REDUCING THE HAYSTACK

It's time to reward those in international trade who are taking measures to minimise risk

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The Australian Government provides a diverse range of services, support and benefits to the Australian public to achieve its policy outcomes.

Much of this is funded by our hard-earned income tax (and other general taxation), sale of public assets, government investments and more focussed cost recovery measures.

Like defence, it could be argued that 'Quarantine' and 'Customs' community protection activities should be funded by taxpayers out of consolidated revenue. While sound in theory, no government would realistically want to put a dent in the Federal budget, nor would they have an appetite to wind back the clock seeing that we have had cost recovery measures in place since the mid 1990s with industry being charged for specific border and biosecurity activities.

The environment is changing with a move away from 'one size fits all' in terms of import and export statutory reporting.

The Australian Border Force (ABF) is proudly, and justifiably so, promoting the Australian Trusted Trader Program. The initiative rewards importers, exporters and intermediary service providers with benefits including a dedicated account manager, duty deferral and priority processing.

Entities that can demonstrate that they deploy a secure supply chain are substantially moved to one side to allow ABF officers to focus on a 'reduced haystack' of remaining entities.

This approach is not just sensible, it is essential in an environment of rapidly growing volumes of trade and where the ABF is continually tasked to meet community protection expectations more with diminishing resources.

The question needs to be asked that if we are moving away from a one-size-fits-all regime, shouldn't Australian Trusted Traders pay a differential fee if their actions are reducing the risk for the ABF? Perhaps those traders remaining in the 'haystack' and absorbing valuable ABF resources should be paying a higher rate?

In a similar manner to ATT, the Department of Agriculture and Water Resources has in place Approved Arrangements whereby certain accredited industry participants can complete their own biosecurity assessment of 'low risk' commodities. This reduces the burden on the department allowing available officers to focus on high risk consignments. This again leads to an argument that those reducing risk should be rewarded with a differential cost recovery fee.

While we continue to advocate for this outcome, the Federal Government announced in the 2018-19 Budget "a levy on imports by sea to invest in a stronger, fit-for-purpose biosecurity system, to commence on 1 July 2019."

The Government stated that the levy, estimated to raise $325 million over three years, would "contribute to onshore surveillance, diagnostic, data analytics, research and adoption of new technology to help us detect, identify and respond to exotic pest and diseases earlier and ensure we can move people and goods into Australia safely and more efficiently."

It is important to note that this levy will be administered above and beyond the existing cost recovery arrangements. Like all taxes, it is likely that this will require legislative backing.

The challenge will be whether some form of flat fee will be implemented in terms of a form of taxation or whether cost recovery principles will be introduced to apply costs against risks.

The Biosecurity Levy Steering Committee is due to report its finding by June 2019 – the outcomes will be critical by way of setting another precedent for ongoing tax and cost recovery reform.


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Paul Zalai is a director of Freight & Trade Alliance (FTA). Paul was recently appointed by to participate in the Biosecurity Levy Steering Committee. For more information visit www.ftalliance.com.au. ■