



Simplified Trade System (STS) Consultation Paper response template

Australia Post's Comments

- Australia Post welcomes the opportunity to provide a response in relation to the Simplified Trade System (**STS**).
- We are happy to discuss our comments with relevant Government Departments in further detail to ensure a suitable outcome that helps Australian citizens, customers and businesses and importantly one which does not adversely impact eCommerce trade both domestically and internationally.

General

Tell us about your business, sector, product or service and location/s.

- Australia Post is a Government Business Enterprise and is required by legislation to supply postal services within Australia and internationally. Together with its key subsidiaries, joint ventures and associates, Australia Post plays an integral role in the international supply chain for both inbound cargo and inbound mail.
- As Australia's designated postal operator for the purposes of Australia's membership of the Universal Postal Union (**UPU**), Australia Post also implements Australia's international postal treaty obligations. Australia Post provides international postal mail services both within Australia and internationally and, unlike other commercial operators, cannot choose not to provide some of these services given our obligations. The work to simplify the trade system is thus relevant for both cargo and mail services we provide.
- Australia Post plays an integral role in the international supply chain for inbound and outbound mail and cargo destined for all Australians. This facilitation of trade and eCommerce supports and strengthens Australia's economy. Australia Post is a Government Business Enterprise and is obliged to perform its functions in a manner consistent with sound commercial practice.
- We provide services throughout Australia, delivering to 12.4 million delivery points nationally and to over 192 countries globally.
- For our commercial mail services Australia Post provides solutions to Australian Merchants and offshore merchants specifically to DB2C (Direct Business to Consumer) The services made available by this process are an integral part of the end-to-end relationship between the offshore customers and the Australian Businesses addressee/recipient which include commercial self-assessed clearances (SAC) declarations and outturn reporting for over ~23 million inbound articles and for commercial outbound mail we provide end to end (**E2E**) services to complement our existing UPU traffic and offer merchants greater flexibility and customer experience.
- As of November 2020 Australia Post was granted and formally accepted membership to the Department of Agriculture, Water and the Environment Cargo Consultative Committee (DCCC).

What is your role in the end-to-end trade environment (importer, exporter, customs broker etc)?

- We provide domestic and international inbound and outbound postal mail and commercial mail services. We have spilt our comments in the submission between those relating to “postal” items and commercial items under the “Air Cargo pathway” headings, where applicable.

What are the major pain points for your business to get your product to, from and across the border?

- Simplifying the process to allow for seamless clearance and delivery of inbound and outbound mail items. Further information is provided in the body of our submission below.

Where and how do you believe the cross-border trade system can be simplified?

Provided in the body of this submission. Key points:

- We support work to modernise the trade systems to ensure Australia’s competitiveness for both importers and exporters.
- We would like to see better coordination of IT systems, greater automation, and reduced duplication across Government agencies.
- Greater coordination between Federal and State Governments on regulatory requirements and legislation would help us deliver our services and ensure compliance.

What changes in the trade process have you incorporated or seen as result of the COVID-19 pandemic that would be beneficial to continue?

- There are no specific changes in the trade process as a result of the COVID-19 pandemic which we believe would be beneficial to continue from Australia Post’s perspective. The implementation of government restrictions, both at the Federal and state government levels, during this period imposed further cost and inefficiencies in our processes– ie: requirement to have fewer staff at facilities, social distancing rules, deep cleaning requirements and reduction of ABF staff on site and the reduction of air transport availability due to border closures, etc.

What have you seen in other countries’ current trade processes that you think could be implemented in Australia?

- Faster and more efficient trade systems such as those seen in New Zealand, Singapore and Canada.

1. Reviewing red tape

Which government processes or regulations could be improved (made simpler, more integrated or less duplicative)?

Core IT systems require some improvement with the ability to integrate between other government agencies, customer and supplier systems seamlessly. We support the use of a harmonized system to support the efficient flow of mail items.

Inbound Postal

- The reporting of underbond movement and outturn of mail for postal inbound flows in the Import Control System 2 (**ICS2**) is not suited to actual mail movements, as mail travels on UPU documentation, not Airway Bills (**AWB**). This creates a disconnect between Australia Post and the airlines and ground handlers when it comes to reporting inbound mail movement in ICS2.

Air Cargo Pathway

- The ICS-Integrated cargo system is outdated and requires updating for relevant changes in the global supply chain.
- Duplication in processes including audit, approval, data, physical and communication pathways by both Australia Border Force (**ABF**) and Department of Water, Agriculture & the Environment (**DAWE**) are currently inefficient. We would support a clear federal approach rather than a state defined process for such matter.
- Closer collaboration within the Department of Home Affairs in relation to visibility and communications across the board would also be supported.
- Having a clear ability to utilize current ABF and other Government Department infrastructure to assist with defining mail and cargo would be useful.

Which government requirements take the most time to meet and what impact does that have on your business?

Postal

- IT systems to capture customs information can be cumbersome, particularly with changes in internal government policy. The recent changes to the European Union (**EU**) VAT laws required information to be transmitted in a certain way. We require systems support and time to ensure we are able to implement on time otherwise customer items are returned to sender. We would support work on a harmonized customs system worldwide, with the Australian Border Agencies leveraging existing World Customs Organisation (**WCO**) -UPU frameworks.

Air-cargo pathway

- The documentary processes and physical operational requirements to meet current legislation requires additional full-time employees (**FTE**) to manage and fulfil these requirements. This is costly and cumbersome for our business and the government

If available, please provide data on the time taken to complete these processes/regulations, and/or the costs to your business.

- Further information can be provided on request.

2. Digital transformation

What tools/systems are you using to move goods across (Australia's?) borders? Do you use the systems of brokers or other third-party service providers to facilitate trade activity? If you use brokers or other third-party services, why?

Postal

- Inbound postal items held for duty clearance are currently left to the recipient to organise payment and provision of the required information.

Air cargo Pathway Import and Export

- We utilize a combination of both internal and third-party software integrated to ICS for all data transmission to relevant Government Departments to meet our legislative requirements.
- We use a 3rd party customs broker to undertake formal clearance due to the cost of bringing this inhouse.

Which part/s of your trade processes are still using paper and/or scanned documents and attachments to emails?

Postal

- The notification by the Border Agencies that a postal item has been cleared and can be released to the Australia Post network for delivery is a very manual process and would benefit from being automated.

Air cargo Pathway

- Currently all communication with ABF and the other Government departments including documentary submissions must be over email as they do not have any other mode of integration available, such as secure file transfer protocol (**SFTP**). This is a very outdated, slow and inefficient integration capability.

How old is your current technology? What is your future technology roadmap, and what is the timeframe?

Inbound Postal

- Work on a roadmap for inbound mail is being developed as part of the New International Mail Operating Model (NIMOM) program of work. We hope that this work will incorporate changes which support the efficient import and exports of mail items. Shared infrastructure is a key component of this programme.

Air-cargo Pathway

- Modern technology is used and preferred, where possible to promote security, audit and a paperless working environment.

What technology changes have you incorporated or seen as a result of the COVID-19 pandemic that you would like to continue?

- Nil

What changes would you like to see to government systems and what impact could this have on your business?*Inbound Postal*

- We would appreciate greater information and data shared where possible, for example, on inspected mail items the rate of interceptions vs. examination, as well as, where possible, examples of seizures and arrests and the resulting benefit to the community. This would allow us to share with our team members and help foster collaboration between the three agencies operating in the postal gateways.

Air-cargo Pathway

- Upgrading ICS from an operational environment perspective, whilst ensuring secure electronic capability for both documentary and physical processes is required to streamline activities, promote security, audit and to promote a paperless working environment.

What aspects of a 'tell us once' digital service would have the biggest impact on your business and why?

- See above

3. Data**How can the government make information requirements clearer or less duplicative?**

- By having simplified accessible interactive information and support available to the industry.

How could government better support use of common trade-related data standards within the trade sector?

- With closer collaboration with specific industry groups to understand global constraints and businesses to adapt to changing market dynamics.

Do you have examples of where your business has experienced increased administrative complexity, cost or delays because government systems do not 'talk' to or share data with each other?

Inbound Postal

- We currently provide item-level data Electronic Advance Data (**EAD**) to ABF for the assessment of risk on inbound mail items. As it took many years to have that data made available to DAWE, this subsequently caused delays in DAWE being able to increase their risk assessment of inbound mail. We would support a more seamless system interchange in relation to such matters going forward.

Air-cargo Pathway

- In the everyday operating environment Government departments or teams have multilayers of direction, advice and communication points with Australia Post. This is both operationally and administratively costly and cumbersome. We would support a more streamlined approach to communication going forward.

What opportunities are there for any of your data holdings to be used in other ways to improve cross-border trade?

Inbound Postal

- Opportunities are being explored as part of the New International Mail Operating Model (**NIMOM**) program of work.

Aircargo Pathway

- To assist in streamlining border activities supply chain and visibility with the relevant teams.

4. Federal, state and territory governments

What is currently working well in interactions across government jurisdictions that could be expanded or replicated?

- The Department of Agriculture, Water and the Environment Cargo Consultative Committee (**DCCC**), ABF forums and Tripartite forums/working groups.

Which information required by federal, state or territory government is difficult or costly to obtain?

General advice on legislative requirements and changes as they relate to our business ie: Any new Customs procedures.

It would be helpful to have further information any new international trade agreements, changes to trade policies, including trade restrictions on imported items well ahead of the implementation date of any changes. This will allow Australia Post to be ready to implement the changes and ensure its compliance with new legislation.

Which processes or information requests are duplicated by federal, state or territory authorities and how does this impact your business?

- Multilayers with ABF, DAWE and Therapeutic Goods Administration (**TGA**).

5. Measuring performance

Where have you seen data used effectively across the trade environment to measure success?

What data sources does your business use to measure and track its performance?

- E2E supply chain data.
- Processing throughput, e.g. “parcels per hour”.
- Utilisation of team members compared to workload/throughput.

Can you provide examples of metrics measuring cross-border trade?

- Nil

6. Innovation in the future trade system

What innovations does your business use, or plan to use, to improve the way you trade?

Inbound Postal

- Enhanced technology systems - automation, machine learning and Real Time Tomography (**RTT**) scanners.

Air -cargo Pathway

- State of the art infrastructure and technology capability to drive automation, safety and visibility.

What innovations have you used or seen elsewhere – including those introduced in response to the COVID-19 pandemic - that would be valuable to continue?

- Paperless operating environment including QR systems and communication models like Microsoft Teams, WebEx, Zoom etc.

What barriers prevent you from incorporating innovation or emerging technology?

- Significant cost to our business, cross utilisation and the willingness of government and industry partners to adapt and integrate their systems.