



# Simplified Trade System (STS) Consultation Paper response template

## General

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

*The Conference of Asia Pacific Express Carriers (Australia) Limited (CAPEC) is an industry association representing the interests of the world's leading integrated air express parcel delivery companies. Its members are DHL Express, FedEx, and UPS.*

*Established in 2000, CAPEC continues to work closely with governments and regulatory authorities in Australia and the wider Asia Pacific Region, to achieve policy reform that serves to create an efficient and effective border clearance process. That is, to implement genuine trade facilitation measures to process international cargo quickly and reliably, while maintaining trade compliance measures to protect the Australian community and preserve Commonwealth revenue.*

*Express delivery services are crucial to fast-cycle logistics, e-commerce, rapid global transactions and international competitiveness. The express delivery industry plays a vital role in facilitating trade expansion and economic growth throughout the Asia Pacific region.*

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

*CAPEC members offer 'door-to-door', time definite carriage of international air express cargo. This includes pick up, transport, customs clearance, and delivery services of both Business to Business and Business to Consumer (e-Commerce) consignments. All CAPEC members are currently accredited under the Australian Trusted Trader Program.*

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

*Having to deal with multiple Government regulatory agencies can cause confusion and result in delays to businesses and consumers. A recent example of this can be seen with the import and export of COVID-19 related commodities, such as Personal Protective Equipment and Rapid Antigen Test Kits. Such commodities are administered by no less than 3 Commonwealth regulators: the Australian Border Force, the Department of Agriculture, Water and the Environment, and the Therapeutic Goods Administration. A more simplified system of one centralized regulator would be preferred.*

Moreover, many of the Government regulatory agencies that CAPEC members deal with (on a daily basis) have differing policies and procedures in each region. This can lead to confusion, and additional costs and delays.

Another pain point is where Government regulatory agencies do not have sufficient resources to keep up with industry demands. For example, having adequate staffing of qualified personnel to undertake examination of high risk air cargo consignments. Similarly, any changes to the regulatory framework must be communicated to industry in a timely and comprehensive manner.

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

By having a single point of contact within one Border Agency, or at least a single point of contact in each Regulatory Agency. Having consistency in policies and procedures in each Region to avoid confusion for importers/exporters/service providers. Being able to develop and implement flexible procedures under the Trusted Trader Program. There have been some successes (e.g. streamlined cargo reporting) but there is still much progress to be made (e.g. new approaches to dealing with abandoned cargo, outturn reporting, and low value Duty Drawbacks are three examples of where cross-border trade can be simplified without compromising on 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?**

A willingness by Government Regulators to consider alternate temporary options to address specific issues. For example, the creation of a multi-agency group to assist with the border clearance of COVID vaccines worked extremely well under "Operation Hangfire". Similarly, the ABF Depot Licensing Branch allowed CAPEC members to initiate the immediate short term use of unlicensed facilities to enable the processing of cross-border trade to continue during periods where COVID safety protocols required deep cleaning. The Trusted Trader Branch has been instrumental in its recognition of CAPEC member's unique business model and that "one size does not necessarily fit all."

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

An integrated ICT system that provides a single portal across multiple Government Regulatory Agencies.

## 1. Reviewing red tape

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

By having one set of documents that covers all of the Regulatory Agencies' requirements to be completed once, instead of multiple forms from different agencies for one consignment. This extends to areas of compliance, e.g. a separate Background Check Form is required for CAPEC member's staff by the ABF, DAWE and AMS. This should be consolidated into a single form to simplify the process.

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

*Obtaining specific documentation before consignments will be released for delivery, e.g. Manufacturer Declarations (DAWE), Unaccompanied Personal Effects Forms (ABF / DAWE), and general data from the overseas supplier (multiple agencies). Where multiple agencies are involved, trade complexity increases, e.g. medication clearance requiring ABF, DAWE and TGA approval.*

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

*This is an area of contention for CAPEC members. For some time, requests have been made to Regulatory Agencies to provide a service level agreement in terms of how long it will take for a standard border hold to be assessed and acquitted (or seized). Notwithstanding the complexities underpinning why a consignment may be held at the border, there should still be a timeframe, e.g. 24/48/72 hours, provided to industry to set a minimum baseline expectation for both CAPEC members and the import / export community. Addressing this issue will allow for a more accurate assessment of border hold timeframes.*

## 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?**

*The primary system is the Integrated Cargo System (ICS). CAPEC members have individual border clearance systems that feed into the ICS. This is due to the need to 'batch' multiple consignments. Generally the systems function adequately, however there are concerns over the stability (and BCP) of the ICS given the enormous increase in trade volumes. The ICS is also limited in certain functionality such as uploading data and allowing other automated processes.*

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

*Unaccompanied Personal Effects and ATA Carnets still require manual forms. The scanning and emailing of consignment documentation is the most common form of correspondence between CAPEC members and Regulatory Agencies. This could be improved through alternate arrangements such as allowing access to the CAPEC member systems to enable a more efficient review of data.*

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

*CAPEC members will need to share this data separately, upon request. From a technology roadmap perspective, much of our plans are influenced by the ICS, which is 17 years old itself and limited in some respects. An ICS roadmap and timeframe from Government would be welcomed by industry.*

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

*The ability to report cargo and receive a border clearance status pre-arrival, i.e. without the need to link the CAPEC cargo report with the Cargo Terminal Operator's cargo report. This happened (successfully) during the COVID-19 pandemic with commodities such as PPE and vaccines.*

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

*An ICS roadmap and timeframe. More opportunities to share data to improve earlier risk assessment. Greater visibility to Trusted Traders on the border clearance process to provide greater transparency and service level expectations.*

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

*There have been a number of small pilots undertaken with CAPEC members around this concept. An example of this is the Secure Trade Lane Pilot that was undertaken between Australia and New Zealand. The ability to report information at the point of export and to transfer this information to the destination country to use as the basis of import clearance is certainly achievable, especially when the Trans-Tasman trade lane is so genuinely secure. CAPEC members would like to see this developed further, with greater collaboration between the ABF and New Zealand Customs, to make this a reality.*

### 3. Data

- **How can the government make information requirements clearer or less duplicative?**

*A better website would be an enormous help. For example, the ABF website was 'cleaned up' a number of years ago and the result was a loss of much information that was of use to industry. The search functionality of most Government Regulatory Agency websites is generally quite poor. Information should ideally be pitched to two key audiences: (1) the service provider community (customs brokers and freight forwarders) and (2) the importer/exporter community. Note: the latter category includes many individuals, through the growth of e-Commerce, that are uneducated on important trade-related requirements. A simplified 'Fact Sheet' framework would be of great benefit to industry in terms of being able to pass official information on.*

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

*By working with Customs Administrations in other key trade lane countries to augment risk assessment capability prior to arrival at destination. This is akin to how information on international travellers is passed forward for pre-arrival assessment.*

- **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?**

*This can often happen within the same Government Regulatory Agency. For example, where a consignment is risk assessed and held at the border by the ABF compliance branch for an extended period, CAPEC members (and their customers) have a right to enquire as to the particulars of the border hold. When contacting the ABF Cargo Support Team, they often do not have access to these particulars and simply refer the enquiries back to industry. This results in confusion, frustration, cost and delays.*

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

*CAPEC members are currently undertaking a project in conjunction with the University of Technology Sydney Data Science Institute that is designed to increase the capability of risk assessing trade-related export data earlier in the process. The ABF is aware, and involved in, the development of this project.*

#### 4. Federal, state and territory governments

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

*Some international governments are demonstrating a willingness to engage on trade simplification matters, e.g. Singapore and New Zealand Customs Administrations undertaking proof of concept trials with their MRA frameworks.*

*At a national level, the lack of cohesion between Federal, State and Territory Governments has been evident, e.g. interstate cross border regulations for domestic transport providers.*

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

*International trade related data is often captured by the ABS but can be difficult and expensive for industry to obtain. Clear guidance on the suite of reports that can be provided would be welcomed.*

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

*There can be a disconnect between law enforcement bodies concerning consignments with trade-related infringements, e.g. ABF, AFP and State Police working in silos.*

#### 5. Measuring performance

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

*Law enforcement agencies can provide good sources of intelligence to trusted industry stakeholders that assists in improving compliance outcomes.*

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

*CAPEC members mostly use internal systems to capture milestone checkpoints and KPIs. These results, however, are greatly influenced by the period of time it takes to border clear cargo across the border, so the longer a consignment is held in the ICS, the greater the transit time to industry.*

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

*Impending Arrival, Actual Arrival, Time at Cargo Terminal Operator, Time at CAPEC member facility, Held v Clear cargo status, Time with courier, Delivery To (Pick up From) customer.*

## 6. Innovation in the future trade system

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

*CAPEC members are continually looking at ways to improve the way they clear trade at the border. This includes the use of AI and other Digitalisation initiatives.*

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

*The use of AI to recognise specific products and to risk assess and release consignments without further intervention.*

- **What barriers prevent you from incorporating innovation or emerging technology?**

*The cost v return. Government Regulatory Agencies need to provide greater transparency in terms of what its priorities are, and must be able to keep pace with industry demands fuelled by ever-increasing international trade volumes.*