Simplified Trade System

Progress and Opportunities

August 2023

Contents

The Simplified Trade System (STS) reforms represent a whole-of-government approach to creating a simpler, more effective, inclusive and sustainable cross-border trade environment for Australia. Simpler trade benefits Australian businesses, government, and the community, by reducing the cost of trade, increasing productivity while strengthening our border, biosecurity and community protections.

This publication outlines the reforms, and the opportunities the Australian Government is prioritising. We welcome your input on this agenda to ensure the reforms meet business needs now and into the future.

Why are we reforming Australia's cross-border trade environment?

International trade drives economic growth and creates jobs. Cross-border trade in goods is now worth over $1 trillion a year – so even small improvements in regulations, systems and the use of data can generate significant benefits for the Australian economy.

More efficient cross-border trade lifts our international competitiveness and attracts foreign investment. However, while our trade volumes have grown significantly over the past decade, our rules, processes, and technology have not kept pace. Our international competitiveness is falling behind comparable countries, and our major trading partners.

Business have told us that the current cross-border trade environment is expensive and time-consuming to navigate, with complex service delivery arrangements and regulations across all layers of government.

How are we reforming the cross-border trade environment?

The Government is committed to progressing the STS reforms and have allocated a further $23.8 million in the 2023-24 Budget.

The STS Implementation Taskforce (the Taskforce) is leading the reforms across government, working to simplify rules and processes, improve the business experience and align digital systems.

The Taskforce works in partnership with key agencies including Australian Border Force (ABF) and the Department of Agriculture, Fisheries, and Forestry (DAFF) and numerous other federal, state and territory agencies involved with cross-border trade.

We are learning lessons from our international trading partners, and taking a national approach by aligning with cross-border trade reform initiatives underway in states and territories. The

STS reforms will deliver regular benefits to business over the short, medium, and long term. The Government is already delivering changes to help reduce time and cost for business. Some early benefits include the ability for businesses to book and manage biosecurity inspections online, and real time notifications on the operational status of the Integrated Cargo System. See Appendix A for a list of changes already delivered.

Delivering for business

So what does this mean for your business? The STS will deliver a more efficient, effective, and sustainable cross-border trade environment where:

- Business experience simple, integrated and intuitive government services
- rules are simple and fit-for-purpose
- technology and processes are modern and connected

- data is shared and supported by harmonised data standards which align internationally
- funding models are fair and sustainable
- the workforce is capable, skilled and adequately resourced
- Australia's border is effectively managed to protect the Australian community.

Understanding the current state

Australia's current cross-border trade environment is complex with 32 government agencies, more than 200 regulations and 145 ICT systems.

Understanding business' experience, with close to 200,000 Australian import and export businesses navigating Australia's cross-border trade environment—across regulations, processes, and ICT systems—is central to the STS.

To better understand the current state of the cross-border trade system we completed the

first ever baseline of Australia's cross-border trade environment, which includes:

- user journey maps of the end-to-end trade experience for importers, intermediaries and exporters
- a comprehensive regulatory review
- an assessment of current trade-related ICT systems.

The outcomes from this work are informing and prioritising future cross-border trade reforms.

User Insights – Hard to access information and complex regulation

A business exporting boxed beef may need to interact with a range of government agencies in addition to onshore and offshore commercial stakeholders:

- Department of Agriculture Fisheries and Forestry to understand quotas, to find key regulations for importing country requirements and to book inspections
- Australian Border Force to make an export declaration
- Department of Foreign Affairs and Trade to check whether preferential tariff rates are available

- Australian Trade and Investment Commission (Austrade) to understand market opportunities and whether they are eligible for any assistance mechanisms
- Australian Tax Office to claim the exporter GST exemption
- States and Territories for specific requirements or documentation within their areas of jurisdiction
- Border intermediaries to help navigate domestic and international requirements.

User journey: business talked, we listened

We have engaged deeply with business to understand their end-to-end trade journey, from trying to find relevant information, to seeking the correct permissions, shipping goods, having them cleared, and released (here and/or overseas), and seeing them land at their ultimate destination.

To date, the Taskforce has engaged with 950 business and government stakeholders of various sizes and types, across Australia and internationally.

This diverse group includes a family-run seafood exporter based in North Queensland, to companies importing prescription medicines, and some of our biggest freight forwarders operating international air and sea networks.

We have taken a human-centred design approach to map the end-to-end journeys for importers and exporters at a whole-of-government level.

User Insights – Opaque and inconsistent processes

"A single shipment can pass through as many as 30 different organisations, with up to 200 individual communications about that shipment. These communications are impeded if systems do not talk to each other (e.g. are using paper, making delays inevitable)."

International Forwarders & Customs Brokers Association of Australia, (January 2022)

"Temporary practices introduced during the COVID-19 pandemic have had significant benefit to businesses, for example acceptance of certain electronic certificates for some agricultural imports and electronic signatures for Organic Produce Certificates."

Business Council of Australia (BCA), (January 2022)

Business told us that Australia's cross-border trade relies on outdated and complex regulations and ICT systems. Businesses said they face challenges navigating complicated and siloed import and export processes. This costs them time, effort and money.

User Insights – Hard to access information and complex regulation

A car parts importer will generally interact with:

- DAFF to understand biosecurity requirements, fees and inspections
- ABF to understand customs requirements and tariff concessions
- DFAT to understand Free Trade Agreement arrangements and benefits that might apply
- ATO to claim GST credits and understand additional duties or taxes involved
- Department of Industry, Science and Resources (DISR) to get general information about importing and apply for relevant programs
- Local State and Territory requirements
- Border intermediaries to help navigate domestic and international requirements

Six common paint points for business

Mapping the end-to-end user journey identified 6 common pain points for business that negatively impact their performance and cross-border trade experience.

1. Opaque and inconsistent processes

Lack of transparency and consistency make it difficult for business to understand processes, predict arrival times for goods and plan their supply chain. Businesses face variable communication response times and uncertainty when seeking support to navigate the supply chain.

2. Hard to access information

Businesses find it hard to locate and understand Australian and international requirements, and rely on a range of channels to get accurate information.

Navigating multiple information sources can be confusing , time consuming and costly.

3. Complex regulations

Businesses find navigating complex regulations challenging, costing them time and money.
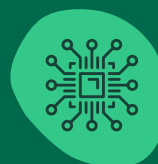
4. Inflexible technology

There is difficult to use, inflexible technology across multiple agencies requiring workarounds, creating delays and increasing cost and effort to businesses.

5. Duplicative processes

There is a need to enter information multiple times and complete manual documentation, meaning time is spent cross-checking and re-entering data manually across different channels and systems.

6. Border delays

Delays at the border impact the ability for businesses to plan their operations and predict the arrival of their goods.

Reviewing our cross-border trade regulation

Regulatory reform should result in a risk-based approach to regulation, and achieve the same or enhanced public policy outcomes, whilst reducing the burden on business and government.

Working with 32 government agencies the Taskforce completed a comprehensive review of Australia's Commonwealth cross-border trade regulations. There are more than 200 regulations for cross-border trade in goods. The review assessed existing regulations against the four principles of good regulation:

1. justified and proportionate
2. effective
3. efficient and minimised cost
4. user-centred and future proof.

Key Findings

Overall, the review found that Australia's cross-border trade currently relies on outdated and complex regulation and ICT systems. There are over 200 regulations for cross-border trade in goods. Siloed approaches to regulation have contributed to the challenges businesses face in navigating complex processes.

Agencies identified 76 per cent of regulations have opportunities for update or reform to improve effectiveness in meeting public policy objectives, and to ensure they are fit-for-purpose to handle expected changes in the trade environment.

Most agencies considered their regulation as being justified and proportionate for the regulatory objectives. They are clearly linked to achieving specific objectives, or international obligations, or addressing discrete problems. However, 37 per cent have not been reviewed in the last 5 years, indicating there is likely scope for review, update or reform.

Agencies also identified the cross-border trade regulations they develop or administer to be largely effective in meeting their public policy objectives, though 21 per cent were identified as not currently being fit-for-purpose.

All agencies considered the net benefits of the regulations they administer to outweigh the costs imposed on government and businesses. However, while the regulations may be effective in meeting individual objectives, there is a myriad of different approaches, requirements and processes that traders face across different regulations.

Approximately 32 per cent of regulations were identified as having some form of duplication with other regulations, when considered in a whole-of government context. There are significant opportunities to improve efficiency and minimise the cost of regulations for traders.

Agencies recognised 'user-centred and future proof' as the principle with the most room for improvement, as 36 per cent of regulation inflexibly mandates the use of outdated technology or relies to some degree on paper documentation.

Finally, 50 per cent of regulation was identified as having potential for a simpler, more future-proof and user-centred design option, with 40 per cent identified as being complex.

The review identified a range of potential reform opportunities that could simplify rules and processes for businesses by:

- streamlining regulation
- increasing alignment across government agencies
- improving user experience
- enhancing data collection/tracking.

Opportunity areas for reform include increasing transparency, permits, licensing, administration of tariff concessions, payments, reporting, entity management, improving data sharing across agencies, and embedding more efficient trade processes identified through COVID-19.

Effective governance arrangements for regulatory reform will be embedded. This will ensure the ease of doing business for traders and the needs of regulators remain in lockstep in our future cross-border trade system.

User Insights – Duplicative processes

Regulatory reform for border permits.

Issues relating to border permits are a key concern raised by business. Currently, businesses face variable transparency and service standards across agencies, find it difficult to locate and understand regulatory requirements, and face duplicative manual processes when applying for border permits.

Regulatory reform will ensure that solutions to these problems take a whole-of-government approach and can be sustained over the long-term. Regulatory reform will focus on removing duplicative permit processes, streamlining or aligning permit processes across government agencies, and digitising permit processes to simplify the application for, and administration of, border permits—generating benefits for business and government.

The regulatory review identified opportunities for agencies to work with business to ensure that regulations can enable a future state trade environment that overcomes many of the issues experienced by business when applying for border permits.

Understanding systems

The Taskforce, working with 12 key agencies, completed a scoping study to map the current state of trade-related ICT systems at the border. This study examined the business experience of cross-border trade Commonwealth ICT systems, and the interaction with non-government ICT systems, and how data can enhance service delivery and the adoption of modern technology. This scoping study also examined how to reduce ICT system risks, and the role of a skilled digital workforce.

The study found that the current 145 ICT cross-border trade systems suffer from lack of ongoing investment, are duplicative and fragmented, and inhibit interoperability and data sharing. Many ICT systems also rely on high levels of manual processing. Australian importers and exporters identified difficult to use, inflexible technology as an impediment to doing business.

The study found many of the outdated ICT systems have limited ability to exchange data effectively, reducing the ability to create a joined-up user experience, meaning that businesses need to navigate multiple government agencies and systems to get things done.

The study identified a range of potential reform opportunities to improve outcomes for business and government agencies, including:

- developing and adopting a whole-of-government trade ICT architecture and trade data standard to enable a unified, connected and simplified cross-border trade environment

- rationalising and modernising existing ICT systems to develop new digital capabilities to reduce the burden on business

- transforming manual and paper-based processes, and moving to contemporary digital data collection methods

- adopting innovative and emerging technologies including expanded use of cloud-based infrastructure to future proof the STS digital environment

- ensuring the government has a modern, agile ICT workforce to deliver the future STS.

Key Findings

The study found that the current 145 ICT cross-border trade systems are duplicative, outdated and fragmented, with limited interoperability and data sharing between government agencies. Many ICT systems are supported by manual processing. Australian importers and exporters identified difficult to use, inflexible technology as an impediment to doing business. The study found many of the outdated ICT systems have limited ability to exchange data effectively, reducing the ability to create a joined up user experience as businesses navigate multiple government agencies.

A number of systems are more than 20 years old with some data exchange methods still in use from the 1970s. Other findings included that:
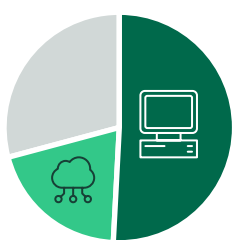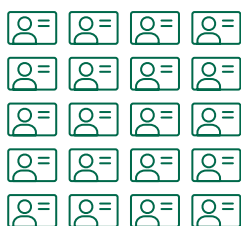
**51 per cent** of these systems are 15+ years old, including 15 that are essential to trade

20 per cent of these systems use modern cloud-based technologies
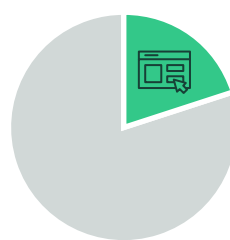
20 per cent of interfaces between government systems use modern methods but a lack of consistent standards for data sharing limits interoperability

20 separate user portals exist across the trade system with these multiple channels often requiring the same information from business
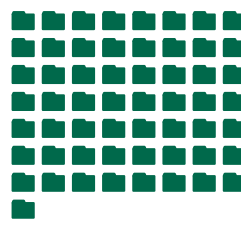
57 case management systems are in operation.

User Insights – Simplifying systems

A large home furnishings importer with opportunities to improve systems.

FROM – current state user experience

Difficult to use, inflexible technology

"We currently need to report separately across different systems, can't we just have one cross-border system? Also, I think the systems really crack under the strain of people submitting and resubmitting. When quarantine gets behind in processing, people just go and resubmit again, just adding more strain to the process. People say oh, I haven't heard back from them, and it's been 24 hours. So, they go and resubmit again."

TO – user's preferred future state

Increase efficiency in providing information

"We can complete our reporting in one system. We are easily able to go in and view information submitted, who it is with and see an estimated time for how long it will take. If there are any changes or if issues arise, we are notified immediately. The technology works with my business needs and is easy to use."

How are we using what we have learned?

We are using what we learned from baselining and ongoing business engagement to provide consolidated advice to government on areas in need of reform. This collaborative approach will ensure cross-border trade reforms are inclusive, sustainable and more efficient for business.

Making trade rules simpler and easier to comply with

Pathway to regulatory reform

We are developing a future state vision and roadmap to simplify and better align regulations, making it easier for business to comply and more efficient for government to administer. Simplifying trade regulations lays the foundation for transformative digital and data reforms but it also takes time to do it well. We plan to deliver regular improvements that deliver benefits in the short, medium and long term.

Cross-border alignment

We are identifying and prioritising options to align government border programs, such as fit and proper person assessments, to remove data and process duplication, reduce compliance costs and improve efficiency for business and government.

Increasing digitalisation and data sharing

Digital

Building on the ICT scoping study, we are examining ways to leverage existing whole-of-government and trade-related capabilities to enable re-use of some systems where it simplifies outcomes for business and agency administration. This includes identifying where there are gaps and how to better re-use existing capabilities, laying the foundation for the modernisation of existing ICT systems.

Data

We are developing a data sharing framework which sets out the principles, processes and governance requirements for a whole-of-government approach to cross-border trade data sharing. This is built on our understanding of data needs and the current standards and legislation.

User Insights – Reducing duplication

A customs broker in the import supply chain.

FROM – current state user experience

Needing to enter information multiple times

"We spend a lot of time as brokers going between our clients and government to check information to make sure its accurate, and it matches. There's a lot that we need to validate against a few different platforms, biosecurity, customs and sometimes other agencies. In some circumstances, information can be plugged in directly from the supplier, however, this is minimal."

TO – preferred future state

Increase efficiency in providing information

"Our clients are able to provide information to manage cross-border trade requirements. They do not re-enter data where it is already known. Data from other sources, such as suppliers can be entered directly. This means that we spend less time checking over data, things are automated where possible and we can spend more time on work clients value such as providing advice."

Get involved

Business experience is at the centre of the STS agenda. To ensure that a modern cross-border trade environment meets the needs of stakeholders, reforms are being co-designed with Australian businesses.

We will continue to engage with business through existing government forums, workshops, roundtables, conferences, direct meetings with businesses, and seek views through targeted consultation.

Information on upcoming events and outcomes will be published on the STS website.

For more information

Visit www.simplifiedtrade.gov.au

Email info@simplifiedtrade.gov.au

LinkedIn: www.linkedin.com/company/simplified-trade-system-implementation-taskforce

Appendix A

How Simplified Trade System reforms are already working to reduce time and costs for business

Key Measure and Business Benefit

ABF: A Customs Regulatory Sandbox to undertake trials of new customs practices and technologies in collaboration with approved entities in a controlled regulatory environment, before committing to legislative change.

These time limited trials would address regulatory burden within the Customs framework, testing new technology and trade procedures, and is specifically designed to allow a modernised, best practice approach to legislative reform. The Customs Legislation Amendment (Controlled Trials and Other Measures) Bill 2022 is currently before the Senate. If passed it will establish the new regulatory framework for the Customs Regulatory Sandbox.

Austrade: the "Go Global Toolkit" is a trade information service that provides business with a single source of online information on how to export priority sector goods, including regulatory and border compliance requirements. Since its successful launch in March 2021, the Go Global Toolkit has been viewed over 650,000 times, delivering over 100,000 services and supporting more than 265,000 users to find new markets and opportunities for their products. By bringing information together and aligning it to the exporter journey, businesses that use the Go Global Toolkit save between 1,330 to 2,840 hours of time, compared to businesses that do not use the Toolkit.

DAFF: The next export documentation (NEXDOC) system benefits Australian export industries by offering direct access and self-service capabilities making it faster, simpler, and more secure to obtain export documentation. Digitising manual processes has saved time and money for our exporters and reduces the risk of human error, ensuring assessment and approvals are fair, consistent, and reliable. Facilitating system integrations with government, industries and internationally supports the drive and benefits of paperless trade through electronic government to government certification (eCert).

The Dairy, Honey and Apiary commodities are the first to be transitioned to the new system, with Other Non-Prescribed Goods, Eggs, and Seafood on the way.

ABF: Co-design and consultation with industry on the development of streamlined intervention models for sea and air cargo which would improve the scalability, adaptability, and security of intervention activities at Australia's high-volume ports and, in doing so, support traders to be more productive, supply chains more secure and better protect the Australian community from border security and biosecurity harms.

ABF: Implementation of a new Gateway Clearance Model for Sea Cargo allowing the release of cleared sea cargo from customs control in the Port of Discharge, regardless of the final delivery destination.

DAFF: We've allocated over half a billion dollars to agricultural trade reform. This will help us develop modern and connected digital services, streamlined regulation and improved service delivery for exporters and better access to overseas markets. Exporters will benefit from a more streamlined export experience and new and better systems for all export commodities. We have introduced the single export account, G2G Certification, introduced step by step guides for exporters, digitised the workflow for registrations and a modern quota system.

ABF: A digital verification platform enabling a paperless trade environment through high-integrity verifiable digital documents to be shared between parties operating in international trade that may not have an existing trust relationship.

Platform development is nearing completion and will offer an interoperable and scalable solution to transform trade document sharing practices, harnessing emerging technology and aligning with international standards. Extensive stakeholder engagement across Commonwealth agencies, industry and international partner agencies has been undertaken to deliver paperless trade pilots commencing late 2023.

DAFF: STEPS budget measure includes $145.2 million over three years from 2023-24 to deliver the Simplified Targeting and Enhanced Processing System (STEPS) which is a modern digital system that will deliver improved effectiveness and efficiency of biosecurity clearance in cargo pathways. STEPS provides immediate and longer-term improvements that will help minimise delays and costs at the border by making our systems as efficient as possible and freeing up our biosecurity workers for other jobs and reduce congestion at the border.

ABF: Delivering foundational modernisation capability of Australia's core trade system. The project will establish flexibility for ABF to deliver incremental and iterative trade system transformation, mitigating the risks of a 'big bang' transformation, accelerating early value for industry, and providing insights to government.

By establishing ongoing dialog with industry to co-design the future of Australian trade systems, the project has generated interest from industry to pilot new capabilities. By June 2024, industry will have access to test cloud based and open-source message queueing capabilities, whole-of-government digital identity authentication for trade and new modern and enhanced user interfaces for simple import declarations.

DAFF: The Biosecurity Portal gives import clients the ability to make and manage inspection booking requests, view direction information and lodge Approved Arrangement Class 14.4 inspection outcomes 24/7 via an online system.

DAFF: The Australian Government is investing over $100 million into Australia's agricultural traceability systems. This investment builds upon the already strong traceability frameworks in place, especially around food safety, provenance, and biosecurity. Working with industry and states and territories, the department supports the development of a national approach to improve traceability in agricultural supply chains.

Australia's agricultural traceability systems include all government regulation and industry arrangements that enable tracking and tracing of agricultural commodities and products along entire supply chains. At each step in the supply chain, participants should be able to trace one step forward and one step back.

ABF: Successfully rolled out the Integrated Cargo System (ICS) Real-Time Notifications to industry in March 2023 enabling a real-time messaging system about the status of ICS. This allows industry to immediately activate their own business continuity plans during planned or unplanned outages or ICS performance issues. Industry can receive email or SMS notification service which addressed pain points identified industry throughout the supply chain.

ABF: A conceptual future state operating model for items carried through international mail was delivered in 2022. Co-designed with the Department of Agriculture, Fisheries and Forestry (DAFF), Australia Post and the Department of Infrastructure, Transport, Regional Development, Communication and the Arts (DITRDCA), the conceptual model has a focus on increased automation and screening to facilitate the inspection of mail articles and will inform future cross-agency work in support of modernising the processing of international mail.

ABF: A streamlined application process was created for those who wish to apply for both the Australian Trusted Trader (ATT) Program and the Known Consignor Program, benefitting all applicants, including food exporters. This reduces duplicative application processes through pre-filling application forms, saving businesses time and increases uptake of both Programs by businesses, leading to declaration and clearance efficiencies.