

## **Business Partner Group**

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The President  
Senate Legal and Constitutional Committee  
Parliament House  
Canberra ACT 2600

Email: [legcon.sen@aph.gov.au](mailto:legcon.sen@aph.gov.au)

Dear Sir/Madam

This submission is tendered in support of the proposed amendments to the Customs Act 1901 covered by Schedule 5, Accredited Clients, in the *Customs Legislation Amendment (Border Compliance and other Measures) Bill 2006*.

The duty deferral arrangements contained in this Bill will enable a significant initiative originally endorsed by Parliament in 1997; the Accredited Client Program (ACP).

- The ACP enjoys wide ranging support from the importing community.
- The main feature of the ACP is Periodic Reporting of data to Customs.
- Periodic Reporting cannot operate without agreed duty deferral arrangements.

The ACP should be viewed as a cooperative partnership between government and industry. It is an important factor in securing Australia's trading future.

In our view it is desirable that this government/industry partnership should be given every opportunity to work as it is intended. The only obstacle to enlivening this program is the duty deferral arrangements.

Prospective Accredited Clients have endured many years of consultation, change and uncertainty to this point. But all the participants remain committed to the success of the ACP, some eight years on. These amendments to the Customs Act are crucial to this objective and it is our submission that they be adopted as per the Amendment Bill before you.

### **The Business Partner Group (BPG)**

The BPG was formed in 2001 and represents a cross section of industry that has worked closely with government agencies to realize a workable and practical ACP model. Our members include importers (the party who ultimately pays all the bills), freight

forwarders and customs brokers. As such, the BPG is truly representative of the importing community in this instance.

- The BPG comprises a group of major importers/exporters and service providers, who agreed to act as pilot partners in the Accredited Client Program.
- The BPG has been actively involved at all stages in developing a practical ACP model that delivers improved levels of compliance, reduces the administrative burden on importers, supports government risk management objectives and bring Australia a step closer to cementing a Customs Supply Chain Security Program.

### **The ACP model endorsed by Parliament**

Australia is a trading nation. In order to maintain competitiveness we must stay at the forefront of international best practice and embrace the advantages offered by emerging technology and concepts.

Parliament recognized the benefits of the ACP when it passed the International Trade Modernisation legislation in 1997.

The ACP represents a major advancement in the relationship between government and the importing community in the following ways.

- Periodic Reporting will streamline import processing arrangements and remove layers of unnecessary red tape for highly compliant Accredited Clients.
- Government agencies benefit from higher levels of voluntary compliance, improved risk management capability and better use of scarce resources.
- We estimate that this ACP model should attract significant importer support over the next five years.
- The ACP is consistent with international trends in government/business cooperation.

### **Negotiating the ACP to satisfy the Government's objectives**

The ACP has been discussed at broad-based industry meetings such as Ministerial Roundtable consultations during 2004 and 2005.

It is understandable, given the process has taken at least 8 years, that some other parties may have lost focus or enthusiasm for the Program along the way. However the BPG and its entire membership have persevered. Those companies are certain that the ACP will deliver long term outcomes that will improve productivity and reduce costs in relation to imports and exports, as well as providing better supply chain security attributes.

In this respect, we are NOT in agreement with comments made by the Customs Brokers & Forwarders Council in its submission to your Committee, an extract of which was circulated to CBFCA members last Friday.

The current ACP model, including the duty deferral proposals contained in the Bill, are the outcome of very detailed and protracted consultation dating back to the mid nineties.

As part of this process, the pilot partners and their service providers have undergone the most rigid commencement audits in a trial program to assess the practicality of moving away from the old, inefficient importing paradigm.

- The negotiated duty deferral arrangements, whilst not ideal, are an integral aspect of this.
- The underpinning Periodic Reporting concept has been the central feature delivering industry realistic efficiencies in the customs clearance process.
- Periodic Reporting aligns with other government reporting regimes such as the Business Activity Statement

### **The importance of this Bill**

The pilot partners have yet to achieve any material outcome for their efforts. However, the BPG understands that certain specific interest groups may be opposed to this Bill fearful of some personal disadvantage or because of misinformation.

The BPG would like to assure the Committee that a robust, open and in depth consultation process over many years has arrived at what is considered a sound and realistic ACP model. Although many benefits have been diluted through the passage of time, we are confident the resultant model conforms to the original intention as outlined in the ITM. As the Committee is no doubt aware, Periodic Reporting cannot proceed without the duty deferral proposals contained in this Bill.

As we now approach the critical phase of implementation, it is important the integrity of the consultation process be maintained and that the ACP amendments proposed in this Bill be passed without any change.

## **Business Partner Group**

### **Pilot partners**

Coles Myer Group

Colorado Group Ltd

### **Service Providers**

BAX Global (Aust) Pty Ltd

Danzas AEI Pty Limited

Du Pont Australia Limited  
Ericsson Australia Pty Ltd  
Kodak (Australasia) Pty Ltd  
Komatsu Australia Pty Ltd  
Nortel Networks Australia Pty Ltd  
Panasonic Australia Pty Limited  
Hewlett-Packard (Australasia) Ltd

Dunkley International Pty Ltd  
Exel (Australia) Pty Ltd  
Patrick International Freight  
Schenker Australia Pty Ltd  
TCF Services Pty Ltd

Your consideration of this submission would be greatly appreciated.

Yours faithfully

*(signed by)*

Margaret Milne  
For the Business Partner Group