



# IFCBAA

INTERNATIONAL FORWARDERS & CUSTOMS  
BROKERS ASSOCIATION OF AUSTRALIA  
THE SINGLE VOICE FOR CUSTOMS BROKERS AND FORWARDERS



## IFCBAA Submission

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**Simplified Trade System  
Consultation Paper Response  
January 2022**

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# 1. INTRODUCTION

## 1.1 International Forwarders & Customs Brokers Association of Australia Ltd. (IFCBAA)

IFCBAA is Australia's leading peak national body, representing members' interests in international trade logistics and supply chain management service provision. We are committed to being the single voice for international freight forwarders and licensed customs brokers, operators of premises licensed by the Australian Border Force (ABF) and Department of Agriculture Water and the Environment (DAWE) for the holding and movement of goods subject to customs and biosecurity controls, and other associated groups involved in international trade. IFCBAA represents its members and industry in a diverse spectrum of domestic and international trade committees, forums and discussion groups. In representing its members, IFCBAA also represents the interests of the customers of its members being importers and exporters and those providing goods to importers and exporters. As will be clear, IFCBAA represents (whether directly or indirectly) all parties in the international and domestic supply chain and has done so for many years.

IFCBAA was recently established through the merger of the Customs Brokers and Forwarders Council of Australia Ltd. (CBFCA) and the Australian Federation of International Forwarders Ltd. (AFIF). Further details of IFCBAA, its credentials and its involvement in the movement and clearance of goods in and out of Australia are available at [www.ifcbaa.com](http://www.ifcbaa.com)

## 1.2 Contact Details

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## 2. IFCBAA RESPONSE TO CONSULTATION PAPER

### 2.1 General

The International Forwarders & Customs Brokers Association of Australia Ltd (IFCBAA) welcomes the opportunity to provide feedback to this important Simplified Trade System (STS) Consultation Paper and commends the Federal Government for driving this initiative, which aims to make cross-border trade cheaper, faster, and easier for Australian businesses. Streamlining Australia's international trade regulations and modernise outdated ICT systems is welcomed by industry.

Australia is an island nation that heavily relies on international trade to deliver goods and services to consumers. Trade volumes are naturally expected to grow due to population growth and increased consumer demands. Free Trade Agreements and other trade facilitation initiatives open the global markets and provide incentives for traders to reach consumers globally and increase global market share. Increasingly more trade agreements are also starting to take account of digital trade facilitation, with a positive number having binding commitments on data flows.

To manage the expected trade growth, border and biosecurity risks Australia requires an integrated government and industry STS. The global pandemic has highlighted the importance of global and domestic supply chains that facilitate the movement of goods and people.

IFCBAA members (licensed customs brokers and freight forwarders) operate as service providers assisting the importers and exporters to facilitate trade. Our members as service providers are first to be blamed by their customers for regulatory and supply chain delays, which add significant costs to import and export businesses.

On top of the current global supply chain disruptions caused by the pandemic the regulatory policy and process and lack of government agencies integration is a major pain point and barrier to trade. The DAWE imports and export policies, systems and processes are outdated and failing to meet the client service standards, resulting in long delays causing commercial and financial impact on imports and exporters. The SME's are most affected by delays and additional costs which makes it difficult to compete against the bigger companies domestically and internationally.

Our members are well set up and use third party software which can communicate with regulatory agencies and provide track and trace visibility for their clients.

Singapore and Antwerp have a Port Community System where data is shared and used by regulatory agencies and industry. Australia can learn from these systems to

help us develop a STS that will be viable for future generations to use and facilitate trade faster, smarter and more cost effective, while managing the border risks.

## 2.2 Reviewing red tape

**Digital certificates** for clients who intend to communicate electronically with the ABF through the Integrated Cargo System (ICS) must purchase one or more digital certificates. The administration process and cost of digital certificates purchased through DigiCert impacts on businesses. ABF needs to review this to improve the process and reduce costs by moving away from DigiCert, a monopoly service provider and consider MyGovID for identity and security purposes as this will significantly improve the process for managing digital certificates and reduce cost and burden on industry. DigiCert provided advance notice to customers that DigiCert Gatekeeper pricing will be increased starting from 12.00am (AEDT) Tuesday 1 February 2022.

Certificate Type	Current Price	New Price
Gatekeeper Manager Certificate – 2 year validity	\$299.00	\$360.00
Standard Gatekeeper Certificate – 2 year validity	\$275.00	\$330.00
Gatekeeper Device Certificate – 2 year validity	\$800.00	\$960.00

For example, one of our member companies has over 50 digital certificates but only about 10 needing to lodge import declarations, the other 40 just need ICS access to check cargo status and arrange delivery of cargo that is clear in the ICS.

The **ABF depot licence and DAWE Approved Arrangement Class 1.3** regulations and processes can be integrated to reduce duplication. ABF Depots are places licensed by the ABF and used by importers and forwarders to hold goods that must be moved away from the wharf or airport but have not yet been cleared for home consumption.

DAWE Approved Arrangements Class 1.3 are places where goods can be moved from the wharf for biosecurity inspection.

Both border agencies have a common purpose but operate independently resulting in duplication of costs for applications and ongoing compliance audits from both regulatory border agencies. The application processes can also be automated to move away from manual application forms to online portal for better management of licenced and approved depot obligations.

The Fit and Proper status checks for people operating in licensed depot needs to be integrated and used by both regulatory agencies to avoid duplication as currently both border agencies undertake independent fit and proper status checks.

## 2.3 Digital transformation

Our members use third party software such as Wise Tech Global, Trade Window, Expedient Software and others to run their businesses and for communication with the ABF Integrated Cargo System (ICS) or direct access to ICS using a digital certificate to access cargo status. The software also provides track and trace visibility for their clients as our members assist the importers and exporters to facilitate trade.

There is lack of integration between ABF's ICS and the DAWE systems. An opportunity exists to fully integrate the systems to reduce duplication of data entry as information submitted to ABF via the ICS is not fully utilised by DAWE for the biosecurity assessment as they heavily rely on documentation to be submitted to DAWE via the Cargo Online Lodgement System.

Due to increased trade volumes and biosecurity risks, the reliance of transactional manual documentation assessment is not viable operational model for the future. DAWE has struggled to meet client service standards impacting commercially and financially on the trading community and considered a barrier to trade.

Application forms for import and export permits, approved arrangements etc. need to be automated for industry and regulators to access online. Reliance on paper or scanned documentation, emails and form is not viable for the future and needs automation and system integration to improve access and efficiency.

The department continues to struggle with outdated information systems that affect the way information is recorded, retrieved, analysed and distributed. This impacts the single view of an entity's compliance history, which is foundational to a future co-regulatory operational model.

The Inspector-General of Biosecurity in a recent report said:

*The Department's ability to make stronger investment in more capable frontline staff and support tools appears to first depend on freeing up staff roles in a number of areas where processing is currently inefficient. The department needs to prioritise the transition to electronic documentation and use of digital technology. It needs to move to the use of artificial intelligence (AI) tools for document/label scanning and analysis, and wider adoption of co-regulatory arrangements for sophisticated import sector companies. How does the department determine suitability for a co-regulatory arrangement or the development of low-risk importer profiles if it does not have a view of which entities have good compliance?*<sup>1</sup>

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<sup>1</sup> [REVIEW REPORT NO. 2020–21/01 - Adequacy of department's operational model to effectively mitigate biosecurity risks in evolving risk and business environments](#)

Our members will benefit if information and documentation is submitted in a single STS where regulatory agencies can access relevant data for their border and biosecurity assessment, intervention, security, and compliance. The data reported in the ICS by industry should be better utilised by regulatory agencies including the DAWE.

## **2.4 Data**

As stated earlier in this submission there is lack of integration between ABF's ICS and the DAWE systems. An opportunity exists to fully integrate the systems to reduce duplication of data entry as information submitted to ABF via the ICS is not fully utilised by DAWE for the biosecurity assessment as they heavily rely on documentation to be submitted to DAWE via the Cargo Online Lodgement System.

The government should develop a STS with integration connectivity with other industry systems to share data and improve cross border trade. Industry data and documentation should be submitted to a single portal for regulators to access, assess the risks and issue direction to facilitate trade. A single touch point for industry will reduce duplication and costs. The systems currently used by industry can continue to provide information to the STS.

For example: Our members via a third-party software provide data to ABF's ICS system by way of reporting cargo to meet the cargo reporting regulatory requirements and submit full import declaration about the cargo.

IFCBAA has no issues with any regulation that mandates the sharing of non-confidential information, as the data can be used to improve the trade facilitation efficiency.

## **2.5 Federal, state and territory governments**

Overall, the border and biosecurity policies and processes are nationally consistent.

As our members operate national businesses and utilise ABF's optional port lodgement, a national consistent policies and processes are essential to move goods across the borders.

One area that requires a review is the importation requirements of legal firearms. Due to different state requirements, it is complex to move imported firearms from Victoria to New South Wales. Import permits and state Police approvals for holding and movement of firearms should be nationally consistent.

## **2.6 Measuring performance**

Our members as service providers rely on the efficiency of supply chain partners and regulatory border agencies to facilitate trade. Importers and exporters compete not only on price but supply chain efficiency. Our members are measured by their client's (importers and exporters) based on the service they provide and delivering their products at the right time, place, price and in good condition. To manage the supply chain, they use third party software which communicates to ABF's ICS and provide track and trace visibility to clients to view and manage their orders.

Unfortunately, IFCBAA has not seen data used effectively across the trade environment to measure success. Each key industry stakeholder and regulatory agency holds its own data, however there is very little integration or sharing of data to provide 'end to end' visibility and to measure performance. Some regulatory agencies like the DAWE do not have the system capabilities to capture data to be used for analytics, performance measurement and measure industry compliance.

The STS can be the national platform to capture all the required trade data to track and measure Australia's trade performance.

## **2.7 Innovation in the future trade system**

Our members are already using latest technology that integrates with some border agencies and provides visibility to its clients. As essential service providers our members managed to continue to facilitate trade during the global pandemic, utilising their systems and online technology to stay connected with overseas offices, supply chain partners and customers.

What is required is a STS that integrates with existing third party software used by industry and regulatory border and biosecurity systems to achieve a single window for trade to reduce duplication, costs and improve the efficiency of the Australia's trade system. The STS is fundamentally about improving the international competitiveness of Australian businesses and increasing the efficiency of government processes. Manual government processes need to be automated as we move towards a digital trade that removes paper documents, scanned documents and emails. It is critical to have integrated government and industry system that talk to or share data with each other.



## 2.8 Summary

IFCBAA welcomes any further discussions with the Simplified Trade System Implementation Taskforce as we share a common interest to ensure a STS is developed and viable to meet the government and industry trade requirements more effectively, efficiently and sustainably into the future.

The signing of Free Trade Agreements (FTAs), including the Regional Comprehensive Economic Partnership (RCEP) will improve the procedural requirements for verification of origin, and details the obligations of importers, exporters and certificate issuing bodies.

The agreement also stipulates provisions concerning certain customs procedures and trade facilitation measures, including those dealing with pre-shipment inspection, pre-arrival processing for importation of goods, advance rulings on matters like tariff classification and origin of goods, simplified customs procedures for the efficient release of goods, application of information technology to support customs operations, as well as additional trade facilitation measures related to import, export or transit procedures to authorised operators who meet the specified criteria of the agreement.

These aim to ensure predictability, consistency, and transparency in the application of customs laws and regulations of each Party, and to promote efficient administration of customs and quarantine procedures in the region, thereby facilitating trade among the Parties through a strengthened environment for global and regional supply chains. Digital trade solutions are required to facilitate FTAs and enable importers, exporters and certificate issuing bodies to take full advantage of the agreements.

The World Trade Organisation estimates that digital trade solutions alone could reduce trade costs by 14.3 percent and boost global trade by up to US\$1 trillion per year.<sup>2</sup>

Digital trade is the way forward for Australia, which finds that digital trade solutions have the potential to drive fundamental changes in the supply chain and unlock economic benefits equivalent to a major trade agreement for every country pairing that adopts digital trade. There are many benefits from the increased adoption of digital trade. These include:

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<sup>2</sup> [https://www.wto.org/english/res\\_e/booksp\\_e/world\\_trade\\_report15\\_e.pdf](https://www.wto.org/english/res_e/booksp_e/world_trade_report15_e.pdf)

- productivity gains from moving away from paper-based systems
- connectivity gains as digital systems for building trust break down long standing cultural and regulatory barriers
- predictive gains from being able to 'foresee' supply and demand with greater accuracy and plan accordingly
- visibility gains – enhancing security and certainty of provenance; and inclusiveness gains – enabling smaller and less sophisticated exporters and importers to get started sooner, easier and more safely in global trade.

It comes as no surprise to those working in the supply chain that the cost reductions are significant. Recent examples showed that a single shipment could pass through 30 different organisations, with up to 200 communications about that shipment. These communications are impeded if they use systems that do not talk to each other, e.g. pieces of paper. If a form is missing or there is a problem with some information, then delays are inevitable.

The benefits digital trade has been particularly apparent during the pandemic and this has increased the openness of exporters, large and small – to adopt digital solutions for trade documentation.

The benefits of digital trade solutions have been brought into stark contrast during the pandemic when it has not been possible to deliver the right paper document (with wet signatures and stamps) to the right ports in the appropriate timeframe.

IFCBAA has been advocating for the DAWE to reform the biosecurity system as the departments systems are outdated. The import and export programs need modernisation to move away manual documentation assessment and processing which results in delays and costs to industry.

The ABF systems and reporting requirements are very efficient as they do not rely on documentation as ABF use the electronic data provided by industry via the ICS for assessment, profiling, community protection and border security.

IFCBAA supports the development of STS for information and documentation to be submitted in a single system allowing regulatory agencies to access relevant data for their border and biosecurity assessment, intervention, security, and compliance.