in future editions, please let us know by emailing goodscompliance@border.gov.au.