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Dear Simplified Trade System Implementation Taskforce,

Simplified Trade System (STS) Stakeholder Consultation Paper

Thank you for the opportunity to provide a response in relation to the Simplified Trade Systems Stakeholder Consultation Paper (the consultation paper).

As a leading professional services firm, KPMG Australia (KPMG) is committed to meeting the requirements of all our stakeholders – not only the organisations we audit and advise, but also employees, governments, regulators and the wider community. We strive to contribute to debate that seeks to develop a strong and prosperous economy and welcome the opportunity to provide a submission in response to the consultation paper.

KPMG supports the STS Implementation Taskforce's focus on making cross-border trade cheaper, faster and easier for Australian businesses. KPMG understands the importance of ensuring Australia's import and export regulations are effective and efficient. Regulations that promote rules-based trading will ensure Australia remains a competitive economy for Free Trade Agreements and other arrangements so that domestic exporters can enjoy the benefits of global markets.

In this response KPMG will respond to the sections of the consultation paper focusing on *Reviewing red tape* and *Data*.

In relation to red tape, KPMG works closely with many industry clients and understands the administrative burdens they face in their trade compliance activities. In our experience, some of the key issues faced by industry include:

- The large number of regulators required to be engaged with and the multiple applications / permissions / licenses to be obtained for the importation and exportation of goods in industries such as pharmaceutical, agricultural, dual-use goods – including the lack of a streamlined and single interoperable system which would reduce regulatory red tape through reduced reporting requirements.
- Navigating the requirements of multiple free trade agreements (FTAs) Australia has signed and implemented to claim the most advantageous preferential tariff treatment.
- The allowance for bulk disclosure and payment of short paid duties and taxes arising out of transfer pricing adjustments, yet a shipment by shipment declaration amendment requirement to obtain refunds of customs duty which can dramatically increase traders' administrative costs.
- The complex regulatory framework of reporting, permissions and licenses relevant to the importation of excise-equivalent goods and the movement of these goods



from the wharf or depot to licensed premises and from the customs to the excise regime.

- The disparity between some requirements to report and pay duties, taxes and levies on a shipment by shipment basis, while other taxes such as GST, are collected on a monthly return.
- The large number of Commonwealth Acts and Regulations required to be considered for each individual import and export and the potential overlap, and duplication of requirements, of those regulations (e.g. Commerce Trade Descriptions Act 1905, Customs Act 1901 and Competition and Consumer Act 2010 as they relate to origin and marking of goods).

A better trade system could address some of the issues outlined above by striving for greater integration between the various functions and creating a single touch point for businesses through an expedited single window to Government for all trade related requirements. This would reduce duplication and the need for businesses to provide the same information to numerous regulatory bodies. Further streamlining and integration of trade related regulations would also considerably reduce the administrative and cost burdens faced by Australian traders.

KPMG supports the discussion paper's view that data is at the core of the cross-border trade system and is key to effectively managing business operations. As discussed in KPMG's submission to the Productivity Commission's Inquiry into Vulnerable Supply Chains¹, dynamic supply chain frameworks allow governments and businesses to use big data to proactively predict supply chain risk and disruption and undertake mitigation strategies to avoid disruption and increased costs. As an example, a dynamic tool may flag late deliveries from a certain geographic area and then notify supply chain managers before major disruptions occur.

KPMG currently assists clients to address risk and disruptive challenges facing supply chains through several frameworks and tools, including KPMG's Supply Chain Predictor and Dynamic Risk Assessment and would be happy to discuss these further if it would be of interest to the Taskforce.

Please do not hesitate to contact us should you have any additional questions or would like to discuss the contents of this letter further.

Yours sincerely,

Leonie Ferretter
Partner, Regional ASPAC Leader – Trade & Customs
KPMG Australia

¹ <https://home.kpmg/au/en/home/insights/2021/05/vulnerable-supply-chains-inquiry-kpmg-submission.html>