



Australian  
**BORDER FORCE**

# Goods Compliance Update

Spring 2021



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# Customs Group Update

## A message from Vanessa Holben, Deputy Comptroller-General and Group Manager, Customs Group

Welcome to the spring 2021 edition of the Australian Border Force Goods Compliance Update (GCU). With a significant proportion of Australia facing serious COVID-19 outbreaks and lockdowns during the past few months, I know that many of you will have been significantly impacted both personally and professionally.

It has been heartening to see that we are starting to reach the milestones that will allow Australians to live more freely and access more travel and trade opportunities in coming months. The ABF is well prepared for increased travel and trade and looks forward to playing a key role in supporting the economic recovery that will come with increased activity.

The ABF is always looking to develop innovative solutions that reduce administrative burden and better facilitate legitimate trade. Our first feature article in this issue provides information on the exciting new implementation of Gateway Clearance for Sea Cargo.

This edition of GCU also includes a feature article on a recent Administrative Appeals Tribunal (AAT) outcome that upheld the ABF's decision that dumping duties were payable on certain adjustable steel pallet racking that was imported from China. This was a matter that ran over a considerable period of time and illustrates the ABF's commitment to enforcing trade measures put in place to protect Australian industry.

Our third feature article, provided by our colleagues at the Department of Infrastructure, Office of the Arts (Arts), provides a fascinating insight into the regulation of cultural property in the import and export environment. ABF officers work diligently to assist Arts in detecting and intercepting illicit cultural property at the border. We also assist Arts and AFP in investigations of



suspected trafficking of cultural heritage items. Australian authorities often interact with international partner agencies including INTERPOL on these important cases. It is satisfying to see important outcomes achieved as we continue to contribute to the protection of cultural heritage items. I encourage our industry partners to read this article to find out more about how you can report goods of concern and help us in the fight against the illicit trade in cultural heritage items.

This edition also contains an important update on the customs broker licence CPD audit, a story on the cancellation of a depot licence as a result of serious non-compliance and updates from our Trade and Tariff Policy, Counter Proliferation, Trade Compliance, Australian Trusted Trader and Licensing teams.

Lastly, we present the results of the Trade Compliance Program, covering the period from 1 April to 30 June 2021.

Vanessa Holben  
Group Manager Customs Group  
Deputy Comptroller-General  
Australian Border Force

# Feature Article

## Implementation of Gateway Clearance for Sea Cargo

Gateway Clearance – the release of goods into home consumption from the Port of Discharge, regardless of the final delivery destination – is now possible for sea cargo. This aligns cargo reporting and clearance processes for sea cargo with that of air cargo.

As advised in [Australian Customs Notice \(ACN\) No. 2021/38](#), Gateway Clearance logistics providers will be able to legally nominate the same port as both the Port of Discharge and the Port of Destination on the Sea Cargo Report, regardless of the consignment's final destination. The change was possible due to amendments to the legal requirements for the 'Port Code Destination / Destination Port Code' field in Cargo Reporting and import-related [Approved Statements](#).

Approved Statements set out the legal requirements for information entered in specified forms in the Integrated Cargo System (ICS). Third party software providers are advised to update the definition of Port of Destination to conform to the updated definition in the [ICS user dictionary](#) soon as possible.

In summary, while the ICS will continue to refuse release of cargo until it is received by a licensed premises in the Port of Destination, Cargo Reporters who (irrespective of the final destination) report the same port as both the Port of Discharge and the Port of Destination on the sea or air cargo report will have their goods released from customs control at the Port of Discharge. There is no obligation or penalty for Cargo Reporters who continue to report different ports of discharge and destination for their consignments.

Please note that specific biosecurity import conditions for goods as per [BICON](#) will still apply which may exclude utilising the Gateway Clearance option.

## ABF decision on pallet racking upheld at the Administrative Appeals Tribunal

The Anti-Dumping Commission (ADC) helps Australian industry by managing Australia's anti-dumping and countervailing system. Dumping generally occurs when a company imports a product into Australia at a price that is lower than the price charged in the country of manufacture. The ABF National Temporary Imports and Securities (NTIS) team has compliance oversight of all dumping/countervailing securities whilst the ADC investigate claims that dumped and subsidised imports have injured Australian industry.

In November 2017 the ADC initiated an investigation into steel pallet racking exported from China and Malaysia, and published an initiation notice. The goods subject to the application were described as 'steel pallet racking or parts thereof assembled or unassembled of dimensions that can be adjusted as required with or without locking tabs and or slots and or bolted or clamped connections including any of the following – beams, uprights (up to 12m) and brace with or without nuts or bolts.'

In June 2018 the ADC made a preliminary affirmative decision enabling securities to be taken from adjustable steel pallet racking imported from China, pending the outcome of their investigation. They deemed it was necessary to take securities in relation to the exports of goods under consideration from

China and Malaysia to prevent material injury to Australian industry while the investigation continued. The NTIS team collected interim dumping securities from relevant importers.

The ABF received information from industry that there was an importer who was pressuring brokers to claim a dumping exemption for steel pallet racking imports from China. Based on this information the NTIS team took a closer look at the entity identified. This closer inspection identified misuse of the exemptions to the dumping duty notice and found this company to be circumventing dumping measures. The NTIS team collected the interim dumping duty on further imports, which after initial reluctance was eventually paid by the importer.

The ADC investigation into steel pallet racking was concluded in 2019 affirming that dumping duties were payable on adjustable steel pallet racking imported from China. The importer applied to the Anti-Dumping Review Panel (ADRP) to review the decision on the basis that although the imported steel racking was adjustable it wasn't to the dimensions prescribed by the ADC. The ADRP is a panel that, upon application, reviews certain decisions made by the Minister or by the Commissioner of the ADC. At the conclusion of the review, the Panel can make a decision to either affirm or revoke a decision of the Commissioner or the Minister. The ADRP considered and rejected claims made by the importer that the steel pallet racking was not adjustable as prescribed and recommended that the Minister's decision be affirmed. The Minister affirmed the decision in September 2019.

The ABF sent a letter to the importer which explained that the imported pallet racking was considered like goods and therefore subject to dumping duty by reference of the findings of the ADRP, the ADC and other material available to the ABF regarding the goods. The importer then lodged a review with the Administrative Appeals Tribunal (AAT) in August 2020 with the application being heard on 22 April 2021. The AAT upheld the decisions of the ABF accepting the legal submission represented on behalf of the ABF Commissioner in the matter.

This is a good example of a collaborative approach between the ABF, industry and external stakeholders to protect Australian industry from dumping and countervailing.



*An example of steel pallet racking similar to the subject of the ATT matter described above. Steel pallet racking is used extensively in warehousing throughout Australia. (Source: ABF)*

# Regulation of import and export of cultural property

Australian and foreign cultural property is protected through the *Protection of Movable Cultural Heritage Act 1986* (PMCH Act) which, among other matters, gives effect to the UNESCO *Convention on the Means of Prohibiting the Illicit Import, Export and Transfer of Cultural Property* 1970 (the 1970 Convention). The 1970 Convention provides the international framework for cooperation to prevent trafficking of cultural material. As a State Party to the 1970 Convention, the Australian Government has a responsibility to preserve and protect national and foreign objects that are culturally significant.

The PMCH Act regulates the import and export of significant cultural material, including objects that are of importance to a country for ethnological, archaeological, historical, literary, artistic, scientific or technological or any other prescribed reasons. There is a wide variety of cultural heritage objects that may be protected, ranging from fine or decorative art, archaeological objects, natural science objects, historical documents, and numismatic and philatelic material, to objects of applied science or technology. Examples include pottery, figurines, paintings, statues, maps, historical weapons, geological specimens, fossils, vintage machinery and vehicles, and human remains.

The PMCH Act is administered by the Office for the Arts (OFTA) in the Department of Infrastructure, Transport, Regional Development and Communications, which relies heavily on the assistance of the ABF in detecting and intercepting cultural property at the border.

OFTA also works with foreign governments and other Australian agencies, including the Department of Home Affairs and the Australian Federal Police (AFP), to investigate any suspected trafficking of cultural heritage. Australian authorities may interact with the World Customs Organisation or other international bodies, including INTERPOL.

## Exports of Australian cultural property

Certain Australian cultural material is protected through the National Cultural Heritage Control List (Control List), contained within the *Protection of Movable Cultural Heritage Regulations 2018* (PMCH Regulations). The Control List establishes criteria for Australian Protected Objects (APOs) which differ between categories but generally include the significance, age and monetary value of the objects and whether they are adequately represented in public collections in Australia. The Control List specifies the categories of Australian cultural property that are subject to export control, separating them into Class A objects which may not be exported (except in accordance with a certificate of exemption as described below), and Class B objects which may only be exported with a permit.

Class A objects include some objects of Aboriginal or Torres Strait Islander heritage, for example sacred and secret ritual objects, human remains, dendroglyphs, bark and log coffins, and rock art as well as certain types of pre-1960 artworks. Other Class A objects include most Victoria Cross medals awarded to Australian recipients as well as pieces of Ned Kelly's suit of armour worn at the siege of Glenrowan in 1880. Export permit applications for Class B APOs can be accessed from OFTA's [website](#). If an APO is exported without an export permit, the exporter may have the object seized and be fined or face imprisonment.

Some objects have been denied an export permit because their loss would significantly diminish Australia's cultural heritage. These are listed on the *Movable Cultural Heritage Prohibited Exports Register*. There are several ways in which Australian movable cultural heritage that is subject to export control can be lawfully exported: export permit, general permit, or certificate of exemption.



Principal collecting institutions (i.e. public galleries, museums, libraries, and archives that are established under a law of the Commonwealth, a state or territory) may be issued with general permits that allow them to temporarily export APOs accessioned into their collection. A certificate of exemption allows the import and subsequent export of APOs without a permit. Such a certificate may only be issued for an object that is not in Australia.

When an object does not meet the criteria to be considered an APO under the Control List and is therefore not subject to export control, OFTA may issue the exporter with a letter of clearance to assist with the export from Australia and import into a foreign country. More information on exports can be found at [Exporting cultural property from Australia](#).

## Imports of foreign cultural property


The PMCH Act enables the Australian Government to respond to official requests from foreign governments to return any objects of cultural heritage protected under the laws of the foreign country that have been illegally exported from that country and subsequently imported into Australia. There are penalties in the PMCH Act, including fines and imprisonment, for persons who are aware that the objects they are importing into Australia have been illegally exported from a foreign country. An importer buying cultural property overseas is responsible for ensuring their purchase is compliant with all relevant laws, so as not to participate in the illicit trafficking of cultural property. Cultural heritage objects may have been moved through more than one country and may be protected by the laws of a country other than that from which it was most recently imported.

Imports of foreign cultural property should generally be accompanied by a valid export permit. Otherwise, detailed provenance information and documentation that demonstrates that an object was exported before any cultural laws may have protected it, should be provided. Many countries have had cultural property protections for a long time. Foreign cultural property laws are available online, for example from the [UNESCO List of National Cultural Heritage Laws](#).

Inspectors appointed under the PMCH Act may seize an object that they believe on reasonable grounds to be forfeited or liable to forfeiture.



*Four pre-Columbian objects returned to the Embassy of Mexico on 11 November 2020. Mexico's cultural property laws date back to 1897. (Source: Photography by Kris Kerehona, Department of Infrastructure, Transport, Regional Development and Communications)*



The Australian Government has returned a number of objects of cultural heritage to foreign governments to date, including four archaeological objects to Mexico in November 2020. Eight objects from five countries have been seized thus far in 2021. All of the objects were intercepted by the ABF at the points of entry to Australia and referred to OFTA for investigation.

More information on imports can be found at this link: ['Importing cultural heritage objects into Australia'](#).

## ABF blockchain trial with Singapore

The ABF, The Infocomm Media Development Authority of Singapore (IMDA), and Singapore Customs have acknowledged the successful conclusion and mutual acceptance of outcomes of Australia and Singapore's blockchain trial through a joint media release. The trial demonstrated that trade documents could be issued and verified digitally across two independent systems, within current operating contexts, and could help to reduce cross-border transaction costs.

The trial was completed under the *Australia-Singapore Digital Economy Agreement* and successfully tested the interoperability of two digital verification systems – the ABF-developed Intergovernmental Ledger (IGL) and IMDA's TradeTrust reference implementation. The trial authenticated Certificates of Origin (COO) through the embedding a unique QR code on each document. The document was then verified by scanning with a mobile camera or through the IGL Portal.

The IGL is a verifiable credentials platform, currently in 'proof of concept' stage that has been built on blockchain technology to provide a 'proof of issuer' identity that is then used to authenticate trade documents. The goal of the IGL platform is to progressively remove the need for paper documents and reduce cross-border transaction costs for Australian business, consistent with the objectives of the Government's Simplified Trade System (STS) reform agenda. ABF continues to work with industry and international partners to progress border modernisation efforts in the context of the STS reform agenda. Industry partners from the trial included the Australian Chamber of Commerce and Industry, Australian Industry Group, ANZ Bank, DBS Bank, Standard Chartered and Rio Tinto.

More information is available here: [Australia and Singapore's blockchain trial shows promising results for reducing transaction costs - Australian Border Force Newsroom \(abf.gov.au\)](#)



## ABF clears Gosford's new Galapagos tortoise

Hailing from Rostock Zoo in northern Germany, Estrella has hit Australian shores in search of romance as part of an international breeding program. Estrella travelled in style on an Emirates flight from Frankfurt to Sydney via Dubai, housed in her own comfy custom-made transport box.

Estrella's case was handled by the ABF NSW Pre-Clearance Intervention (PCI) team, which operates across the end-to-end importing process. After being identified as an endangered CITES-listed species, she was found eligible to enter Australia. Estrella came to Australia with an all-important CITES permit—or Convention on International Trade in Endangered Species of Wild Fauna And Flora—which is issued by the Department of Agriculture, Water and the Environment (DAWE). When moving wildlife to or from Australia, the ABF PCI team works closely with DAWE to ensure moving the species internationally is legal and sustainable.

The original plan was for Estrella to make her way to Australia last year, but COVID-19 got in the way. She has now arrived at the Australian Reptile Park near Gosford. Although Estrella isn't the only Galapagos tortoise on the Central Coast—the handsome Hugo, enjoying the beginnings of his middle age at a sprightly 70 years old, has been waiting (presumably decades) for a partner. He arrived on the Central Coast in 1963.

Estrella completed her mandatory three-month biosecurity quarantine in early October, and was then allowed to enter the main park area. In anticipation, Hugo had been receiving daily washes from his keepers, who are over the moon that Estrella has joined the park. They had even shown Hugo a photo of Estrella to help him prepare. After much anticipation Estrella was given the all-clear following her quarantine, and the two Galapagos soulmates finally met. Early reports indicate that the tortoises are getting along well and have not left each other since meeting, so the future for the pair looks bright!



*Estrella and Hugo have been inseparable since meeting in October (Source: Australian Reptile Park)*

# Counter-Proliferation Update

The ABF is committed to ensuring that exporters are compliant with export control legislation. Defence Export Controls (DEC) in the Department of Defence is Australia's military, dual-use goods and technology export regulator. The ABF has responsibility for enforcing this legislation at the border.

The [Defence and Strategic Goods List](#) (DSGL) is the list that specifies the goods, software or technology regulated by DEC when exported, supplied, brokered or published. The DSGL is divided into two parts: Military goods, and Dual-use goods, and can be searched by keyword using the link above. A permit is required when exporting, supplying, brokering or publishing DSGL items, unless there is an exemption.

## Dual-use goods – What do I need to know?

Dual-use goods comprise equipment and technologies developed to meet commercial needs, but can also be used either as military components, or for the development or production of military systems or weapons of mass destruction.

Unlike Military goods, it may not be obvious or immediately apparent to exporters their goods are considered Dual-use under the DSGL and require a permit for export. Some common examples of Dual-use goods that may require permits for export include:

- Thermal cameras
- Unmanned Aerial Vehicles (UAVs) and Drones
- Corrosion-resistant valves
- Vacuum pumps
- Chemical/biological/radiation detection and decontamination equipment
- Aerospace and marine navigation equipment
- Fibre optic equipment
- Carbon fibre and composite materials
- Specialty alloys



The export of controlled goods (listed in the DSGL) from Australia without a valid permit from DEC at the time of an export, is a contravention of section 233BAB(6) of the *Customs Act 1901* which carries a maximum penalty of a fine not exceeding \$555,000 or imprisonment for 10 years, or both.

If you are unsure whether your export is controlled, you should request a DSGL assessment of your goods or services, as early as possible in the export process. This will provide you with definitive advice on whether or not your export or supply requires a permit. More information can be found on the Defence Export Controls website [here](#).



# Trade and Tariff Policy Update

## Free Trade Agreements Update

### Regional Comprehensive Economic Partnership Agreement (RCEP) Update

On 15 November 2020, Ministers from 15 countries, including Australia, signed the RCEP. 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 Viet Nam.

RCEP will enter into force on 1 January 2022. The following countries ratified by 2 November 2021 and will be original parties: Australia, Brunei, Cambodia, China, Japan, Laos, New Zealand, Singapore, Thailand and Vietnam.<sup>1</sup> RCEP will enter into force for the remaining parties following completion of the necessary processes to ratify the Agreement.



Virtual signing of the RCEP by 15 countries on 15 November 2020 (Source: news.abs-cbn.com. Photo courtesy of the US Department of Trade and Industry)

RCEP was tabled in the Australian Parliament on 18 March 2021. The Joint Standing Committee on Treaties (JSCOT) tabled [JSCOT Report 196](#) on 31 August 2021, expressing support for RCEP and recommending that binding treaty action be taken.

Bills to implement parts of RCEP into domestic legislation were introduced into the House of Representatives on 1 September 2021 and were passed by the Senate on 21 October 2021. The Bills received the Royal Assent on 25 October 2021.

The *Customs Amendment (Regional Comprehensive Economic Partnership Agreement Implementation) Act 2021* and the *Customs Tariff Amendment (Regional Comprehensive Economic Partnership Agreement Implementation) Act 2021*, will insert new rules of origin and record keeping requirements into the *Customs Act 1901*, and add a schedule of preferential rates of customs duty rates for RCEP-originating goods into the *Customs Tariff Act 1995*.

Three related regulations have also been published:

- *Customs (International Obligations) Amendment (Regional Comprehensive Economic Partnership Agreement Implementation) Regulations 2021*
- *Customs (Regional Comprehensive Economic Partnership Rules of Origin) Regulations 2021*
- *Customs Tariff Amendment (Regional Comprehensive Economic Partnership Agreement Implementation) Regulations 2021*

Further information will be published by the ABF at: <https://www.abf.gov.au/importing-exporting-and-manufacturing/free-trade-agreements/RCEP>

The full 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/rcep>.

<sup>1</sup> As at 3 November 2021

## Comprehensive and Progressive Agreement for Trans Pacific Partnership Entry into Force for Peru on 19 September 2021

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) entered into force for Peru on 19 September. Under subsection 153ZKU(6) of the *Customs Act 1901*, the Assistant Minister for Customs, Community Safety and Multicultural Affairs is required to announce by notifiable instrument the day on which the Agreement enters into force for each Party to the Agreement (other than Australia). This occurred on 1 September 2021 for Peru in [Notice of Entry into Force of the Comprehensive and Progressive Agreement for Trans Pacific Partnership - Peru](#).

CPTPP has already entered into force for Australia, Canada, Japan, Mexico, New Zealand, Singapore and Vietnam. CPTPP has not yet entered into force for Brunei, Chile and Malaysia. For more information about the CPTPP please refer to the [ABF CPTPP web page](#).

## Changes to the ABF web pages

With the growing number of FTAs that Australia is a party to, the ABF is currently reviewing the information on free trade agreements on the [ABF FTA webpages](#) to ensure consistency across pages. Most pages are now divided into common tabs to better separate information and improve usability, including from mobile devices. These tabs, where applicable, include:

- Associated guides
- Product specific rules of origin
- Integrated Cargo System - claiming preferential rates of customs duty
- Claiming preferential rates of customs duty
- Origin waiver benefit for Australian Trusted Traders
- Applying for an origin advice ruling

- Related Australian Customs Notices
- Relevant legislation
- Implementing legislation

Over coming months the ABF intends to continue to improve the usability of the pages, including by making it easier to identify where multiply arrangements may apply to a particular country or place.

Trade and Tariff Policy Section welcomes feedback on the FTA webpages, including suggestions and questions via email to: [TradeAgreements@abf.gov.au](mailto:TradeAgreements@abf.gov.au)

## Simplification of Preference Rule Codes in Integrated Cargo System

The ABF is simplifying the codes used for two FTAs when reported in the Integrated Cargo System (ICS) as set out in [ACN 2021/35](#). These changes reflect codes used in the Integrated Cargo System and do not alter the requirements of CPTPP certifications of origin or Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Certificates of origin.

## Comprehensive and Progressive Agreement for the Trans-Pacific Partnership

In [ACN 2019/37](#) it was advised that from 13 May 2020, Preference Rule Code WP (Wholly Produced) would be end-dated in the ICS for goods eligible for a preference under the CPTPP. This did not occur and will instead now happen on 31 December 2021. Importers are reminded that PE is the appropriate Preference Rule Code to use in the ICS when entering suitable goods that are produced entirely from originating materials eligible for a preference under the CPTPP. No importers will be penalised for using Preference Rule Code WP for goods imported after 13 May 2020.

## Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)

The ICS Preference Scheme for AANZFTA, Preference Origin Country codes and Preference Rules Codes are outlined in the table in [ACN 2021/35](#). This table replaces the list in [ACN 2009/44](#). Although the AANZFTA certificate of origin may include additional details, goods that are AANZ Originating Goods because they meet the requirements of Annex 2 (Product Specific Rules) of the Agreement that are currently using Preference Rule Codes CTC, CTH, OTH or RVC should instead use Preference Rule Code PSR in the ICS.

Importers are encouraged to transition to using Preference Rule Code PSR in place of CTC, CTH, OTH or RVC as soon as practical but must do so by 31 December 2021. The ABF will end the ability to use Preference Rule Codes CTC, CTH, OTH or RVC when entering suitable goods eligible for a preference under the AANZFTA after 31 December 2021.

# Trade and Tariff Policy update

## Update on 2022 Harmonized System

On 2 September 2021, the amendments to the *Customs Tariff Act 1995* and the *Customs Act 1901*, required to implement the 2022 version of the Harmonized Commodity Description and Coding System, received the Royal Assent. The amendments commence on 1 January 2022.

Links to the full text of the amending Acts can be found below:

- [\*Customs Tariff Amendment \(2022 Harmonized System Changes\) Act 2021\*](#)
- [\*Customs Amendment \(2022 Harmonized System Changes\) Act 2021\*](#)

Regulation amendments, required to preserve duty rate treatment for certain types of Peruvian originating goods and to update references to tariff subheadings, will be submitted to the Federal Executive Council shortly.

Working Tariff pages, which include import statistical codes, will be published on the Australia Border Force website later in the year.

The Online Tariff will continue to use the 2017 version of the Harmonized System and will change over to the 2022 version of the Harmonized System on 1 January 2022.

All information relating to the implementation of the 2022 Harmonized System can be found on the ABF's dedicated web page: <https://www.abf.gov.au/importing-exporting-and-manufacturing/tariff-classification/2022-harmonized-system-changes>

## Update on implementation of 2021 Customs Tariff Proposals

On 13 September 2021, the amendments to the *Customs Tariff Act 1995*, required to incorporate Customs Tariff Proposals No. 1, 2 and 3 of 2021 received the Royal Assent. Links to the full text of the Amending Act can be found here: [\*Customs Tariff Amendment \(Incorporation of Proposals\) Act 2021\*](#)

Details of the three proposals incorporated are outlined in the table below.

<b>Proposal</b>	<b>Description</b>	<b>Start Date (End Date)</b>	<b>Australian Customs Notice</b>
<b>No. 1</b>	Extension of Concession Item 57 – medical and hygiene products capable of use in combating the novel coronavirus that causes the disease known as COVID-19	1 January 2021 (30 June 2021)	<a href="#"><u>ACN 2020/53</u></a>
<b>No. 2</b>	Creation of Concession Item 58 – goods for use in the program known as the F-35 Lighting II Joint Strike Fighter Program	1 March 2021	<a href="#"><u>ACN 2021/08</u></a>
<b>No. 3</b>	Creation of Concessional Item 39A – continuation of concession for motor vehicle testing equipment previously provided by Concessional Item 39	1 April 2021 (30 June 2025)	<a href="#"><u>ACN 2021/14</u></a>

The concessional item for goods capable of use in combating the coronavirus has been extended to 30 June 2022 by Customs Tariff Proposal No. 4 2021 (for further information see [ACN 2021/26](#)). It is intended that legislative amendments to incorporate this proposal will be introduced into Parliament in the autumn 2022 sitting period.



# Trade Compliance News

## Operational Update and Industry Guidance

### Electronic endorsement of Office of Drug Control permits

There has recently been a change in the ABF process for actioning the lodgement and endorsement of permits issued by the Office of Drug Control (ODC).

Consignments requiring the presentation of an ODC permit will now be actioned electronically. Importers are required to provide scanned copies of applicable ODC permits with the relevant commercial documentation for import entry to the relevant states redline mailbox for processing and endorsement. Some of these permits involve large files and it is requested that, in the first instance only the relevant permit pages and schedule be included. The email subject line should be prefixed with "Office of Drug Control Permit" for easy identification.

Please be aware that the ABF may require further commercial documents to verify the import and this may include the physical presentation of original documents at the time of clearance. This change in process will reduce the need for Industry to physically attend ABF Offices in the relevant state for endorsement during the current COVID restrictions.

Please contact the redline mailbox in your state if you require any further clarification regarding this new process. Please contact the Office of Drug Control if you require any clarification of their requirements.

### Trade Compliance works with supplier to reduce importation of supplements containing Phenethyl Dimethylamine Citrate

Products containing N-Phenethyl Dimethylamine are classified as border controlled substances. They are subject to control under the *Criminal Code* and are required to be referred to the AFP for seizure. This compound has generated interest in the health and fitness industry due to its similarities with already popular substances often found in overseas produced supplements including ephedrine, DMAA and AMP-Citrate. N-Phenethyl Dimethylamine is claimed to provide therapeutic mood boosting effects due to its ability to increase levels of dopamine and noradrenaline the body. Products marketed to increase dopamine levels claim to give users a euphoric sensation, enhance concentration levels, alertness and focus. They also claim to be associated with a reduction in appetite.

In recent months, Trade Compliance teams have identified a spike in attempts to import products containing N-Phenethyl Dimethylamine into Australia, with the bulk originating from one particular US supplier. PCI NSW sent an education letter to the US supplier requesting that they cease exporting products containing N-Phenethyl Dimethylamine to Australia as it is a border controlled analogue, of Criminal Code Regulations Schedule 2 Item 121. The supplier immediately ceased shipping this product to Australia and included information on their website advising Australian customers that 19 of their products are restricted in Australia and are unable to be shipped.

Trade Compliance teams are engaged in ongoing discussions with service providers regarding ongoing importation of these products, and a large number of consignments still held within depots. Service providers are asked to refer any suspicious importations to the ABF, and educate their staff in regards to the recent trends in relation to this regulated compound. We also ask service providers to add this substance to their ICS Thesaurus.

## VIC team intercepts large importation of prohibited chemical precursor

Heliotropine, Methylenedioxybenzaldehyde, Piperonyl aldehyde is classified as a Border Controlled Precursor chemical and prohibited under the *Customs (Prohibited Imports) Regulations 1956* Reg 5/Schedule 4, Item 201A.

Earlier this year, a consignment arrived into Melbourne from Indonesia described as 'HELIOTROPIN NAT 10% ETOH \* NO PERMIT REQUIRED' even though the Office of Drug Control (ODC) website states that a permit for import is required. The Importer claimed that this item, which they use as a flavouring material does not require a permit as it consists of 90% Ethyl Alcohol and only 10% Heliotropin.

The ODC confirmed that a permit was required regardless of the quantity of Heliotropine. As the product was imported without permission, the goods were seized under regulation 5 of the PI Regulations. Section 120 of the Customs Regulations 2015 which allows post-importation production of permits was not applicable for these goods. The twenty cans containing heliotropine with a total weight of 559kg were subsequently seized by the ABF and will be destroyed.



*A consignment containing Heliotropine intercepted by ABF officers in Victoria (Source: ABF)*

## Increase in interception of prohibited imitation handguns

In June 2021, a sea cargo consignment that arrived into Perth from China declared as “CAPS” was inspected, locating 264 imitation handguns marked as toys. These handguns were assessed and determined to be prohibited imports, and subsequently seized due to their realistic appearance.

More recently, an air cargo consignment arrived into Melbourne from the US declared as ‘Toy Guns’. An inspection of the goods identified three handguns that were also deemed to be realistic imitation handguns, which also had the potential to fire metal projectiles the same as a real handgun. These guns were also seized.

These two incidents are illustrative of a general upward trend in the identification of prohibited imitation handguns this year. Service providers and importers are asked to check the details of any toy or replica guns they are intending to import or report, and seek advice from the ABF if there is any doubt as to the permit requirements.



*An imitation handgun intercepted by ABF officers in WA (Source: ABF)*

## As innocent as they seem, combs can be prohibited imports

Earlier this year, a sharp eyed ABF officer noticed steel flip combs for sale in their local store. Trade Compliance research showed that both the importer and a large retailer were selling the combs both in store and online.



*A prohibited flip comb (Source: ABF)*

*The Customs (Prohibited Imports) Regulations 1956* (the Regulations) lists goods that are either prohibited absolutely or prohibited unless written permission has been obtained from the relevant authority. Weapons are defined under Regulation 4H of the Regulations. Part 2 of Schedule 13 of the Regulations list prohibited weapons and their weapons parts.

Specifically item 33 describes Butterfly knives, devices known as ‘balisongs’, or other devices that consist of a single-edged or multi-edged blade or spike that:

- a) fits within two handles attached to the blade or spike by transverse pivot pins; and
- b) is capable of being opened by inertia, gravity or centrifugal force.

Item 34 covers parts of items described in item 33. This captures butterfly knives that are intentionally imported in parts to circumvent import permit requirements and also includes ‘training’ butterfly knives, **butterfly combs and similar goods that do not contain a sharp blade but could have one installed after importation.** Therefore metal combs such as those pictured above are prohibited.





*An example of a prohibited flip comb in various positions (Source: ABF)*

Fortunately, when informed of the classification of these combs, the retailer and importer were extremely cooperative and agreed to withdraw the products from sale immediately. All stock was returned to the importer and permission was given to the business to have the current stock re-exported as the items are not prohibited exports.

As a result of this engagement, the importer consulted the ABF to discuss the design of a replacement comb that would not be subject to any border restrictions. The ABF policy team confirmed that the new design would not be subject to ABF importation restrictions. The importer was very appreciative of the ABF's assistance and support to rectify this issue. This is a good example of the ABF and industry working together to solve a problem in a mutually beneficial way.

The ABF will continue to monitor and target importations for prohibited items including flip combs. Service providers are asked to monitor illustrative descriptive material and seek advice where there is any doubt as to whether items are subject to restrictions.

## Detection of Incorrectly Labelled Gel Blasters

Earlier this year, Trade Compliance officers received a referral to inspect a consignment of gel blasters containing goods with incorrect country of origin labelling. The goods origin and manufacturing was identified as China, supported by the outer packaging, however the goods themselves (the gel blasters) were incorrectly labelled in the embossing and represented as being made in USA and Japan.

For this importation of gel blasters, the importer provided all necessary permits for the import of these goods from a prohibitions perspective. These particular items, however, did not comply with commerce marks legislation due to the permanent label showing incorrect country of origin information being embossed or stamped into the item. As there is no way to amend the embossing, the gel blasters could not be released.

Since this initial detection, the ABF has identified an increase in shipments containing gel blasters and accessories with commerce marking infringements that cannot be rectified, with numerous recent referrals to the IPRE team. To manage the complexities associated with these goods, the IPRE team established a referral process specific to gel blasters. The IPRE team have worked hard to provide education on the gel blaster issues to importers and service providers, as well as coordinating the implementation of the specific process to streamline work flow across multiple ABF work areas when the items are detected. The IPRE team and wider ABF will continue to liaise closely with importers and reporters to prevent future importations of these commerce infringing items and manage items detected at the border.



*An incorrect commerce marking embossed onto a gel blaster handgun*



*A longarm-style gel blaster with an incorrect commerce marking printed onto the gun sight, whereas the correct origin was printed on the cardboard box packaging. (Source: ABF)*

In terms of some general information on this issue, the *Commerce (Trade Descriptions) Act 1905* and the *Commerce (Trade Descriptions) Regulation 2016* set out which goods or classes of goods require labelling when being imported into Australia, what label is required and where the label must be applied.

A trade description means any description, statement, indication or suggestion, direct or indirect, as to the how or by whom the goods were made, produced, selected, packed or otherwise prepared. The trade description must:

- be in the English language and in prominent and legible characters
- include the name of the country where the goods were made or produced
- where required, include a true description of the goods ('true description' is not defined in the legislation so is taken to be anything that is a correct and accurate explanation of the goods)

Further useful information can be found on the ABF website here: [Labelling requirements to import goods \(abf.gov.au\)](https://www.abf.gov.au/labeling-requirements-to-import-goods) . For general Customs Trade Compliance queries please contact [goodscompliance@abf.gov.au](mailto:goodscompliance@abf.gov.au).

Please note that the Goods Compliance mailbox is not to be used for requests relating to the clearance of goods.



# Border Watch Update



**BORDER WATCH**

*Help protect Australia's border*

## Indicators of piggyback imports

A piggyback occurs when an unscrupulous entity uses the identifying details of a legitimate entity on the Cargo Report or the Full Import Declaration (FID) for a consignment, without the knowledge of the legitimate entity.

Industry members should take reasonable steps to verify the identity of your clients. This is not necessarily an onerous task: In the context of piggyback consignments, a simple search of your client on the internet could reveal discrepancies between the details you have been provided and the legitimate entity's details.

Help protect Australia's border by reporting suspicious behaviour, activities or goods to Border Watch. A combination of one or more of these indicators may be of interest.

## Indicators of piggybacking

- First time clients.
- Clients who are also the ultimate consignee.
- Industry rumours about illegal activity involving particular shipments and goods.
- The nature of the consignee's business is inconsistent with the goods described.
- Inconsistent cargo value with freight costs and goods description.
- Companies using web-based or encrypted email addresses.
- Contact by mobile number or email only with no landline number provided.
- Client not providing all information or documentation in order to avoid identification.

**You know your environment. If it doesn't seem right, report it.**

You can choose to make a report anonymously. Become a member or report online at [abf.gov.au/borderwatch](https://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.

For more information or to report suspicious activity:  
[abf.gov.au/borderwatch](https://abf.gov.au/borderwatch)

## Suspicious behaviours

- Clients who are anxious, nervous, evasive or being unreasonably demanding.
- Clients making enquiries about Australian Border Force examinations.
- A client collecting their own shipment or organising a third party to collect the goods on their behalf.
- Clients settling accounts earlier than is normal practice, using cash, bank cheque or prepaid credit cards.



## Suspicious delivery details

- A client has requested changes to the consignee name or delivery address at the last minute.
- A delivery address is for sale or rent, abandoned, a hotel/motel, public place or vacant land.
- The delivery address does not relate to the legitimate company.
- A delivery address or goods description is inappropriate for the nature of the consignee's business.

## Encrypted communication

Criminals may utilise encrypted email addresses as a means of securely hiding their communications when organising supply chain logistics.

Parts or all of piggybacked companies and business names are incorporated into encrypted email addresses to legitimise them. These email details are then used as a contact to communicate with freight forwarders, customs brokers and transport logistics companies as part of the commercial border clearance processes.

Examples of encrypted email providers		
@barracuda.com	@countermail.com	@criptext.com
@disroot.org	<b>@hushmail.com</b>	@kolabnow.com
@librem.one	@mailbox.org	@mailfence.com
@pm.me	@posteo.de	@prevail.com
@privatemail.com	<b>@protonmail.com</b>	@runbox.com
@scryptmail.com	@startmail.com	@tutanota.com
@virtu.com	@witopia.com	<b>@yandex.com</b>
@zoho.com		

For more information or to report suspicious activity: [abf.gov.au/borderwatch](https://abf.gov.au/borderwatch)

# Australian Trusted Trader

## Program Update

### Background to the Australian Trusted Trader program

The Australian Trusted Trader (ATT) program is an initiative of the Australian Government, established by the *Customs Amendment (Australian Trusted Trader Programme) Act 2015* and administered by the Australian Border Force (ABF). The program introduces a differentiated trust-based framework at the border for entities that can demonstrate a secure international supply chain and trade compliance standards. Entities who meet these standards and qualify for participation in the program are assessed as low-risk and benefit from streamlined customs processes.

On 22 November 2021, the ATT program was actively managing 1,153 entities, including 858 accredited Trusted Traders and 283 active applications. A further 12 entities had been offered Trusted Trader status.

### What are the benefits of the program?

ABF works with legitimate business partners that are willing to commit to a secure, transparent and accountable supply chain through the ATT program. The ATT program benefits everyone – it helps the ABF target intervention efforts towards higher-risk behaviours, while also providing benefits and support to accredited Trusted Traders and improving their resilience.

The resilience of accredited Trusted Traders has been demonstrated during the COVID-19 pandemic. The Australian Bureau of Statistics identifies business exit rates as a consistent measure of resilience, with average business exit rates at 9% annually (some estimates suggest exit rates during COVID-19 as high as 16%). ATT exit rates are under 2% and this can be attributed to many reasons, including that Trusted Traders have already made a commitment, through participating in the program, to ongoing improvement in supply chain security and this focus on continuous improvement tends to provide improvements across the whole business.

By risk assessing the entity as a whole, rather than individual cross-border transactions, ATT provides the Australian Government with the ability to differentiate between low-risk traders (Trusted Traders) and those that are unknown or high-risk. By assessing entities ahead of the border, pressures on frontline border resources are reduced.

### What is required to join the program?

The ABF conducts a rigorous, in depth validation process to assess ATT applicants. As part of the validation process the ABF validates applicants' systems, processes, practices and personnel through a desktop analysis and subsequent site validation visit. Applicants that fail pre-accreditation or accreditation checks are not admitted to the ATT program.

Applicants to the ATT program must satisfy the qualification criteria relevant to their international supply chain including the following broad categories:

- Status and experience of the entity;
- Financial position of the entity;
- Operating systems capability;
- Communication and information quality;
- International supply chain security;
- Compliance with Customs-related laws; and
- The entity's responsibilities in relation to other persons.

The applicant must outline the measures in place in respect to each criteria and how identified risks are mitigated. The applicant must also demonstrate that they have applied a security risk management approach and trade compliant practices to their international supply chain.

## What kind of ongoing assurance activity is undertaken on Trusted Traders?

Periodic risk-based compliance activity is scheduled for all Trusted Traders post-accreditation. The ATT compliance function encompasses activities conducted in partnership across the ABF. This approach provides a more consistent experience for Trusted Traders and improves assurance outcomes.

Compliance activities for Trusted Traders tend to focus on education and supporting continuous improvement. Where appropriate, more punitive action may be initiated. During 2020–21, this included the use of the infringement notice scheme to issue penalties for non-compliance, formal warnings and formal education activity.

The ATT program has a four-year revalidation cycle to ensure Trusted Traders maintain a satisfactory level of international supply security and trade compliance. The revalidation process is crucial to the integrity of the ATT program. Revalidations undertaken during 2020–21 involved Trusted Traders accredited in 2016 and 2017.

## What are the benefits of being a Trusted Trader?

There are a growing range of benefits that reduce red tape and simplify processes for Trusted Traders, improving certainty in export markets, and expediting the flow of their cargo in and out of Australia, which means faster access to market.

To explore the full list and scope of Trusted Trader benefits, please refer to [Benefits of being an Australian Trusted Trader \(abf.gov.au\)](https://abf.gov.au/benefits-of-being-an-australian-trusted-trader)



*The ATT team work with Trusted Traders to support secure international supply chain and trade compliance standards. The team have continued to support Trusted Traders through COVID-19, although this has been through electronic means. The photo above is the last time the team got together before COVID-19 restrictions. The team look forward to reconnecting personally with Trusted Traders when possible.*

*(Source: ABF)*

## In the spotlight – ATT Annual Symposium delay and ATT Newsletter

Due to the ongoing impacts of the COVID-19 pandemic across the eastern states of Australia, the 2021 Australian Trusted Trader Symposium will now be rescheduled to early 2022.

The ABF had planned to conduct the 2021 Symposium as an in-person event in November 2021, however, due to ongoing uncertainty in relation to restrictions on interstate travel and public health settings, it will not be possible to safely proceed with the Symposium as planned.

In line with national progress against the Australian Government's four phase plan to return to normal, we expect to be able to safely convene an in-person event in Sydney in February 2022.

We share the disappointment of all Trusted Traders, but look forward to the opportunity to deliver a COVID-safe, in-person Symposium in 2022. We will provide further detail once arrangements are more advanced. In the interim, an ATT update has recently been sent to Trusted Traders. This newsletter included updates on the ATT program and other information of interest.



# Update on new benefits for Trusted Traders

## Duty Deferral Plus

The new Trusted Trader Duty Deferral Plus benefit announced in the last GCU, extends the existing ATT Duty Deferral benefit introduced to the program in 2018, and is being rolled out for eligible Trusted Traders.

The legislation is in place and eligible Trusted Traders are looking forward to the full implementation of the benefit.

The benefit will allow Trusted Traders to defer charges and they will now be able to pay a single monthly payment for:

- customs duties (including dumping and countervailing duties);
- Import Processing Charge (IPC);
- Wine Equalisation Tax (WET);
- Luxury Car Tax (LCT);
- GST (via the ATO);
- Agriculture Processing Charge (APC); and
- the wood levy.

But it does not include:

- Department of Agriculture, Water and the Environment's specific fee-for service charges or other charges imposed by agencies at different points in the trade approvals process; or
- Duties applicable to excise equivalent goods imported by Trusted Traders. This includes alcohol, tobacco and petroleum products.

The Duty Deferral Plus benefit will assist in improving cash flows and simplifying payment processes for participating businesses. For more information about Duty Deferral Plus or if you are interested in becoming a Trusted Trader, please refer to [www.abf.gov.au/trustedtrader](http://www.abf.gov.au/trustedtrader) or email [trustedtrader@abf.gov.au](mailto:trustedtrader@abf.gov.au).

## Next Tranche of ATT Benefits

The ATT benefits development team is looking at developing the next tranche of benefits for the program and will provide a progress update in the next GCU.



# Customs Licensing Update

## Cancellation of a depot licence due to serious non-compliance

The Australian Border Force is responsible for the licensing of key service providers, depot and warehouse operators (including duty free operators) and customs brokers. These service providers are licensed as they hold a privileged position of trust and play a significant role in the protection of Australia's borders and economy.


After months of investigation, the Australian Border Force (ABF) has cancelled the licence of a major depot in Sydney, ceasing its ability to handle air and sea cargo under customs control. The ABF's investigation into the licensee PCA Express was prompted by concerns that the depot's processes could be vulnerable to infiltration by organised crime syndicates.

Covert and overt compliance activity by the ABF identified a number of third party entities operating in the secure customs controlled area, undertaking activities only the security cleared licence holder is permitted to undertake. The investigation found that PCA Express had sub-leased its premises to third parties, who had not undertaken the required security checks in order to have access to sensitive cargo controlled area, and compromising the integrity of the supply chain.

Goods from overseas make multiple stops from point of origin to the consumer, involving shipping lines, freight forwarders, and depot operators like PCA Express. Depots are critical stops in the supply chain, as bulk air and sea cargo are moved from the tarmac and wharves to depots, where the goods are deconsolidated. In many cases, the depot takes receipt of the cargo before the ABF inspects the goods, giving rise for the opportunity for misconduct.



*An ABF officer removes licensed customs controlled area signage from the depot after licence cancellation (Source: ABF)*



ABF Assistant Secretary for Trade Compliance, Brett Cox, said that service providers like licensed depot and warehouse operators play an important role in the supply of goods to Australia, “They occupy a privileged position of trust, which is why they are subject to compliance checks by the ABF to identify malpractice”. He also noted that, “regardless of whether the gap in security allowing unauthorised players to access restricted cargo is deliberate collusion with criminal organisations, or unintentional, it compromises the integrity of the supply chain. For this reason, the ABF monitors the activities of key service providers in the supply chain, both before and after issuing operating licences”.

## Customs Broker Licensing Continuing Professional Development Audits

The requirement to undertake Continuing Professional Development (CPD) is a condition of a customs broker licence as set out in Division 3 Part XI of the Customs Act 1901 (the Act). The CPD scheme ensures licenced customs brokers' knowledge and understanding of changes affecting the industry remain up-to-date.

All licensed customs brokers must comply with CPD obligations regardless of whether they are an active customs broker or not. A licensed customs broker is required to undertake sufficient accredited CPD activity to accrue 30 CPD points each CPD year.

The Customs Licensing section conducted this year's audit on all individually licensed customs brokers by obtaining information from CPD providers and requesting evidence directly from customs brokers as required. The audit identified three customs brokers did not meet their CPD obligations for the 2020/21 CPD year and have been referred to the National Customs Brokers Licensing Advisory Committee (NCBLAC) for investigation and report. Since implementing annual CPD audits in 2018, compliance with the scheme has increased each year and will remain an annual activity by the ABF.

## Renewal of Customs Licences

### Customs Broker Licences

The licence renewal process for customs brokers has recently been finalised for another three years. All customs broker licences (nominee, corporate and sole trader) were due for renewal prior to 1 July 2021 and required those customs brokers wanting to renew their licence to submit a renewal application to the ABF.

The ABF processed a total of 2,041 renewal applications. A total of 26 corporate brokerages and 73 individual customs brokers did not renew their customs broker licenses.

### Customs Depot and Warehouse Licences

The licence renewal process for customs depots and warehouse licence holders has been finalised. Licence renewal invoices were sent to all licence holders in May of 2021 with payment due by 30 June 2021. The ABF processed a total of 410 depot renewal applications, and a total of 150 warehouse renewal applications.

One depot licence holder failed to pay their licence renewal fee and subsequently the licence expired as per Section 77T of the Act. A notice of licence expiry was served to the licence holder, who decided they no longer needed the licence for their operations.

# Industry Engagement Update

## Trade and Goods Compliance Advisory Group (CAG)

Since its inaugural meeting on 10 March in 2016, the Trade and Goods Compliance Advisory Group – known as the CAG, has brought together industry representatives from across a number of sectors involved in the movement of goods across Australia's border. With a focus on discussing and progressing ways to maximize voluntary trade and goods compliance behaviour with the ABF and various government partners—CAG members are chosen for their technical knowledge and ability to speak on behalf of their industry, a peak body or association for sectors such as importers and exporters, customs brokers, logistics providers, carriers, sea and air port infrastructure services, duty free operators and manufacturers.

### Who attends the CAG?

**There are two categories of industry members on the CAG** – *Association memberships* are ongoing members chosen from Australia's recognised industry bodies or associations who by formal arrangement, collectively represent individual industry entities. The CAG has four association members: the Conference of Asia Pacific Express Carriers (CAPEC); the Export Council of Australia (ECA); the Freight and Trade Alliance Pty Ltd (FTA); and the International Forwarders & Customs Brokers Association of Australia Ltd (IFCBAA). The other industry category is *Non-Association members*: ten people who represent individual industry entities who are not formally represented by a relevant industry body or association.

**The CAG is an advisory group to the National Committee on Trade Facilitation** (the NCTF), and is chaired by the Assistant Secretary, Trusted Trader and Trade Compliance Branch in Customs Group. The Superintendent of the ABF's Trade Compliance Section is a standing member of the CAG and they provide a goods compliance update at each meeting.

### What is discussed at the CAG?

A typical CAG meeting—which prior to COVID-19 border closures, used to fairly evenly alternate between Canberra, Sydney and Melbourne—sees members periodically put forward discussion papers which typically outline their sector or association members' views on a trade, customs, technical matter or issue. The papers are discussed and next steps and potential solutions taken forward for wider consideration by the Chair and Secretariat. At each meeting, the ABF provides both a compliance and a policy-related update. Numerous partner agencies such as the Australian Taxation Office, the DAWE, the ADC and the Department of Foreign Affairs and Trade, are invited to provide updates on their trade or goods movement-related work – such as updates on Australia's free trade agreements, anti-dumping and countervailing reform, and border biosecurity threats and subsequent compliance efforts.

Secretariat duties for the CAG are currently provided by the Industry Engagement Section within the Traveller Policy and Industry Engagement Branch, Industry and Border System Group, ABF.

If you have a CAG-related questions contact the team via [industry.engagement@abf.gov.au](mailto:industry.engagement@abf.gov.au)

Please note: the CAG non-association membership is due for renewal every two years and that process was scheduled to take place in 2021. This activity has been postponed this year but when a renewal process does commence, communication will be provided via this newsletter and the ABF website.

## Interview with a CAG Member



Paul Damkjaer, CEO of IFCBAA (Source: Paul Damkjaer).

Paul Damkjaer, CEO of the International Forwarders & Customs Brokers Association of Australia (IFCBAA) spoke to us what he sees as the value of the CAG:

*“The Compliance Advisory Group, better known as CAG, is one the most proactive forms of engagement between industry and the ABF. Back in July 2020, we merged the Australian Federation of International Forwarders (AFIF) and the Customs Brokers & Forwarders Council of Australia (CBFCA) into the International Forwarders & Customs Brokers Association of Australia (IFCBAA) – both AFIF and CBFCA were foundation members of CAG, and collectively, we have not missed a meeting, which is testimony to the importance we place on this forum.*

*The updates, key information and issues discussed at the CAG Meeting is open, transparent, and free flowing, providing industry and the ABF the opportunity to engage on policies, regulations and procedures impacting IFCBAA members.*

*I recall a contentious topic of discussion in CAG, regarding the proper definition, interpretation, and application of the valuation date. After a number of CAG meetings and work between meetings by the CAG members, agreement was reached, and the topic was resolved satisfactorily. This is a good example on how industry can engage with the ABF to reduce any possible regulatory imposts to trade facilitation”.*



# Compliance program results 1 April 2021 - 30 June 2021



Note: Statistics were accurate at the time of extraction on 6 September 2021. As data has been drawn from a dynamic source, figures provided may differ slightly in previous or future reporting.

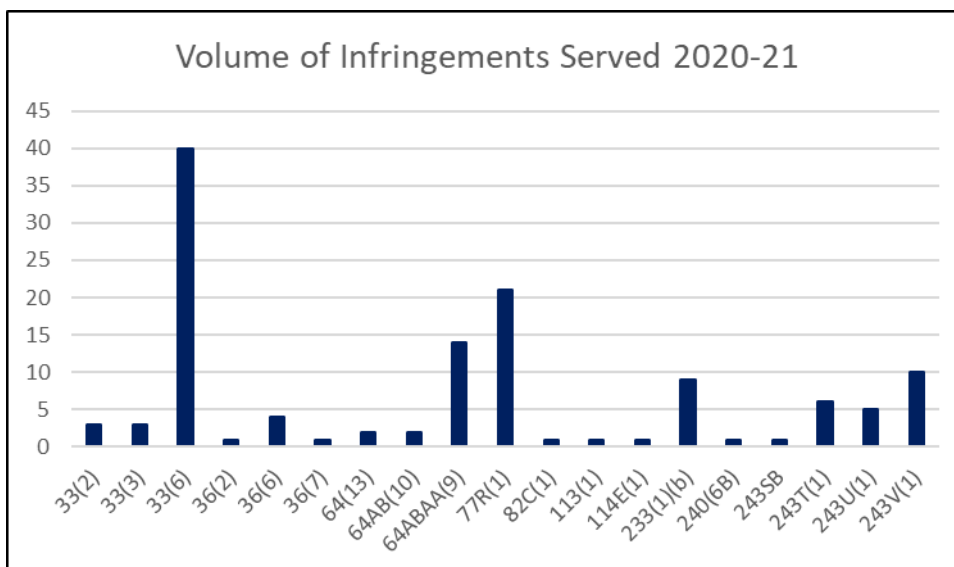
## Infringement Notice Scheme

Table 1 - Infringement Notice Scheme offences

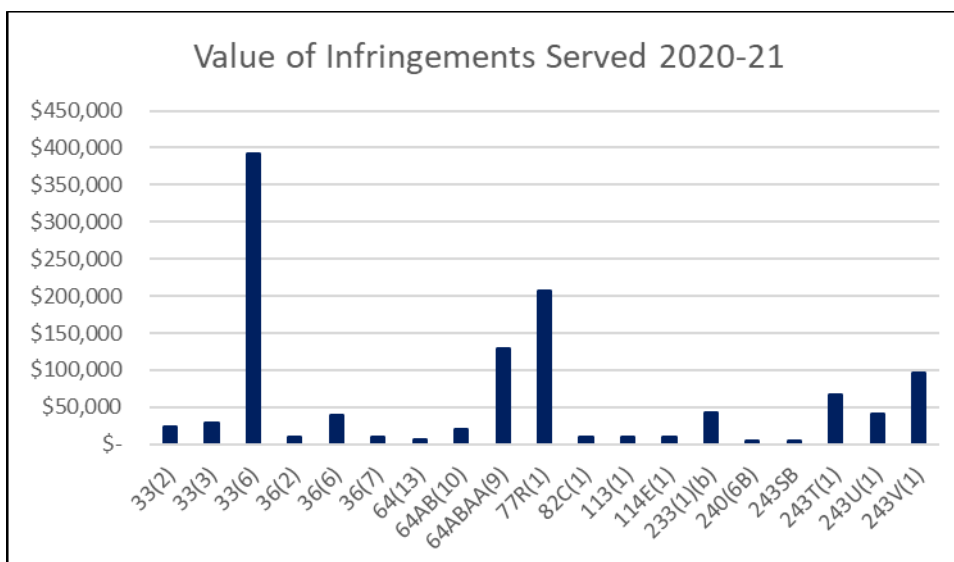
Offence	Description
33(2)	Moving, altering or interfering with goods subject to Customs control without authority
33(3)	Moving, altering or interfering with goods subject to Customs control without authority (by an employee)
33(6)	Directs another person to move, alter or interfering with goods subject 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
77R(1)	Breach of conditions of depot licence
82C(1)	Breach of conditions of a warehouse licence
113(1)	Failure to enter goods for export and loading/exporting without authority to deal
114E(1)	Sending goods to a wharf or airport for export without proper authority or reporting actions
115(1)	Goods taken on board without authority to deal
116(2)	Failure to withdraw or amend export declarations when necessary
233(1)(b)	Prohibited imports

Offence	Description
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 June 2021**



**Figure 2 - Value of Infringement Notice Scheme offences 1 July 2020 – 30 June 2021**





## Revenue understatements – General

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

Activity	Financial year 2019 – 2020	1 April 2020 – 30 June 2020	1 April 2021 – 30 June 2021	Financial year 2020 – 2021
Post Transaction Verification	\$40,614,771	\$8,358,708.38	\$7,730,339	\$69,288,150
Pre-Clearance Intervention	\$16,611,209	\$5,874,817.48	\$6,695,894	\$16,167,281
General Monitoring Program	\$1,469,180	\$675,054.74	\$188,753	\$463,286
Voluntary Disclosures	\$40,018,804	\$7,924,388.17	\$29,415,870	\$95,887,366
Refused Refunds	\$32,882,214	\$1,218,215	\$2,698,036	\$5,704,710

## Revenue understatements – trade remedy measures

During the period 1 April to 30 June 2021, Trade Compliance officers completed 13 verification activities to ensure a level playing field in relation to the enforcement of trade remedy measures, primarily focusing on:

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

A total of 70 verification activities were completed during the 2020-2021 financial year, compared to 54 during 2019-2020.

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

Trade remedy understatements identified	Financial year 2019 – 2020	Financial year 2020-2021
Customs duty	\$347,317.72	\$41,655.55
Dumping duty	\$6,948,130.03	\$2,358,115.58
Countervailing duty	\$2,018,723.47	\$352,737.55
GST	\$1,077,336.56	\$471,312.37

*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 entities deliberately circumventing anti-dumping measures that were subjected to ABF compliance activity ultimately left the industry.*

## Duty Refunds

**Table 5 - Administration of Refunds**

Description	Financial year 2019 – 2020	1 April 2020 – 30 June 2020	1 April 2021 – 30 June 2021	Financial year 2020 – 2021
Number of refunds lodged	120,077	27,259	28,829	104,317
Value of refunds lodged	\$323,729,248	\$60,091,601	\$63,184,436	\$247,839,795
Number of approved refunds	117,782	25,880	27,896	102,712
Value of approved refunds	\$260,945,917	\$54,710,188	\$55,815,326	\$231,336,375
Number of refunds rejected (non-compliant)	707	191	141	636
Value of refunds rejected (non-compliant)	\$32,882,214	\$1,218,215	\$2,698,036	\$5,704,710

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

## Duty Drawbacks

**Table 6a - Administration of Duty Drawbacks (number)**

Description	1 April 2020 – 30 June 2020	1 April 2021 – 30 June 2021	Financial year 2020 – 2021
Drawbacks Lodged	624	513	2,191
Total Drawbacks Paid	579	523	2,108
Drawbacks Rejected	4	5	31

*Note: The cumulative financial year 2019-20 figures for drawbacks are currently unavailable due to database remediation works. The paid drawback figure include claims lodged in past periods, explaining why the number paid can be larger than the number lodged.*

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

Description	1 April 2020 – 30 June 2020	1 April 2021 – 30 June 2021	Financial year 2020 – 2021
Drawbacks Lodged	\$235,645,410	\$74,084,534	\$533,915,489
Total Drawbacks Paid	\$129,917,758	\$131,782,511	\$533,292,773
Drawbacks Rejected	\$229,946	\$119,767	\$29,887,572

*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.*

## 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 April 2020 – 30 June 2020	1 April 2021 – 30 June 2021	Financial year 2020 – 2021
No. of Lines Checked	6,175	2,349	1,895	6,190
No. of Lines Detected to Have Error/s	1,689	543	398	1,252
Error Rate	27%	23%	21%	20%
No. of Detections	2,453	750	526	1600

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

Description	Financial year 2019 – 2020	Financial year 2020 – 2021
Incorrect Delivery Address	347	171
Tariff Classification	274	125
Val - Price (Invoice Total)	195	111
Val - Invoice Terms	177	182
Gross Weight	115	74
Origin	81	60
Val - Related Transaction	80	106
Tariff Concession	64	61

*Note: A number of valuation date errors are still being detected. Due to some identified industry system problems that skew the official figures they will not be published in the GCU until this issue is resolved.*

## Export declarations

Table 9 - CMP export declaration results

Description	Financial year 2019 – 2020	1 April 2020 – 30 June 2020	1 April 2021 – 30 June 2021	Financial year 2020 – 2021
No. of Lines Checked	481	332	158	774
No. of Lines Detected to Have Error/s	235	146	43	260
Error Rate	49%	44%	27%	34%
No. of Detections	467	297	80	472

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

Description	Financial year 2019 – 2020	Financial year 2020 – 2021
FOB Value	136	151
FOB Currency	11	32
Gross Weight	92	72
AHECC - Misclassification	48	33
Consignee City	36	8
Net Quantity	31	56
AHECC - Multi-Lines	24	13
Origin	26	36
Consignee Name	24	11
Other Export Data Inaccuracy	16	36

## Cargo reporting

**Table 11 - CMP cargo report results**

Description	Financial year 2019 – 2020	1 April 2020 – 30 June 2020	1 April 2021 – 30 June 2021	Financial year 2020 – 2021
No. of Lines Checked	6,175	2,349	1,895	6190
No. of Lines Detected to Have Error/s	187	20	76	204
Error Rate	3%	1%	4%	3%
No. of Detections	215	24	91	229

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

Description	Financial year 2019 – 2020	Financial year 2020 – 2021
Gross Weight	77	21
Consignee Incorrect	65	61
Consignor Incorrect	32	36
Goods Description	22	6
Declared Value	16	11
Origin Port of Loading	3	26
Destination Port	12	13
Cargo Report Data Inaccuracy (Other)	34	46



# Australian Customs Notices and Industry Guidance

## Australian Customs Notices

The following table contains the ACNs that have been issued since the last GCU. Any numbers missing from the table below (such as 2021-33) 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
2021-34	Customs duty rates for tobacco and tobacco products –September 2021
	Notice of Entry into Force for Peru of the Comprehensive and Progressive Agreement for Trans - Pacific Partnership
2021-35	Notice of Entry into Force for Peru of the Comprehensive and Progressive Agreement for Trans - Pacific Partnership
2021-37	New Restrictions for the Import and Export of Nicotine Vaping Products
2021-38	Gateway Clearance of Sea and Air Cargo
2021-40	2022 Harmonized System and Proposal Incorporation legislation – Royal Assent
2021-42	Home Affairs Device Digital Certificate Replacement
2021-44	Commencement of the Recycling and Waste Reduction (Export-Waste Tyres) Rules 2021

## Industry Guidance

### Reminder on correctly identifying delivery address for ICS reporting

A common question is how reporters should identify the correct delivery address to use on the import declaration, particularly for consignments unpacked at service provider premises and then delivered as loose cargo to importer premises.

Reporters are advised that where a situation arises where there are multiple delivery addresses then the main company or entity importing the goods needs to supply the address where the goods are to be broken down for domestic distribution, that is, where the goods will clear Customs control.

The import declaration guide, which can be accessed via this link: [doc-import-declaration-guide.pdf \(abf.gov.au\)](#), contains further information addressing many common reporting questions.

### Reporting of concerns relating to the new restrictions on nicotine vaping products

Service providers and importers/exporters should familiarise themselves with the new restrictions on nicotine vaping products outlined in ACN2021/37. Any compliance concerns should be referred to the TGA at [info@TGA.gov.au](mailto:info@TGA.gov.au).

# Around the Regions

## South Australia

### SA team work with industry to sniff out a training facility for the detector dogs

Recently, the South Australian detector dog unit (DDU) were in a need of a new training location after their previous industry partner handed in their licence. Recognising an opportunity to help, the supply chain team in SA used their industry connections to gain permission for the DDU to use FedEx's new state-of-the-art facility in the airport precinct.

This initiative has now provided a multi-purpose warehouse facility for the ABF dog handlers to maintain and up skill their canine counterparts. FedEx Security Manager Scott Knowles saw the value in helping out, saying, "We are always happy to assist Australian Border Force activities to support the protection of the Australian community". This is a great outcome for both the DDU and ABF and illustrates the ABF's commitment to strengthen and acknowledge cooperation with industry partners.



*ABF officers and detector dog Maverick pictured at the SA FedEx facility (Source: ABF)*

# In the news

## July 2021

### Increase in seizures prompts warning to potential importers of products containing cannabis

The ABF is again warning those attempting to import products containing cannabis or cannabidiol (CBD) oil their items will be seized at the border and they may face prosecution, unless they have permission to import the goods prior to them arriving in Australia.

The warning follows a marked increase in the number of items containing cannabis, commonly referred to as CBD products, being intercepted by ABF officers and referred to AFP for further investigation and/or seizure. Items regularly stopped by ABF officers include hemp or CBD gummies, oils and skin care products claiming to have health benefits or therapeutic uses. Products making therapeutic claims must comply with the *Therapeutic Goods Act 1989*. Cannabis products are not permitted to be imported using the personal importation scheme because they contain a substance which is prohibited under the *Customs Act 1901*. Only licensed sponsors can import cannabis products for medicinal purposes

Under the *Approval for the importation of hemp seeds and hemp derived products* guideline there are some hemp products that can be imported without permission. The full story can be found here:

<https://newsroom.abf.gov.au/channels/NEWS/releases/increase-in-seizures-prompts-warning-to-potential-importers-of-products-containing-cannabis>

## August 2021

### Australia and Singapore's blockchain trial shows promising results for reducing transaction costs

As summarised in the feature article in this edition, the ABF, the Infocomm Media Development Authority of Singapore (IMDA), and Singapore Customs, along with industry participants, concluded a blockchain trial to prove trade documents can be issued and verified digitally across two independent systems, reducing cross-border transaction costs.

The blockchain trial was initiated as part of the Australia-Singapore Digital Economy Agreement to make cross-border trade simpler between the two countries. The trial successfully tested the interoperability of two digital verification systems – the ABF's Intergovernmental Ledger (IGL) and IMDA's TradeTrust reference implementation.

The trial demonstrated Australia's capability in issuing high integrity digital trade documents that can be instantly authenticated, provenance traced, and digitally processed. QR-codes embedded with unique proofs are inserted into digital Certificates of Origin (COO), enabling immediate verification for authenticity and integrity of the document when scanned or machine-read. A key success of the trial is the acceptance of verifiable COOs by a regulatory authority, Singapore Customs. Trial participants from industry, including the Australian Chamber of Commerce and Industry, Australian Industry Group, ANZ Bank, DBS Bank, Standard Chartered and Rio Tinto, noted the benefits of improved efficiency through time and cost savings by using verifiable COOs.

ABF Commissioner Michael Outram said he was pleased with the positive results which will contribute to improving cross-border processes for Australian trading community. The full story can be found here: [Australia and Singapore's blockchain trial shows promising results for reducing transaction costs - All News - Australian Border Force Newsroom \(abf.gov.au\)](#)

## Firearms and firearm components seized

Firearms licence holders are being reminded of the legal consequences associated with the importation of illicit firearms and/or firearm components and the unlawful modification or manufacture of firearms.

On Friday 25 June 2021 officers from the WA Police Force's Licensing Services, Compliance and Inquiry Team and the ABF executed a search warrant at a residence in Helena Valley. The search warrant was executed as part of an investigation into the importation of items used in the manufacture of firearms, as well as the procurement of large amount of manufacturing tools. During the search warrant a number of silencers, steel barrels, 3D printers and 3D firearm parts, ammunition and various pieces of equipment used to manufacture firearms were seized along with nine licensed firearms, pending a review of the firearms licence holder's suitability to retain his license.



*Firearms and components seized during this activity (Source: ABF)*

ABF acting Superintendent Investigations WA, Linda Jose said detecting illicit firearms and firearm parts and accessories at the border is a key priority for the ABF." The ABF uses highly-trained officers, detector dogs and cutting-edge x-ray technology to identify offences and we will continue to work with partner agencies to combat this criminality. "People need to understand holding a legitimate firearms licence does not allow you to import firearms or firearms parts without a permit. Anyone considering importing firearms or firearm parts should be very clear about the regulations in place and ensure that they comply with them," acting Superintendent Jose said. Information about importing firearms/parts legally can be found [here](#).

The full story can be found here: [Firearms and firearm components seized - All News - Australian Border Force Newsroom \(abf.gov.au\)](#)

## \$200,000 seizure a chilly reminder for importers

A joint operation by the DAWE and ABF has led to the seizure of over \$200,000 worth of potentially hazardous refrigeration equipment imported without a licence.

ABF officers seized 100 packages in Melbourne in May 2021 after a tip-off that the Victorian-based importer did not have the required licence under the *Ozone Protection and Synthetic Greenhouse Gas Management Act 1989*. The equipment was imported with certificates stating that refrigerant gas controlled under Section 13 of the Act had been removed from the equipment, allowing the items to be imported without a licence. DAWE compliance officers in conjunction with ABF officers inspected the equipment and found that a significant portion still contained controlled hydrofluorocarbon refrigerant gases.

The Australian Government takes attempts to evade the import licensing requirements of the ozone protection laws very seriously. Importers are reminded to ensure they have the correct import licences in place before attempting to bring these items into the country. Without the correct licenses it can be a costly mistake for importers. The full story can be found here: [\\$200,000 seizure a chilly reminder for importers - All News - Australian Border Force Newsroom \(abf.gov.au\)](#)

## September 2021

### New Gateway Clearance measures to benefit importers and transport providers

Gateway Clearance for sea cargo is available from 1 October 2021.

This important change will allow the release of cleared sea cargo from customs control in the Port of Discharge, regardless of the final delivery destination.

Australian Border Force Commissioner and Comptroller General of Customs Michael Outram said this change brings customs and biosecurity release requirements for sea cargo in line with those for air cargo, and simplifies 'last-mile' logistics.

Previously, the ABF required even cleared consignments that listed different locations for the Port of Discharge and Port of Destination (on the Sea Cargo Report) to move under customs control to the Port of Destination prior to release. This unnecessarily complicated logistics and increased costs for the 'last-mile' of a consignment's journey.

From 1 October 2021, importers, in consultation with their logistics provider, can legally nominate the same port as both the Port of Discharge and the Port of Destination – regardless of the consignment's final destination. With this change, a consignment with customs and biosecurity clearance can be released into home consumption from the nominated port, and movement to any final destination can be via less costly domestic freight services.

For more information, see *Australian Customs Notice 2021/38*, which will be published on the ABF website shortly, or contact [cargosupport@abf.gov.au](mailto:cargosupport@abf.gov.au). The full story can be found here: [New Gateway Clearance measures to benefit importers and transport providers - All News - Australian Border Force Newsroom \(abf.gov.au\)](#)



## 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](mailto:goodscompliance@abf.gov.au), attention GCU editor.

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](mailto:industry.engagement@abf.gov.au).

# Glossary

ABF	Australian Border Force
ACM	Asbestos Containing Material
ACN	Australian Customs Notice
AEO	Authorised Economic Operator
AFP	Australian Federal Police
AHKFTA	Australia-Hong Kong Free Trade Agreement
APC	Agriculture Processing Charge
APL	Agriculture Processing Levy (Charge)
APM	Australian Police Medal
APVMA	Australian Pesticides and Veterinary Medicines Authority
ARN	Australian GST registration number
ASA	Australian Space Agency
ASEAN	Association of Southeast Asian Nations
ASO	Australian Sanctions Office
ATO	Australian Taxation Office
ATS	Automotive Transformation Scheme
ATT	Australian Trusted Trader
AUKFTA	Australia United Kingdom Free Trade Agreement
CBD	Cannabidiol
ChAFTA	China Australia Free Trade Agreement
CITES	The Convention on International Trade in Endangered Species
COAG	Council of Australian Governments
COO	Certificate of Origin
CMP	Compliance Monitoring Program

CP	Counter Proliferation
CPD	Continuing Professional Development
CPQ	Community Protection Questions
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
CRN	Consolidation Reference Number
DDU	Detector Dog Unit
DEC	Defence Export Controls
DFAT	Department of Foreign Affairs and Trade
DIBP	Department of Immigration and Border Protection (2015-2017)
DOO	Declaration of Origin
DSGL	Defence and Strategic Goods List
ECA	Export Control Assessment
EDN	Export Declaration Number
EEG	Excise Equivalent Goods
EFT	Electronic Funds Transfer
FID	Full Import Declaration
FTA	Free Trade Agreement
GCU	Goods Compliance Update
GST	Goods and Services Tax
Harmonized System	Harmonized Commodity Description and Coding System
IA-CEPA	Indonesia Australia Comprehensive Economic Partnership Agreement
IAG	Industry Advisory Group
IGL	Intergovernmental Ledger
ICS	Integrated Cargo System
IDM	Illustrative descriptive material
IFCBAA	International Forwarders and Customs Brokers Association of Australia

IMDA	The Infocomm Media Development Authority of Singapore
IPC	Import Processing Charge
IPRE	Intellectual Property Rights Enforcement
ITTF	Illicit Tobacco Task Force
INS	Infringement Notice Scheme
JAXA	Japanese Aerospace Exploration Agency
JSCOT	Joint Standing Committee on Treaties
LCL	Less than Container Load
LCT	Luxury Car Tax
MRA	Mutual Assistance Arrangement
NCBLAC	National Customs Brokers Licensing Advisory Committee
NGA	National Gallery of Australia
OCG	Organised Crime Group
ODC	Office of Drug Control
PACER	Pacific Agreement on Closer Economic Relations
PAFTA	Peru-Australia Free Trade Agreement
PCI	Pre-Clearance Intervention
PSM	Public Service Medal
PSR	Product Specific Rules
RCEP	Regional Comprehensive Economic Partnership
SAC	Self-Assessed Clearance
SAFE Framework	SAFE Framework of Standards to Secure and Facilitate Global Trade
STS	Simplified Trade System
TCCU	Thermal Controlled Container Units
TGA	Therapeutic Goods Administration
TLF	Tariff list file



UAVs	Unmanned Aerial Vehicles
UK	United Kingdom of Great Britain and Northern Ireland
UNSC	United Nations Security Council
WET	Wine Equalisation Tax
WCO	World Customs Organization
WMD	Weapons of Mass Destruction