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Transition to the Integrated Cargo System

The Minister for Justice and Customs, Senator Chris Ellison, declared 12 October as the cut-over date to the imports component of the Integrated Cargo System (ICS), the most significant phase of the often delayed **Cargo Management Re-engineering (CMR)** project, which Australian Customs has been working on for nearly ten years. Legislation to allow the new date has been passed by Parliament. It includes provision to defer the cut-over date to 7 November if necessary. The legacy systems will be turned off on 21 November 2005, being the legislated 40 day period post cutover. Any processing required after this time for cargo reported on the legacy systems (e.g. refunds) will have to be managed through a manual process. Most importers, particularly those

who use the services of a freight forwarder or customs broker to arrange their international freight and customs clearance, will not notice any significant difference in the way business is done with



Customs Cargo Management Re-Engineering

Customs. Some specific changes under the ICS are covered in following items. We emphasize that the cut-over date is based on the latest information available at the time of printing. It will change if, for any reason, Australian

Customs makes the judgment that the new system is not ready for operation.

We are pleased to report TradeWinds is ready for CMR however from experience we are expecting challenges in the first month due to the complexities and the various agencies involved. It would be fool hardy to believe that a change of this magnitude to the processing regime of Australian Customs, AQIS, Shipping lines, Stevedores, depots and all other players in the import chain will not have some birth pain. We would ask you to ensure shipping documents are forwarded to us as early as possible for timely processing before vessel arrival.

Cost Recovery Under CMR

Import processing charges in relation to import declarations have been amended for the introduction of the imports component of the Cargo Management Re-engineering (CMR) project. The charges have been restructured to recognise costs of low value goods not requiring an entry. The revised charges are:
Electronic import and warehouse declaration charges:
Sea- \$49.50 per declara-

tion (currently \$44.00)
Air and post - \$30.10 per declaration (currently \$27.10)

Periodic declaration processing charge:
\$1,275 per declaration (no current equivalent)
Request for cargo release (RCR) processing charge:
\$9.40 per RCR (no current equivalent)

The above schedule of charges will apply to transactions processed

through the Integrated Cargo System for declarations made from 12 October 2005. The charges are payable by the owner of the goods in each instance. They do not include the user pay charges levied by the Australian Quarantine and Inspection Service at the time of clearance.

Moratorium Relating to Strict Liability Import Offences

The administrative moratorium in relation to the Infringement Notice Scheme (INS) is being republished. The key change involves giving industry the original intended benefit of a full 6 months moratorium on infringement notices and prosecutions for the new import offences. The extension of the Integrated Cargo System (ICS) cut-over period from 40 days from commencement of the imports related legislation to 12 October 2005 would have effectively used up 3 months of both the administrative and statutory moratoriums for the INS import related offences. The extended moratorium began on 19 July 2005

and will run until 6 months after the 12 October 2005 cut-over time, i.e. until and including 12 April 2006. The statutory moratorium on mandatory electronic reporting of cargo reports will not be extended. Therefore, a cargo reporter lodging documentary cargo reports who requires additional time to be able to report electronically will still need to apply for an extended moratorium period. The statutory moratorium on serving infringement notices and commencing prosecutions for late cargo reports will apply for the 6 months from 19 July 2005 or until the end of any further

moratorium period granted to an individual cargo reporter. Customs response to non-compliance with import requirements will be determined by the extent and nature of the non-compliance in accordance with the "Customs Regulatory Philosophy" and the "Guidelines for Serving Infringement Notices". The issuing of infringement notices is not automatic but is an option available to Customs, considering the circumstances on a case-by-case basis.

Cargo Reporting Requirements

One of Australian Customs' principal objectives for the Cargo Management Re-engineering project since the development started has been to receive and analyse information in relation to imported cargo in a timely manner. By "timely" Customs means before the goods actually arrive in Australia. For this reason, it will be vital under the new cargo regime to ensure that all stakeholders in the international freight forwarding chain understand the time lines that will need to be met. Sea freight consignments must be reported to

customs no later than forty-eight hours before the vessel arrives. Air freight must be reported no later than 2 hours before the aircraft arrives. Importers should ensure that overseas forwarders and shipping companies are well aware of these reporting time limits so that the necessary information is given to local stakeholders in time. Failure to report cargo on time could lead to imposition of Customs penalties and delays in the clearance and release of cargo. One benefit of the new reporting arrangements is that if all

Customs and Quarantine formalities are completed on time the goods may be eligible for release before they actually arrive in Australia.



Information in regards to imported cargo needs to be reported to customs in a timely manner.

Export Cargo Reporting Requirements

The exports phase of CMR has been operating since October 2004. Australian Customs has issued Notice number 2005/15 to remind exporters and their agents of the reporting requirements under the system. Items raised in the notice include:

- 1) All goods, other than exempt goods, require a Customs Authority Number (CAN) for export.
- 2) Apart from bulk & break-bulk goods and goods that will be entered for export after delivery by the stevedore or CTO, individual consignments will not be received for export at a wharf or airport without a valid CAN.

3) It is critical that a CAN is correctly reported throughout the entire export process from the time the export declaration is lodged through to the main outward manifest.

Customs understands that the new requirements necessitated changes in business practice for some sectors of industry and that some industry procedures needed adjustment. In recognition of the impact of these changes on industry, Customs implemented a six-month administrative moratorium on the issuing of infringement notices for the strict liability offences

for failure to meet the new requirements. The moratorium on the issuing of Infringement Notices ended on 6 April 2005. The issuing of infringement notices is not automatic but is an option available to Customs, if considered appropriate in the circumstances.



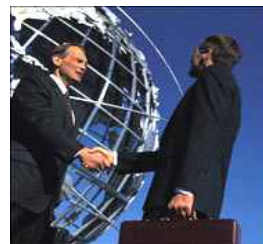
Tax Focus for the Year Ahead

Large corporates, medium-sized businesses, property-related tax issues, failing to lodge returns, and outstanding debt will come in for close attention from the Tax Office this year.

Tax Commissioner Michael Carmody said while the vast majority of people do the right thing, the ATO will continue to target those who fail to meet their obligations, as well as identifying areas of emerging risk. Last year compliance activities raised more than \$8.7 billion in additional liabilities, and collections approached \$6 bil-

lion – the bulk of this from large businesses. Correct reporting of income and deductions continues to be a priority. People who habitually fail to lodge tax returns or to pay their tax will also come in for increased scrutiny this year. Increased data-matching will help ensure high-risk non-lodgers are identified. If necessary prosecution action will be used to ensure they meet their obligations. Small business debt continues to be an issue and while the ATO doesn't want to send viable businesses to the

wall, out of fairness to others who meet their tax responsibilities on time, it will be taking firm action against those who fail to work with it to pay their tax debts. Employers who fail to meet superannuation guarantee obligations can expect to hear from the ATO this year. It will continue its commitment to follow up all cases where employees report superannuation guarantee payments have not been made on their behalf.



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ACCC not Opposed to Proposed Acquisition

"The Australian Competition and Consumer Commission will not oppose the proposed acquisition by A.P. Møller-Mærsk A/S (Mærsk) of Royal P&O Nedlloyd N.V (PONL), in light of court-enforceable undertakings provided by Mærsk to withdraw PONL from a number of conferences, consortia and discussion agreements on Australian trade routes" ACCC Chairman, Mr Graeme Samuel, said. "The ACCC was concerned by competition issues in the market for containerised shipping on Australian trade routes", Mr Samuel said. In particular, the ACCC was concerned that the acquisition would provide a link between Mærsk and a number of conferences, consortia and discussion agreements on Australian trade routes. The ACCC's inquiries focused on trade routes to and from Australia and considered whether the parties' market shares and the links that would be created to the conferences, consor-

tia and discussion agreements would have any anti-competitive effect. When it sought informal clearance from the ACCC, Mærsk indicated it intended to withdraw PONL from conferences, consortia and discussion agreements relevant to Australian trade routes to which Mærsk is not a member. Mærsk subsequently formalised this intention by providing a court-enforceable undertaking. In addition, Mærsk has provided an undertaking not to re-enter those agreements from which it will withdraw PONL for a period of five years. This proposal was also considered by the European Commission with whom the ACCC liaised in considering the clearance request. The undertaking provided by Mærsk to the ACCC is similar to the commitments provided by Mærsk to the European Commission.

The European Commission announced its decision on Friday 29 July 2005 to clear

the acquisition by Mærsk conditional upon Mærsk divesting PONL's business on the trade between Europe and South Africa and withdrawing PONL from several conferences and consortia. "Following the offer of court-enforceable undertakings by the parties, the ACCC is satisfied that its concerns will be addressed", Mr Samuel said.

Mærsk is the world's largest shipping company and its main operations in Australia relate to international containerised liner shipping services. PONL's principal business in Australia also relates to containerised liner shipping services. PONL is currently an active member of a number of conferences, consortia and discussion agreements on Australian trade routes to which Mærsk is not a member.



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Australian First— 10,500 E-3 Visa Places for U.S.

Deputy Prime Minister and Minister for Trade, Mark Vaile, has welcomed news that for the first time the new E-3 visa is now available for 10,500 Australian professionals and business people wanting to live and work in the United States. "This is a quantum step forward and great news for Australian business people who will be able to use the E-3 visa to capitalise on opportunities offered under the Australia-United States Free Trade Agreement (AUSFTA)," Mr Vaile said. Only 900 Australians succeeded in gaining the US H-1B business visa in 2004. By comparison,

there will be 10,500 E-3 visas reserved exclusively for Australian nationals each year. Qualified Australians wishing to reside and work in the United States find themselves in a privileged position. They have access to a dedicated visa that will be easier and less costly to obtain than the traditional H-1B business visa. Unlike the H 1-B visa, spouses of E-3 visa holders will also be able to work in the United States – thus eliminating a barrier that in practice has stopped many Australians from applying for temporary residence in the United States E-3 visa holders will

be able to apply for extensions and the application fee for an E-3 visa will be significantly lower than that for the H-1B visa. Australians who are interested in applying for an E-3 visa should contact their nearest US consulate (Sydney, Melbourne, Canberra, Perth) or alternatively consult the US State Department or Department of Homeland Security (Citizenship and Immigration Services) websites. Australian citizens who are currently living abroad will be able to apply for an E-3 visa by visiting the nearest US Embassy or Consulate in the country in which they are currently residing.



Doing business with the USA has been made easier with the new E-3 Visa.

Two Million Visitors to Australian World Expo Pavilion

More than two million visitors have seen the latest in Australian products and technology on show at the Australian Pavilion at World Expo 2005 in Japan. The Australian Pavilion was opened on 25 March in Aichi, Japan.

"Visitors have been particularly impressed by the innovative Australian technology used in the pavilion. This is a standout accomplishment for an event held in one of the most technologically advanced countries in the world," Trade Minister, Mark Vaile, said. "It is pleasing to note that the Japanese media have rated the Australian Pavilion in the top 5 of 121 national pavilions at the

Expo. Our Pavilion has been consistently profiled in the Japanese media with more than 500 newspaper and 90 television stories since Expo opened".

Feedback from Pavilion visitors also showed they were impressed with the outstanding Japanese language abilities of the Australian Pavilion's staff.

The Australian Pavilion has hosted more than 60 business events promoting a wide range of industry sectors including tourism, energy, film and TV, education, agribusiness, food and wine, investment, environmental technology, information and communication technology, automotives,

sport and fashion.

"Australia's involvement has also promoted our arts community to an international audience, with more than 500 Australian arts and entertainment performances held to date." Mr Vaile said.

"Visitors have been particularly impressed by the innovative Australian technology"



Exporting is Good For Business

The Australian exporter community is exporting more regularly. In the 1990s only 55 per cent of businesses who export did so every year. In the 2000s the percentage that export every year has risen to 68 per cent. According to Austrade's Chief Economist, Tim Harcourt, this trend shows the natural rate of exporting is increasing, improving Australia's export sustainability. Casella Wines, the Riverina winery behind the (Yellow Tail) wine success story, intends to ship over 100 million bottles of wine to the USA this year. Australia's fastest growing minerals export is in fact "Knowledge" with some 130 small and medium businesses together exporting \$1.2 billion worth of minerals technology, ad-

vice and intellectual property. More than 60 per cent of the world's mines now use Australian-developed technology.

Beech Ovens Australia, continues to supply speciality ovens to some of the world's leading restaurateurs, luxury hotels, kitchen designers and franchise chains. The Brisbane-based company constructs and installs custom-made cooking equipment including round and square-ovens, tandoors, char-grill, home-ovens and bread-ovens to a growing international market.

At the same time as Australian wines are being poured all over the world, they are also being spilled and John O'Neil has discovered a way to clean up. His biodegradable, environmentally



friendly stain remover, 'Oops', has proven so popular it is now available in 11 countries and contributes to 80 per cent of the turnover for Mr O'Neil's Adelaide-based company, Kenko Products. Australia's exports in 2004-05 reached their highest level ever recorded, \$162.3 billion, an increase of 13 per cent on 2003-2004. Resource exports rose by 38 per cent to \$48 billion, rural exports rose by 4.5 per cent to \$26 billion, and manufactured exports increased by 6.5 per cent.

New Amphibious Ships Must be Built in Australia

The Australian Industry Group has welcomed comments made by the Minister for Industry, Tourism and Resources firmly endorsing the importance of Australian construction of the two ships being built for the Australian Defence Force (ADF) under the Amphibious Ships Program. Mr Macfarlane's comments are most encouraging and the Australian Industry Group urges the Government to get fully behind the Australian build of the vessels. Ongoing speculation that the ships could be constructed overseas is causing considerable uncertainty within the defence industry. The Australian de-

fence industry has the capability, technical expertise, and global manufacturing linkages to ensure successful construction of the \$2 billion project. There is no doubt that overseas construction of the amphibious ships would have serious long-term consequences for this local naval shipbuilding capability. At an estimated cost of more than \$2 billion, the amphibious ships will be the largest ships ever constructed for the ADF. The vessels will be able to carry more than 500 troops, 12 helicopters and other military equipment. They will also provide advanced communications systems to as-

sist command and control of deployed naval and other forces to meet a range of essential operational requirements.



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Big Gains for Australians if Reforms Continue

Every Australian would be more than \$70,000 wealthier by 2025 and the nation would rise to a ranking of third richest in the developed world - but only if important reforms to the economy were made now - according to new research by the Business Council of Australia. Releasing the research report recently the BCA has urged all political parties to work constructively to achieve the changes needed to lock in prosperity for all Australians in the long term. The report, *Locking In or Losing Prosperity: Australia's Choice*, demonstrates that economic reform has had a major positive impact on the lives and opportunities for average Australians over the past 20 years. It also shows the extent to which average Australians and the community would be better off over

the next 20 years, if further reforms were started now to maintain a strong economy for the long term. "The research aims to demonstrate conclusively that when reforms are made and the economy grows strongly, the vast majority of Australians directly benefit - through more jobs, higher wages and increased prosperity," BCA President, Mr Hugh Morgan, said. "The research demonstrates the reverse is true - if reform stops and we allow the economy to stand still or be overtaken by our competitors, everyone loses." The research, carried out on behalf of the BCA by economic modellers Access Economics, found that if reforms were made that allowed Australia's economy to grow at 4 per cent per annum during the next 20 years (the average rate

which it has grown a year over the last decade), the results would be:

- 1) Every Australian would be **\$74,000 better off** in today's dollars by 2025. This is on top of the **\$83,000 in increased wealth** that has flowed to the average Australian as a direct result of economic reforms since 1983.
- 2) The economy would be **40 per cent bigger** than it would otherwise be.
- 3) Australia would be the **3rd most prosperous nation** in the world.
- 4) The Federal Government would have more than **\$80 billion in extra revenue** - enough to fund Australia's new spending needs to meet the demands of an ageing population, or alternatively, taxes could be cut by 30 per cent.



TRADEwinds

CUSTOMS & FREIGHT PTY LTD
ABN 37 087 848 584



P.O. Box 94 Northgate Q 4014

Unit 5, Northlands Business

30 Raubers Rd (cnr Nudgee Rd)

Northgate Q 4014

Australia

National Ph: 1300 762 100

National Fx: 1300 762 100

International Ph: +61 7 3267 3441

International Fx: +61 7 3267 3448

E-mail: action@twcf.com.au



Enjoy Smooth Sailing With Tradewinds !

Foot Notes

Health News:

For all those wondering where the heck I have been over the last few months I am happy to report that after the discovery of a large Lymphoma in the abdomen, I'm well on the road to recovery. After 6 months of chemotherapy the latest scans did not detect any cancer activity. Providing the next scans in December have the same result I'll be classified as being in full remission. There is one more date with the scalpel

on 20th October to try and fix the plumbing or remove a kidney after which I am expecting to be back in the office in late November. In the interim I will be working from the home office.

I'd like to thank everyone for your kind support and wishes, and a big thank you to the team at Tradewinds for all their efforts during my absence, I now know how it feels to be obsolete.

We hope you enjoyed the 1st edition of AHOY! our quarterly newsletter, if you have any comments or contributions we would love to hear from you.

Thanks again for your continued support, it means to world to us.

Kind regards

Kingsley Fletcher