

QUESTION TAKEN ON NOTICE

BUDGET ESTIMATES HEARING : 25 May 2015

IMMIGRATION AND BORDER PROTECTION PORTFOLIO

(BE15/030) - Ausfreight - Programme 1.1: Border Enforcement

Senator Carr, Kim (L&CA 71) asked:

Senator KIM CARR: Thank you. As I understand it, as a customs depot licensee Ausfreight collected duties from their customers on behalf of Customs. Is that the case?

Senator KIM CARR: Have you collected it?

Senator KIM CARR: Could you provide the committee with advice on that matter please?

Senator KIM CARR: How long had Ausfreight been collecting duties from its customers on behalf of the Customs Service before the Customs Service realised that the customs duties were not being passed on?

Senator KIM CARR: So how long was it before you realised that customs duties payable had not been paid by the clients of Ausfreight?

Senator KIM CARR: How long does it normally take you to find out that people are not paying their duty?

Senator KIM CARR: How much duty was involved?

Senator KIM CARR: What was the process by which the department came to realise that the duties had not been paid?

Senator KIM CARR: For how long a period were duties liable?

Mr Quaedvlieg: I will take that on notice.

Answer:

- (i) The holders of customs licences do not collect duties and GST on behalf of Australian Customs and Border Protection Services (ACBPS) or the Commonwealth. The owner of the goods is liable for any duties and GST owed to the Commonwealth.
- (ii) Each party fitting the definition of 'owner' in the Customs Act can be held liable for outstanding duty and GST, until someone pays the debt. The definition of "owner" is very broad and includes importers.

In accordance with legislation and in line with normal practice, the ACBPS issued revenue demands to the seven importers who received the relevant goods when there was no authority to deal with them. A number of the importers have paid their outstanding debts to the Commonwealth. Recovery action is still underway for the collection of outstanding revenue.

ACBPS has certain obligations to pursue Commonwealth revenue debts where it is possible to do so. ACBPS is not responsible for the defaults of Ausfreight Global Logistics Pty Ltd, which acted as the agent of the importers, under contract to the importers.

- (iii) See answer to (ii)
- (iv) See answer to (i)
- (v) ACBPS only became aware of the non-payment of duty and GST on the relevant goods when it identified Ausfreight Global Logistics Pty Ltd's breaches of section 33 of the Customs Act in late 2013. ACBPS commenced action to recover the duty and GST liabilities soon thereafter.
- (vi) ACBPS applies an intelligence-led, risk-based approach to managing border risks. In a trading environment where participants self-assess, ACBPS ensures compliance through pre and post clearance monitoring, intervention and enforcement activities that are proportionate to the level of risk. Where ACBPS detects non-compliance, it has a variety of treatment options. These range from education and warnings, administrative action such as suspension and revocation of licences and the application of infringement notices, through to the conduct of prosecutions or referral to other agencies.

The real time monitoring of all cargo moving through Customs licensed depots is not practical. ACBPS attempts to mitigate those risks through a range of cargo and entity risk assessment processes, targeted interventions and compliance activity.

What this means is that compliance checks on licensed depots often occurs on a post transaction basis. This was the case in relation to Ausfreight Global Logistics Pty Ltd. When ACBPS found out what was occurring at Ausfreight Global Logistics Pty Ltd it took action resulting in the cancellation of Ausfreight Global Logistics Pty Ltd depot licence

- (vii) The unpaid liabilities relate to 7 importers and total approximately \$149,000 in duty and GST.
- (viii) See answer to (vi).
- (ix) The liability remains until someone pays the debt.