
Australian Trusted Trader – funding for future years secured and first agreements inked

29 April 2016

In brief

Across our Australian Trusted Trader (ATT) series we have introduced the tranches of preferential benefits available to programme participants and the window of opportunity for Australian businesses interested in participating in the program to be ready for full implementation of the programme on 1 July 2016.

In this article we are pleased to provide an update on a number of major developments in relation to the programme, including confirmation of programme funding, announcement of initial ATT Pilot Programme participants, as well significant refinements to the structure of the ATT made by the Australian Border Force (ABF) in anticipation of the 1 July 2016 implementation date.

Key Points:

- Formal unveiling of the ATT and confirmation of programme funding totalling \$69.9 million over 4 years included in the 2016 Federal Budget
- Announcement of the first 4 Australian businesses to sign Trusted Trader agreements with ABF
- Confirmation of key changes to tiered accreditation structure and benefit access thresholds
- Release of a policy framework to support the assessment of bespoke benefits in addition to the tranches of standard benefits under the ATT
- Elimination of interim agreement requirements
- Clarification of timeframes associated with the submission and review of ATT applications
- ABF signs second letter of intent to negotiate a trusted trader Mutual Recognition Agreement with Korean and Indonesian Border Agencies

In detail

Confirmation of programme funding and initial agreements inked

On 29 April 2016, at a meeting with the first four Australian businesses to enter into an Australian Trusted Trader agreement with ABF, the Minister for Immigration and Border Protection announced the approval of pre-budget funding of \$69.9 million over four years to facilitate implementation of the ATT. The Minister's comments during the announcement affirm the Government's commitment to ATT and the role the programme plays in the achievement of Australia's G20 growth strategy.

The announcement, and the size of initial funding allocated by the Government, has provided the assurance that the ABF will have access to sufficient funding to implement the structure, systems and operational changes necessary to establish and deliver real benefits to participants. Additionally, as will be discussed in more detail below, it also helps to quell doubts of the ABF's capability to work with industry and explore bespoke benefits that may be achievable for Trusted Traders under the umbrella of the ATT.

The first four Trusted Trader agreements have also been inked with Ikea, Techwool Trading, Pacific Brands and Teys Brothers.

Key progress outcomes

PwC again made representations at the most recent meeting of the ATT Industry Advisory Group (IAG) facilitated by ABF in Sydney on 13 April 2016. The ABF confirmed that a number of significant refinements have been made to the structure and operational policy of the ATT. These developments, shaped by learnings drawn from the ABF's experiences working with pilot programme participants and consultation with industry stakeholders, provide positive improvements in relation to:

- The framework and threshold requirements adopted by the ABF in relation to the verification and accreditation of ATT applicants
- The frameworks necessary to enable the programme participants to effectively engage with the ABF and other border agencies to negotiate bespoke benefits in addition to the standard suite of benefits already confirmed as available to Trusted Traders
- The removal of interim agreements from the accreditation process, and
- Standardised submission deadlines for ATT applications and improved transparency regarding the ABF's proposed approach to manage the recognised demand for ATT accreditation.

Three become two

As readers will remember from our previous articles, the original structure of the ATT envisaged that participating businesses would be accredited by the ABF and categorised in one of 3 tiers – Interim, Trusted Trader and Best Practice.

Businesses would gain access to prescribed tranches of preferential benefits on the basis of which tier they were assessed to have met by the ABF. The Third Tier was reserved for applicants who were assessed by the ABF as meeting security and compliance standard well above minimum ATT requirements. Under the original model, only applicants assessed to have met tier 3 requirements would be rewarded with access to unique preferential benefits of streamlined reporting.

The ABF has since reviewed the operational model and has concluded that the application of the 'best practice' tier artificially holds back key benefits from participants who have already reached 'Trusted Trader' status under tier 2.

As a result, the ABF's current approach is to remove the third tier from the accreditation model and extend all existing benefits to entities which are accredited as 'Trusted Traders' through the ATT process.

We expect this change to create a 'higher bar' for reaching the minimum standard requirements of the programme, meaning businesses who were aiming for tier 2 may need to reconsider their approach and the range and strength of controls in place.

Streamlined Reporting Models Revealed

ABF have also released three streamlined reporting models, highlighting how their thinking on this key benefit has evolved. Importantly, they also highlighted a periodic reporting model putting to bed a level of speculation in the customs community around what would be offered.

The models explored by the ABF include

- Deferred payment only– Under this model cargo clearance is not dependent on the payment of import charges. Cargo reporting and lodgement of declarations remains at the transactional level but ATT importers would be permitted to defer import related charges, including duties, to be consolidated into a single periodic invoice.
- Deferred declaration and payment– Under this model the clearance of cargo is not dependent on the payment of import charges (as described above) or the lodgement of import declaration. Cargo reporting and import declarations must be prepared for each import transaction (in accordance with current data requirements) but ATT importers are permitted to negotiate a periodic reporting schedule with ABF in addition to periodic invoicing of import charges.
- Periodic declaration and payment – This model builds upon the functionality of the models described above and enables an ATT importer to consolidate import declaration at the transactional level into a single import declaration with a single associated payment.

Establishing a pathway to additional benefits

In addition to reforming and simplifying the ATT accreditation structure and improving access to the pool of defined benefits, the ABF has developed a list of potential 'future benefits' (that it will update over time) that may be available to Australian Trusted Traders. Under the ABF's proposed framework access to future benefits may be managed through assessment of additional accreditation requirements.

Whilst the details of this proposed framework will be subject to ongoing development by the ABF, this is a major step forward in the development of the program.

In defining the foundations of such a framework, the ABF has demonstrated a willingness to engage with participants to explore tailored arrangements that may have a specific commercial benefit to their business, and has established the foundations of a framework through which the ABF can determine differentiated accreditation requirements through which access to such benefits can be managed. This creates the opportunity for business to present a solid case to government to alleviate significant regulatory exposures through the programme and reduced supply chain costs as a result.

Removal of interim agreement requirements

Under the current operational framework of the ATT pilot phase, ABF has required pilot participants to enter an agreement with the ABF that confirms their interim accreditation status as a Trusted Trader whilst the ABF completes its validation of information provided by the participant in their self-assessment questionnaire.

Under the terms of the interim agreement, participants have access to a limited suite of benefits. Once ABF has completed their validation process and is satisfied that the entity has achieved the accreditation requirements, the interim agreement is varied to confer full Trusted Trader status and access to the full suite of ATT benefits is provided.

Having reviewed the operational efficiency of this staggered process in relation to Pilot participants, the ABF has decided to remove the use of interim agreements from the accreditation process. These changes will ensure that participants are only required to enter one agreement with the ABF confirming full ATT status once the ABF has completed its accreditation process.

These changes will ensure a streamlined process for applicants and ABF in relation to the review and execution of agreements and remove administrative burdens.

ABF Confirm Significant Demand and Flag Delays

The ABF has also signalled that they are receiving significant interest from across the trading community.

To manage this workflow, ABF have developed a queuing process to ensure that SMEs, service providers and larger businesses are serviced equally. Despite this, it is important that businesses present the strongest possible case in lodging their Self Assessment Questionnaire (SAQ) to ensure their application is processed in an orderly manner. Additionally, the ABF has also confirmed that it expects applicants to have completed and submitted their SAQ within 30 calendar days after their Expression of Interest (EOI) is processed.

These latest refinements to the ABF's application management systems highlight the need for businesses to ensure that:

- they are prepared to lodge their EOI as soon as possible once the application portal is opened on 1 July 2016 to ensure that their application is 'top of pile' in their relevant queue;
- to commence preparing their SAQ as soon as possible to ensure that they comply with the ABF's application timeframes; and
- present the strongest case possible to mitigate back and forth communication with the ABF as they look to the applicant to strengthen their submission.

Key steps forward in global engagement

In addition to the positive enhancements that continue to be made to the ATT, the ABF is also making progress in its pursuit of Mutual Recognition Arrangements (MRAs) with Australia's key trading partners who have Authorised Economic Operator and Trusted Trader style programmes in place.

On 15 March 2016 at the World Customs Organization Regional Vice-Chair meeting in Malaysia the ABF and Korea Customs Service (KCS) signed a Statement of Intent formalising an agreement to work towards the implementation of an MRA in relation their Authorised Economic Operator (AEO) programmes. A similar statement of intent was signed with the Indonesian Directorate General of Customs and Excise (DGCE) on 15 April 2016.

In addition to these two significant steps forward, the ABF has confirmed that discussions continue in relation to the implementation of a similar MRA with New Zealand Customs Service.

The takeaway

The ATT programme represents a significant change in the way international traders can work with the ABF. Recent communication has reinforced the ABF's commitment to the continuous improvement of the programme to ensure efficient processing of applications, streamlined accreditation processes and formal frameworks to facilitate participant's access to standard and tailored benefits.

It is clear that interest from the Australian business community is increasing in the lead up to implementation on 1 July 2016. Now is the time for businesses to ensure that they are fully aware of the benefits that the ATT could offer and to take action to submit an EOI, and complete an SAQ should they wish to participate.

Let's talk

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

Gary Dutton, Brisbane & Sydney
+61 (7) 3257 8783
gary.dutton@au.pwc.com

Ross Thorpe, Perth
+61 (8) 9238 3117
ross.thorpe@au.pwc.com

Peter Konidaris, Melbourne
+61 (3) 8603 1168
peter.konidaris@au.pwc.au

Ben Lannan, Melbourne
61 (3) 8603 2067
ben.lannan@au.pwc.au

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