



Export Council of Australia

The Voice for Australia's Exporters

4 November 2014

Australian Customs and
Border Protection Service
PO Box 6021
Parliament House
Canberra ACT 2600

Export Council of Australia Submission for the Joint Review of Border Fees, Charges and Taxes

A not-for-profit, membership based organisation, the ECA is the peak industry body representing Australia's exporters and importers. With a membership base of 1,000 and a reach of 15,000, the ECA represents companies of all sizes and across a wide range of industries. The ECA's core activities include research, advocacy, skills development and events.

The ECA also works collaboratively with a number of Federal and State Government Departments and Agencies to advance its business and the interests of its members; these include DFAT, Austrade, Efic, the Australian Customs and Border Protection Service ("Customs") and the Department of Agriculture. In the case of Customs, this work involves membership of the Customs and Border Protection National Consultative Committee and the Industry Advisory Group for the development of the Trusted Trader Programme.

Response to the Joint Review of Border Fees, Charges and Taxes

The ECA is pleased to make the following comments to the Review:

1. The ECA is aware that fees for the processing of Declarations charged by Customs increased significantly on 1 January 2014, following the Federal Budget for 2013/2014 and that, more recently, the regime of fees payable to the Department of Agriculture for export inspections has also been amended.
2. The ECA understands that in both cases, the rationale for the changes has been to ensure that fees to be charged to allow for full "cost recovery" of the costs associated with the provision of the relevant services. Accordingly, on the assumption that the fees being charges are only charged to "cost recover", the ECA is concerned that the Review will not actually deliver any changes to the charges, as any move now away from cost recovery could be construed as being a subsidy by Government contrary to the principle of the WTO Agreement Subsidies and Countervailing Measures.
3. Accordingly, with one exception described below, the ECA would recommend that the focus of the Review should be on creating a regime that instils confidence that the fees are being validly recovered. This would be consistent with best practice and the principles set out in the "Regulator Performance Framework" recently published by the Federal Government. This regime would include full transparency of the costs, which the Government is seeking to recover through the fees, verification that



such costs should properly be subject to the regime, an annual public reconciliation of the actual costs against the fees collected by the agency collecting the fees and a process to repay any "over recovery" of costs to fee payers, or for such over recovery to be applied towards a fund specifically aimed at assisting all importers and exporters. This should be subject to review and verification every three years by the ANAO. The ECA does not believe that any such over recovery should merely be taken into consolidated revenue by the Government.

4. The ECA is concerned that the "cost recovery" model for Customs still does not entail recovering costs associated with imports of goods with a customs value of less than \$1,000 which do not attract processing fees. The view of the ECA is that processing fees should apply to those importers. It seems unreasonable that such importers should receive "fee free" importing, effectively being subsidised by other importers and exporters. Accordingly, the regime described above should be subject to a preliminary revision so that all importers and exporters are subject to fees, and be reviewed accordingly.

The ECA notes that there is limited capacity to expand on the above mentioned issues given the restriction on the word count for submissions, however, we would be happy to provide a more detailed response if so desired.

Sincerely



Andrew Hudson
Director and Trade Policy Committee Chair
Export Council of Australia