

Cargo Management Re-engineering

Customs and industry working for faster, simpler trade

The Australian Customs Service has begun a \$30-million project to establish a seamless cargo management system for Australian businesses trading with the world. Col Vassarotti explains how the new system will streamline Customs procedures and reduce business costs.

The new cargo system, expected to come on stream in 2001, will:

- speed clearance of imports and exports;
- help reduce overall costs of overseas trade, particularly for small business; and
- boost Customs surveillance capabilities, especially for at-risk cargo such as illicit drugs.

The Customs Cargo Management Re-engineering (CMR) project will be developed in consultation with the trading community, the Australian Quarantine and Inspection Service (AQIS) and the Australian Bureau of Statistics (ABS).

Customs is working with representatives of these organisations to totally redesign and rebuild its computer-based cargo systems, looking well beyond today's needs. The strategy involves selecting the best technology on which to introduce more streamlined and cost-effective practices to ensure Australia stays up with global trends and continues to enjoy world-class cargo clearance services.

How CMR began

The need to re-engineer was identified in 1996 because of potential difficulties with our ageing and

substantially separate systems. This gained impetus with Customs pioneer role in outsourcing all of its information technology services late in 1997. Outsourcing presented a valuable opportunity to appraise the systems and to review all our business processes.

Our systems were developed at different times for different reasons. For example, COMPILE, which processes import declarations was introduced in 1978 and has been much modified. (See 'Existing Customs cargo applications, page 9.) These 'legacy' systems with their 'one-size-fits-all' basis, are still the main link between industry and Customs. But, although they are still

world-class, they are increasingly expensive to maintain and are unable to meet everyone's long-term needs.

Consultation with industry and government agencies to identify their cargo management needs began in March 1996. This was known as the Cargo Management Strategy. In November 1997 we decided that a comprehensive re-engineering was necessary. This has been the subject of significant effort in Customs since March 1998 when the Office of Business Systems was created to carry out the project.

Assessing the needs

Consultations included importers and exporters, customs brokers, airlines, shipping companies, freight forwarders, port authorities, stevedores and Commonwealth agencies concerned with border issues.

The consultations established that importers and exporters wanted a fast, reliable, flexible and paperless system involving minimal government reporting requirements. A new system should allow easy access for all cargo systems users, including use of the Internet, maintain confidentiality and provide for cargo examination only when there was an identified risk.

CMR is a big project with a profound impact on the efficiency of Australia's trade. Its success will be measured by the improvements to industry's needs for speed and simplicity.

Next-generation cargo system to boost trade reforms, toughen fight on illicit drugs

In a statement on 29 March 1999, the Minister for Justice and Customs, Senator Amanda Vanstone, said the \$30-million cargo management system would help cut costs to business and assist Customs to identify illegal imports, including drugs.

"This new Cargo Management Re-engineering (CMR) program, expected to come on stream in 2001, will, through use of up-to-date technology, speed clearance of imports and exports," Senator Vanstone said.

"This world's best practice cargo clearance system is vital to the tens of thousands of businesses trying to compete both in Australia and overseas and follows the significant achievements of the Federal Government in waterfront reform.

"For business, the two obvious signs of change will be the elimination of duplication in reporting requirements and, as a consequence, the speed of which containers are processed and cleared.

"This means business will be able to get on with business.

"An added benefit of CMR is that the technology used to speed up processing will help Customs identify 'risk' containers – those carrying prohibited imports, such as illicit drugs.

"Customs has had enormous success in recent times in detecting illicit drugs such as heroin, cocaine and amphetamines and CMR will be yet another tool in the nation's fight against drugs."

Nevertheless, industry recognises that government requirements must continue to be met, such as those involving community and environmental protection and provision of important information, particularly timely and accurate trade statistics.

The key to the success of the new system lies in achieving a balance between industry and government needs. It will achieve this by a vital core strategy: direct access by government to the commercial data stream.

This is the solution that will meet government needs and allow industry to fulfil its duty with absolute minimum burden by using information that already exists rather than having to be created or duplicated in another form.

It is made possible because:

- most data held by cargo carriers and 90 per cent of data held by importers is available before the cargo arrives;
- industry is willing to make in-house data available;
- there is a proposal for sharing cargo handling data among the international trading community; and
- developments in international trading practices, which are expected to allow export data exchange between customs administrations by which, for example, export data from one country would become import data for another.

The potential to reduce industry's formal reporting that has to be specially designed to meet government requirements saves traders time and money. The other advantage is that by accessing actual trading data, Customs and other government agencies will know they are working with the most accurate and timely information available.

The CMR concept

The outcome was an agreed concept for a re-engineered cargo management system designed to meet the foreseeable needs of all parties. It has these main elements:

- direct access to cargo data for risk assessment;
- streamlined, minimal cargo reporting;
- intervention only in cases of known risk;
- periodic entry and deferred duty payment;
- electronic entry facilities; and
- sharing of cargo handling data by the international trading community.

Cargo Management Re-engineering will marry these requirements with those of government agencies, which include the need for accurate identification and control of high-risk cargo before it arrives in Australia. The new system should produce required information and services for government agencies, such as AQIS, and produce accurate and timely trade statistics.

The main objectives

The prime aims of CMR are to reduce costs and improve performance through better business processes and technologies, rationalising government requirements and using the one set of data wherever possible.

Key ingredients of success will be a close working relationship with other government agencies such as AQIS and the Bureau of Statistics and arrangements that will foster industry input to the main elements of the new system.

Any new system must produce cost reductions for industry and improved efficiency for government. We believe this will be achieved through a modular and integrated approach to computer applications and rationalisation of information management and technical infrastructure.

We will improve access to cargo management systems through a single window for industry and government agencies, and use of the Commonwealth Government's

Business Entry point on the Internet to assist small business.

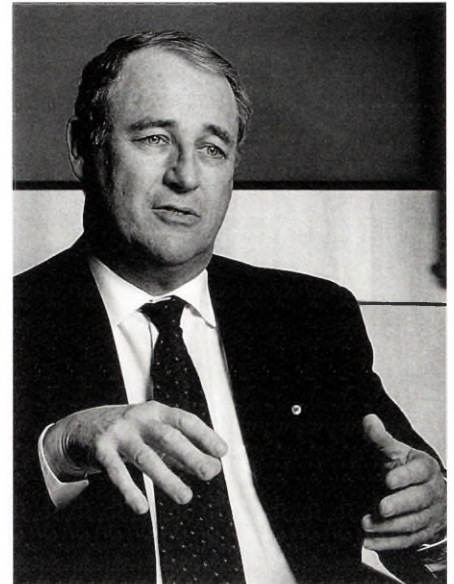
A highly flexible system based on open architecture will provide opportunities for new industry efficiencies, accommodate evolving technology and allow for improved data access.

It will actively promote and assist government trade and industry policies and initiatives such as electronic commerce, Supermarket to Asia and the Business Entry Point for small business. It will be fully GST compatible.

The project team is preparing a detailed concept definition, validation and design of new business processes. Design work has also begun on the cargo system computer architecture.

Advice from industry

An Industry Reference Group, chaired by the Managing Director of the Australian Stock Exchange, Mr Richard Humphry AO, is working



Richard Humphry AO

with Customs to provide strategic guidance on CMR, and to identify wider opportunities to improve overall business processes between government agencies and the international trading community. (See Industry Reference Group, page 10.)

In opening the group's inaugural meeting in Sydney on 16 March

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Existing Customs e-commerce cargo applications

All messages are received in Customs through the Tradegate Hub using the AT&T EDI network. Sea Cargo Automation (SCA) and Export Integration (EXIT) users have the option of an Internet front end, filling in an electronic form on the Tradegate/TEDIS (private software provider) Home Page which is then processed as a normal EDI message to Customs.

The current e-commerce architecture provides online and EDI access to Customs applications. These include:

COMPILE, which processes import declarations, and is interactive. The first version was introduced in 1978 and the current version in 1986.

EXIT1, which allows electronic declaration of exports. It was introduced in 1988, pre-dates UN/EDIFACT and is proprietary message-based

EXIT2. An early non-standard form of UN/EDIFACT application for the report of export cargo which was introduced in 1991.

Air Cargo Automation (ACA), which processes inward air cargo reports and accepts non-standard UN/EDIFACT as well as IATA's EDI Cargolmp message standard. It was introduced in 1991.

Sea Cargo Automation (SCA), for reports of inward sea cargo, uses EDIFACT 91.2 Directory. It was introduced in 1994.

EDIFICE, which provides an EDI facility for COMPILE and uses EDIFACT D93A. It was introduced in 1995

1999, Mr Humphry complimented Customs on the development of such an innovative approach to the management of cargo. "This forum represents an excellent opportunity for government to work collectively with industry in the interests of promoting Australian trade," Mr Humphry said.

The group:

- provides high-level strategic advice to the project and identifies areas where industry experts can work with the Customs project team to greatest advantage;
- explores ways and means to gain efficiencies in cargo management through innovative and co-operative effort by all parties involved; and
- provides a high-level consultation and coordination forum to work towards achieving these efficiencies.

CMR is a big project. It will have a profound impact on the future of the Australian Customs Service and the overall efficiency of trade across Australia's borders. Its success will be measured against identified outcomes, in particular the extent to which accurate identification of high-risk cargo increases the effectiveness of intervention, and how industry requirements are improved compared with current arrangements

We will measure the increased supply of accurate information, the speed at which government processes are enhanced in regard to costs, and reductions in industry costs.

Customs is committed to ensuring that the CMR will reflect industry, community and government needs, reduce costs and increase cargo management efficiency.

Col Vassarotti is Customs National Director, Office of Business Systems.

INDUSTRY REFERENCE GROUP

The following public and private sector organisations are members of the Industry Reference Group, chaired by Richard Humphry AO, Managing Director, Australian Stock Exchange Ltd:

Australian Customs Service
Australian Shipping Federation
Tradegate ECA
Australian Federation of International Forwarders
Federal Chamber of Automotive Industries
International Air Couriers of Australia
AQIS/Industry Cargo Consultative Committee
Australian Chamber of Commerce and Industry
Customs Brokers Council of Australia
P&O Ports
Association of Aust Ports and Marine Authorities
Road Transport Forum
Intelligent Transport Systems Australia
National Farmers' Federation
Patrick Stevedores
Victorian Employers' Chamber of Commerce and Industry
Food and Beverage Importers' Association
Australian Industry Group
Australian Air Transport Association
Road Transport Forum

A group of senior Commonwealth executives liaises with the Industry Reference Group. They are:

John Drury	Deputy Chief Executive Officer, Customs (Chair)
Col Vassarotti	National Director, Office of Business Systems, Customs
Steve Holloway	National Manager, Office of Business Systems, Customs
Ivan King	Assistant Statistician Australian Bureau of Statistics
John Cahill	National Manager, Border, AQIS
Bill Daniels	Director Quarantine and Export, AQIS
Greg Feeney	First Assistant Secretary, Department of Transport and Regional Services.

Request for Information

Customs is seeking the assistance of business, trade organisations and government agencies in developing the Cargo Management Re-engineering project.

It has released a Request for Information (RFI) containing detailed questions designed to clarify the needs of those who use the system.

The RFI seeks advice on communication options to improve service provision between the international trading community and government agencies. Options considered should include, but not necessarily be restricted to, direct connection and access through Communications Service Providers.

Information received will be taken into consideration in designing the proposed gateway functionality. It may lead to further processes involving the selection and possible certification of a range of service providers associated with the re-engineered cargo management system.

The RFI also provides detailed information about the program and can be obtained from:

Alan Paterson, Director, Cargo Management Re-engineering
Ph. (02) 6275 5619, Fax (02) 6275 5084, email: alan.paterson@customs.gov.au

Full details can also be accessed on the Customs web site at <http://www.customs.gov.au/corp/cmrrfi.htm>