



Australian Government
Australian Customs Service

**SUBMISSION TO THE
SENATE LEGAL AND CONSTITUTIONAL LEGISLATION COMMITTEE
INQUIRY INTO THE
CUSTOMS LEGISLATION AMENDMENT (BORDER COMPLIANCE AND
OTHER MEASURES) BILL 2006**

APRIL 2006

Introduction

1. This submission is made by the Australian Customs Service in relation to the referral by the Selection of Bills Committee of the *Customs Legislation Amendment (Border Compliance and Other Measures) Bill 2006* to the Legal and Constitutional Legislation Committee.
2. It is understood that the bill has been referred to the Legal and Constitutional Legislation Committee so as to assess whether it is compliant with the World Customs Organisation Framework of Standards to Secure and Facilitate Global Trade. This submission is made to assist the Committee with its deliberations.

The Accredited Client Program

3. The bill proposes, inter alia, amendments to the *Customs Act 1901* to provide for revised arrangements for the payment of customs duty by ‘accredited clients’.
4. Customs Accredited Client Program (ACP) has been under development for a number of years. It was initiated following an internal review by Customs of its commercial import clearance processes. The program is being introduced to provide streamlined processing arrangements to the benefit of highly compliant importers / exporters. The program encourages partnerships to be formed between Customs and individual firms in the business sector.
5. Under the ACP, a business that Customs assesses as being highly compliant (ie 98% accuracy of information) and a low risk entity, can be approved by Customs as an ‘accredited client’. In practice it anticipated that only very large and well-managed companies will meet this standard.
6. Once approved, an accredited client can receive a number of benefits. Some examples include: accredited clients need only make one Customs duty payment each month for all import transactions, as distinct from the current arrangements whereby duty must be paid on each and every import consignment; an accredited client’s goods can be cleared with fewer Customs inspections; accredited clients can provide a monthly aggregate declaration for all imported goods, rather than a full import declaration for each and every consignment. These benefits are expected to provide cost savings to accredited clients, in recognition of the effort invested in achieving high levels of compliance.
7. Entry to, and continued participation in, the ACP requires compliance with Business Rules to be published by the CEO of Customs. The Business Rules are a legislative instrument and will be tabled in Parliament in accordance the provisions of the *Legislative Instruments Act 2003*. It is intended that Accreditation Standard #6 of the draft Business Rules being developed in consultation with industry representatives will include a requirement for entrants to the ACP to have in place security standards that are consistent with the ‘Customs-to-Business Pillar’ of the WCO Framework of Standards. This will ensure that accredited clients can be certified as meeting the Customs-to-Business security requirements.
8. The security requirements associated with the ACP will be a positive contribution to improving supply chain security.

The WCO Framework of Standards

9. Australia was an active contributor to the development of the World Customs Organisation's Framework of Standards to Secure and Facilitate Global Trade (the Framework). In June 2005 Australian Customs provided the WCO with formal notification of its intent to implement the Framework and to provide assistance with implementation to other Customs administrations within our region.

10. Adoption of the Standards contained in the Framework by Customs administrations is purely on a voluntary basis and consequently, failure to commit to the implementation of those Standards does not constitute a breach of international law. Having said that, Australian Customs is of the view that the Standards represent a sound platform upon which, over time, Customs administrations can aim to achieve a degree of harmonisation of supply chain security.

11. Amongst other things, the Framework aims to strengthen the co-operation between Customs administrations and the private sector and in so doing, requires Customs administrations to define benefits that Customs will provide to businesses that meet certain supply chain security standards and best practices.

12. Supply chain measures contained in the WCO Framework and to be adopted by businesses include access controls; protection of IT and other record-keeping systems; personnel security (screening); providing employee security awareness training; and cargo and container integrity measures.

13. Customs is of the view, that ACP is entirely consistent with and complementary to the WCO Framework of Standards. Indeed a footnote in section 3.3 of the WCO Framework cites Australia's ACP as 'an innovative program' in the context of Customs / Business partnerships.

Conclusion

14. The bill proposes amendments to the *Customs Act 1901* which will enable Customs to offer the ACP to interested parties. The program encourages partnerships to be formed between Customs and individual firms in the business sector. The principles that underpin the program are similar to a range of similar programs administered by overseas Customs administrations (for example the US 'C-TPAT initiative'; New Zealand's 'Secure Exports Program'; Sweden's 'Stairway' initiative).

15. A key element of the WCO Framework is to encourage partnerships between Customs administrations and the private sector to create 'win / win' situations. Customs gains a greater confidence in the integrity of the supply chain and a higher level of compliance while businesses enjoy a range of benefits outlined above.

AUSTRALIAN CUSTOMS SERVICE

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