
Australian Trusted Trader Programme & Known Consignor - Between the Lines

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In brief

- Time is running out to ensure your business is Australian Trusted Trader ready before the full launch of the programme on 1 July 2016
 - New insights into the processes and benefits of Australian Trusted Trader have been revealed through learnings from pilot participants.
 - Australia's air cargo security Known Consignor scheme is also scheduled to launch in July 2016 and exporters to the United States of America (USA) should be preparing now to take advantage of this facilitation initiative.
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In detail

Our series on the Australian Trusted Trader (ATT) Programme continues this month as we bring the trade facilitation programme back into focus. ATT provides preferential treatment for international traders who meet supply chain security and trade compliance standards. ATT delivers reduced supply chain costs, improved speed to market and frees up working capital as well as a range of other commercial benefits for participating international businesses.

In this article we provide an update on the status of the ATT launch, further insights revealed through the ATT pilot programme and the arrival of the Office of Transport Security's 'Known Consignor' scheme.

Full Launch Coming Closer

The ATT is about to embark on the last phase of its pilot programme, which is due to conclude on 30 June 2016.

The full launch of ATT is drawing closer with only three months to go until the Australian Border Force (ABF) is ready to receive applications from the broader trading community. Interest and awareness of the scheme and its associated trade facilitation benefits is growing markedly, increasing the prospect of a backlog of applicants from 1 July 2016.

The prospect of a backlog makes it even more important to submit to ABF the strongest possible application as it strives to facilitate highly compliant, trusted businesses into the programme as quickly as possible.

Learnings from the pilot

Currently, the ABF has announced that the traders (importers and exporters) that are participating in the pilot programme are a mixture of well-known retail, electronics, medical, food and agriculture and aerospace businesses. The third and final tranche of pilot participants is expected to be announced in the coming weeks.

PwC has a number of clients that are participating in the pilot and through this process we have learned that:

- The programme looks to increase supply chain security by locking down specific trade lanes nominated by the trader, minimising the instances where forwarders/customs brokers are reporting cargo under the trader's name incorrectly or have no authorisation to do so. This process is proving to be effective in allowing traders to identify upfront potentially unauthorised cargo and service providers.
- In light of the recent commencement of the China-Australia Free Trade Agreement, traders are looking to the ATT as a way to minimise the administrative costs associated with obtaining individual certificates of origin on a shipment by shipment basis.
- The accreditation process has touch points across a business' various functions, requiring input from the supply chain, logistics, finance, ICT and human resources areas. Successful completion of the accreditation is contingent on gaining support and input from across these functions with many businesses discovering that the ATT programme is much broader than 'core customs' work. Taking an introspective look at these core business activities has driven a range of efficiencies across operational areas.
- Mutual Recognition Agreement (MRA) negotiations have commenced with the ABF and New Zealand Customs signing a Statement of Intent in November 2015, agreeing to work towards an MRA recognising each other's trusted trader programmes. MRA negotiations with major trading partners such as China, Korea, Japan and the United States are expected to commence once the ATT Programme is fully operational. The objective of these MRAs is to ensure that 'trusted' status is recognised when goods land in these foreign territories to better facilitate trade.
- The trade compliance aspect of the programme looks to review not only formal import declarations but all forms of reporting including self-assessed clearances (i.e. where the value of the goods is below the Low Value Threshold [LVT]) and export declarations, including LVT exports. This process is providing traders with greater insight into the types of shipments that are reported under their Australian Business Number (ABN) and can be the impetus for change of a number of practices that may put the trader's supply chain at risk.

The ABF is open to considering what other benefits can be offered through the ATT Programme. This presents an opportunity for traders to put forward suggested changes that they would like to see to Government processes that currently hinder international supply chains.

Whilst the ABF has acknowledged that additional benefits are certainly easier to facilitate where these processes fall within the Department of Immigration and Border Protection's portfolio, the ABF is working with other relevant Government departments to ensure that in the longer term, there is harmonisation of processes with other regulatory requirements that impact the seamless movement of goods in the international supply chain.

Clear synergies between ATT and Known Consignor

From July 2017, the United States Transport Security Administration (TSA) will require all inbound air cargo to be 100% piece-level screened at point of departure. This will significantly impact traders who send air freight to the USA, forcing them to use more expensive freight forwarders with 'Regulated Air Cargo Agent' accreditation to conduct x-ray or explosive trace testing of all goods departing for the USA.

Alternatively, an exporter could opt to become an Australian Office of Transport Security (OTS) Known Consignor. This scheme is very similar to the ABF's ATT programme, and requires participants to meet strict security criteria on their export supply chain to ensure that explosives cannot be inserted into the supply chain. Becoming a Known Consignor effectively means the business can avoid 100% piece level screening requirements which slow down their export supply chain, provided they can demonstrate sufficient 'chain of custody' to OTS.

The Known Consignor scheme commences in July 2016, but OTS are keen to start working with highly compliant businesses now.

The ABF and OTS have been working together closely to ensure the alignment of their programmes to reduce administrative burden where possible. Unfortunately this alignment still has some way to go, meaning that two separate accreditations are required at this time. Because of the similarities in requirements and the impending deadline imposed by the TSA, we are recommending to our clients who engage in export air cargo trade with the USA to pursue both Australian Trusted Trader and Known Consignor accreditation simultaneously. This approach cuts down on duplication as both schemes have substantively the same requirements, with much of the information required in the Known Consignor application able to be utilised in the ATT application (and vice versa). These businesses are also able to access the suite of benefits available to participants through both programmes.

We are assisting a number of clients with their ATT and Known Consignor readiness through an integrated approach which reduces the cost and ensures businesses are prepared prior to the TSA imposed trading deadline.

The takeaway

If you are not thinking about your Australian Trusted Trader and Known Consignor readiness, then the time to act is now. There are clear early mover advantages for those who act early.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

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