

ADDITIONAL COMMENTS BY THE AUSTRALIAN LABOR PARTY

1.1 Labor Senators agree with the committee's majority report and broadly endorse the committee's comments and recommendations. However, Labor Senators wish to make some additional comments in relation to the Accredited Client Program (ACP).

1.2 Labor Senators question the merits and effectiveness of the revised ACP, as proposed in Schedule 5 of the Bill, particularly given the lack of industry support. Labor Senators are particularly concerned that the Bill contains what can only be described as a complete about-face by the Federal Government in relation to duty deferral. Such a major change to a fundamental part of the original ACP proposal, which has been provided for in legislation since 2001, is undesirable.

1.3 The fact is, the proposed scheme is a broken promise to industry which is at odds with both the consultation process and commitments contained in existing legislation. It is also a change of much greater consequence than the committee was led to believe during the course of its inquiry. Moreover, Labor Senators believe that the practical repercussions of the changes are exacerbated by the failure of the Federal Government to fully engage all relevant areas of industry, beyond a highly select group, in consultations on the revised model.

1.4 Labor Senators consider that the ACP would be more successful in achieving the aims of trade and security benefits for government and industry if it were designed to attract the participation of all companies, both large and small. This is particularly relevant in a security sense since small volume importers may carry large security risks.

1.5 In this context, Labor Senators note the combined effect of the US Automated Commercial Environment (ACE) and Customs-Trade Partnership Against Terrorism (C-TPAT) systems with its two distinct arms for meeting the requirements of the WCO Framework. That is:

- real incentives to enter the ACE scheme, including a monthly statement and payment capability, which potentially allows deferral of duty payments for more than 45 days; and
- a strong focus on security through C-TPAT, the joint US Government-business initiative which aims to build cooperative relationships in order to strengthen overall supply chain security (with strict security standards applicable to all relevant 'links' in the import chain) and border security, with

corresponding additional trade facilitation benefits for C-TPAT members (for example, less inspections and priority processing).¹

1.6 When contrasted with the clear trade and security benefits of the US systems, the obvious weaknesses and vulnerabilities of the Australian equivalents – Cargo Management Re-engineering (CMR) and the proposed ACP – are heightened even further. In the case of the ACP, Labor Senators are of the view that there are few, if any, incentives to attract participants at the outset. This will do little to facilitate trade and, perhaps most significantly, will do even less to enhance supply chain security. Implicitly, an ACP tailored towards large high-volume importers can degrade the strength of supply chain security since other relevant 'links in the chain' will not be required to adhere to relevant ACP security standards. As a result, Labor Senators are unconvinced that the proposed ACP will provide anything more than lip-service to the requirements of the WCO Framework.

1.7 Labor Senators also question how the Federal Government intends to develop the ACP further from this point. Since essential elements of the ACP are yet to be finalised, it is unclear what steps will be taken to achieve the final product. This is particularly pertinent given the low industry support for the scheme. Labor Senators strongly encourage the Federal Government to issue a public statement of direction with respect to the ACP and to encourage full-scale industry involvement in future development of the scheme.

Senator Patricia Crossin

Senator Linda Kirk

Deputy Chair

Senator Joseph Ludwig

1 For further information on the ACE and C-TPAT systems, see <http://www.cbp.gov/xp/cgov/home.xml>