



Australian Government
**Australian Customs and
Border Protection Service**

Time Release Study 2010



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Executive Summary

Introduction and context

The Australian Customs and Border Protection Service (Customs and Border Protection) has undertaken an annual Time Release Study (TRS) since 2007. TRS is a method endorsed by the World Customs Organization (WCO) for assessing a country's trade facilitation performance. It does so by measuring the average time from arrival of goods at the border until permission is given for the goods to enter home consumption.

The annual TRS:

- provides the border agencies with a holistic view of the cargo operating environment and how the different parties (government agencies and industry) impact clearance times
- enables the measurement of year-on-year improvements in clearance times, including the effects of changes implemented as a result of previous studies or other initiatives
- enables the identification of other improvement opportunities to further streamline border clearance processes and facilitate trade
- provides industry with a measure of border agency performance in delivering timely cargo clearance.

Since the first TRS in 2007, results have highlighted the interdependencies between the border agencies and industry. In particular, results show that early reporting supports early clearance by enabling border agencies to complete risk assessment before the cargo has arrived. Accordingly, early clearance provides traders with predictability and time to pre-arrange collection and inland transport. Earlier identification of high risk cargo means that legitimate trade is unimpeded.

For the 2010 TRS, clearance performance has been measured for air and sea cargo consignments which arrived during the standard snapshot period of one week (24 to 30 September 2010). Performance levels for 2010 have been compared with TRS results from previous studies.

The scope of the 2010 TRS has been expanded to provide analysis of additional aspects of the clearance process identified through consultation with industry and other stakeholders. Additional measures included in the report cover:

- separate analysis of customs and biosecurity performance levels
- differences in performance between impeded and unimpeded cargo in more detail
- performance differences between express and general air cargo.

In this study, changes in performance between the reporting periods were analysed and taken into consideration, and opportunities for further streamlining of border processes were identified.

Results

Average times between the arrival of cargo and other events

Table 1.1: Sea Cargo

Interval	Average Time (Days)		
	2009	2010	Change
Arrival to documents	-3.3	-3.1	+0.2
Arrival to customs unimpeded	-2.4	-2.2	+0.2
Arrival to ready to pay	-2.3	-2.0	+0.3
Arrival to availability	1.1	1.3	+0.2
Arrival to release	0.2	0.2	0
Arrival to clearance	0.7	0.9	+0.2

Notes:

1. Interval measures show the average (mean) time difference between the named events for all consignments in the sample.
2. Events are defined at Appendix 1.
3. The interval measure is days or parts of days.
4. Where performance has improved since the previous study, the change is highlighted in **green**. Where performance has declined, the change is highlighted in **red**.

The results for sea cargo show that average release time between 2009 and 2010 was maintained, while average clearance time declined by around four hours. In 2010, industry submission of documents required by border agencies was around four hours later than in 2009. Despite this decline, Customs and Border Protection was able to maintain release performance levels. This in part relates to industry electing to pay revenue and charges earlier.

Table 1.2: Air Cargo

Interval	Average Time (Hours)		
	2009	2010	Change
Arrival to documents	-1	-2	-1
Arrival to customs unimpeded	2	2	0
Arrival to ready to pay	4	3	-1
Arrival to availability	17	19	2
Arrival to release	4	4	0
Arrival to clearance	5	5	0

Note:

1. As airfreight operates in relatively short timeframes, intervals here are measured to the nearest whole hour.

The results for air cargo show a number of small improvements led by earlier submission of required documents by industry. Marginal improvements in release and clearance are subsumed in the rounding of results to the nearest hour. In the context of a substantial increase of more than 20 per cent in air cargo volumes for 2010, the maintenance of performance levels is notable.

Key findings

Cargo volumes increased

In 2010, sea cargo consignment numbers grew by more than nine per cent over the previous year, with totals exceeding pre-Global Financial Crisis (GFC) levels for the first time since the crisis began to impact the industry in 2008. Feedback from industry is that importers are rebuilding inventory run down during the GFC.

Air cargo growth, although slowed by the GFC, has nevertheless maintained an upward trend. In 2010 it accelerated rapidly with total consignments increasing more than 20 per cent over the 2009 level.

Release and clearance times

The results for sea cargo show that in 2010, the average time from arrival to release was maintained despite a slight decline in the timeliness of industry's submission of the documents required by border agencies. Reduced waiting time by industry before paying revenue and other charges has helped to maintain release times. The benefits of early release are appreciated by industry and are being pursued by a substantial proportion of importers.

The slight decline in the average time for the clearance of sea cargo for entry into home consumption is attributed to a combination of later reporting and increased validation requirements for quarantine matters arising in some trade lanes.

The results for air cargo show marginal improvements in release and clearance¹ times as a result of slightly earlier industry reporting. In the context of a substantial increase of more than 20 per cent in air cargo volumes for 2010, maintenance of high performance levels for clearance is notable.

Consignments released at arrival and at availability

The percentages of sea cargo consignments released at arrival and at availability improved in 2010 to 53 per cent and 65 per cent respectively. This movement is consistent with the results that show payments being made earlier.

For air cargo the percentages of consignments released at arrival and at availability remained the same at 70 per cent and 90 per cent.

Reporting performance declined slightly

In sea cargo, the timeliness of reporting by industry declined slightly in 2010, the main contributor being declarations submitted before arrival falling back two per cent to 85 per cent of all consignments.

¹ Changes amount to less than one hour so are subsumed in the rounding of results to the nearest whole hour.

The picture was mixed in air cargo. Consignments fully reported at arrival improved by one per cent to 87 per cent but declined one per cent to 94 per cent at availability.

Release times for cargo impeded by both border agencies are substantially longer

Results were broken down to distinguish performance for impeded and unimpeded cargo, and to further distinguish performance for customs interventions from performance for quarantine interventions.

Most notably, the results show that where both border agencies intervene in the same consignments, average release times are substantially in excess of the average time taken if only one agency intervenes in a consignment.

Importer size influences performance levels

Based on analysis of performance relative to importer size it is evident that smaller importers report later and commit their funds for payment later, resulting in later release and clearance.

Expedited shipments are released and cleared sooner

At industry's request, results for air cargo were differentiated between general cargo and cargo carried by the express industry. Cargo carried by the express industry is reported, unpacked and cleared substantially earlier than general cargo.

This indicates that there is scope for improvement in the reporting and clearance of general air cargo.

Country of origin may impact clearance performance

Results in sea cargo were segmented to examine performance by country of origin. Analysis shows that clearance performance for cargo from China is lower than average, which is mostly due to slower than average industry reporting. Comparison with 2009 results shows that in 2010, average reporting time for cargo from China declined slightly. Given that more than 40 per cent of Australia's sea cargo consignments are imported from China, the factors that lead to this outcome are worthy of further analysis.

Cargo type influences reporting and processing performance

Reporting and processing performance was analysed for the separate cargo types within sea cargo. Analysis centred on containerised cargo which accounts for more than 98 per cent of all sea cargo consignments. Full Container Load (FCL) cargo makes up around 83 per cent of all consignments, while Less than Container Load (LCL) cargo constitutes around 15 per cent of all consignments.

Performance for FCL cargo is substantially better than for LCL cargo. A number of factors contribute to the lower performance levels for LCL, chiefly:

- due to the need to first remove the container from the place of discharge and then unpack it, LCL cargo is physically available for potential delivery considerably later than FCL cargo, removing an incentive for early treatment
- smaller traders – previously observed to report and pay later than larger traders – make up a higher proportion of importers of the smaller consignments constituted by LCL
- service providers have indicated that the above factors contribute to lower levels of industry service for LCL consignments, leading to lower levels of clearance performance.

Reporting and processing performance of different discharge ports generally consistent

Reporting and processing performance was analysed for the top five discharge ports for sea cargo.

Variations were noted in the timeliness of industry reporting between ports. These appear to be accounted for by geographic factors such as whether the ports are generally first or intermediate ports and/or relative proximity to the last port of loading. These variations in timeliness of reporting subsequently impact border clearance and release performance.

Opportunities to improve performance

Payment arrangements

Reduced waiting time by industry before paying revenue and other charges has helped maintain average release times, minimising the amount of cargo that is required to remain under Customs control. The amount of cargo remaining under Customs control pending payment could be further reduced by extending arrangements for deferred payment to include duty and charges or by continuing to promote the benefits of earlier payment by industry. Further work is currently underway within the Cargo Control Framework review to explore the merit of these approaches.

Industry reporting

A decline in the incidence of early reporting of import declarations for sea cargo corresponds with a decline in the proportion of cargo that is effectively unimpeded at arrival and at availability. This suggests that treatments which act to increase the incidence of early reporting (of declarations and to a lesser extent, of house bills) will increase the proportions of cargo that are unimpeded at arrival and at availability.

Scope also exists for the earlier lodgement of import declarations for general air cargo.

Coordinated border management

The substantial amount of time taken to clear cargo that is impeded by both the customs and quarantine agencies indicates there is significant potential for efficiencies by working more closely together in such circumstances. The MOU between Customs and Border Protection and the Department of Agriculture, Fisheries and Forestry (DAFF) signed in July 2011 is seen by industry as a positive step for future coordination between the agencies.

Assistance for small to medium importers

Lower levels of performance by small and medium sized importers indicate an opportunity for improvement. Assistance to these sectors could include providing them with targeted information on measures they can take to facilitate early reporting or extending deferred payment arrangements to include duty and charges to avoid delays in commitment of funds.

International cooperation

Lower than average performance in reporting and clearance of cargo arriving from China highlights a potential focus for improvement. Exchange of information on reporting and clearance practices with the source country is likely to help identify opportunities for streamlining, such as the more efficient exchange of commercial documents and certificates.

National consistency

There are some variations between processing performance levels among the major discharge ports.

These may well be explained by circumstances peculiar to each port such as the make-up of commodities imported or the relative timeliness of reporting. The results indicate that further examination is warranted to ensure that potential efficiencies—for example via more consistent intervention rates—are identified and explored.

Methodology and Scope

Methodology

The WCO's TRS methodology is applied to measure the average (mean) time between the arrival of goods at the discharge port and the time that permission is given by the border agencies for their release.

Data collected during the usual course of customs business is used to compile the movement and clearance history of every consignment included in the study. The times of all key events are captured and used to calculate the average duration of intervals such as arrival to release.

Scope

All cargo that arrived during the week 24 to 30 September 2010 inclusive and cleared via standard customs and biosecurity processes was included in the study.

Inclusions	Exclusions
Sea cargo	Transit cargo
Air cargo	Transshipment cargo
All cargo types (FCL, FCX, LCL, Break bulk, Bulk)	Feeder port cargo
All discharge ports	Personal effects
Impeded and unimpeded cargo	Mail
	Part-shipments by air
	Carnet goods

Design

Consignments

Cargo is considered at the lowest consignment level. For FCL cargo, this is a container. For all other cargo types, including air cargo, it is those consignments consigned to the actual importer (rather than to an intermediary such as a freight forwarder). The TRS sample sets for 2010 consisted of some 33,000 sea cargo consignments and around 149,000 air cargo consignments.

Sea cargo sample characteristics

Characteristic	Number
Total consignments/unique cargo lines	33,322
Full Container Load (FCL) consignments	26,734
Full Container multiple suppliers (FCX) consignments	788
Less than Container Load (LCL) consignments	5,167
Break-bulk consignments	577
Bulk consignments	56
Import Declarations	21,964
Self-Assessed Clearance (SAC) consignments	31
Importers	8,673
Customs brokers	453
Discharge ports	20
Origin countries	103
Vessels	106
Arrivals	139
Shipping companies	33
Freight forwarders	583

Air cargo sample characteristics

Characteristic	Number
Total consignments/unique cargo lines	149,403
'Straight-line' consignments	2,882
Consolidated consignments	146,521
Import Declarations	26,247
Self-Assessed Clearance (SAC) consignments	121,603
Registered Importers	10,032
Customs brokers	466
Discharge ports	8
Origin countries	178
Flights	1,011
Arrivals	1,013
Airlines	53
Freight forwarders	350

Events

The timing of key events in the movement and clearance cycle of cargo is extracted from data reported to customs by carriers, cargo handlers, traders and service providers.

Refer to Appendix 1 for event definitions.

Dimensions

The data captured on all consignments supports further analysis by dimensions or segments of interest to illustrate the distinct clearance performance levels for these particular segments.

In this study, dimensions include:

- cargo type
- whether the cargo has been impeded by a border agency or not
- impeded by customs
- impeded by biosecurity
- discharge port
- country of export
- importer size
- whether cleared by full import declaration or simplified declaration (low value cargo)
- service type (for air cargo).

Other measures

The basic measure applied in this study is the average or mean duration of the named intervals. This is done in accordance with the WCO's guidelines for TRS. However, the data will also support a range of other statistical measures including, for example, median, as in the median arrival to release time.

There is a case for preferring median over mean as a more representative measure for populations such as this one, where results tend to be skewed to one side rather than distributed evenly. Nevertheless, once a baseline has been established using mean or average, this measure serves the purpose of monitoring change year-on-year whether or not it is the ideal statistical indicator. Should a case be made for using median times or other measures such as mode or standard deviation, the data can support all of these.

The data available also supports measurement of the proportion of all cargo that has reached a particular status by the time a key event occurs. For example, the percentage of all consignments fully reported to customs by the time of arrival at the discharge port is measured to show the extent of advance reporting by industry.

Sea Cargo Results

Sea cargo

By weight and value, the majority of cargo imported into Australia is carried by sea.

Sea cargo volume for 2010

Report highlight

Sea cargo volumes for 2010 exceed pre-GFC levels.

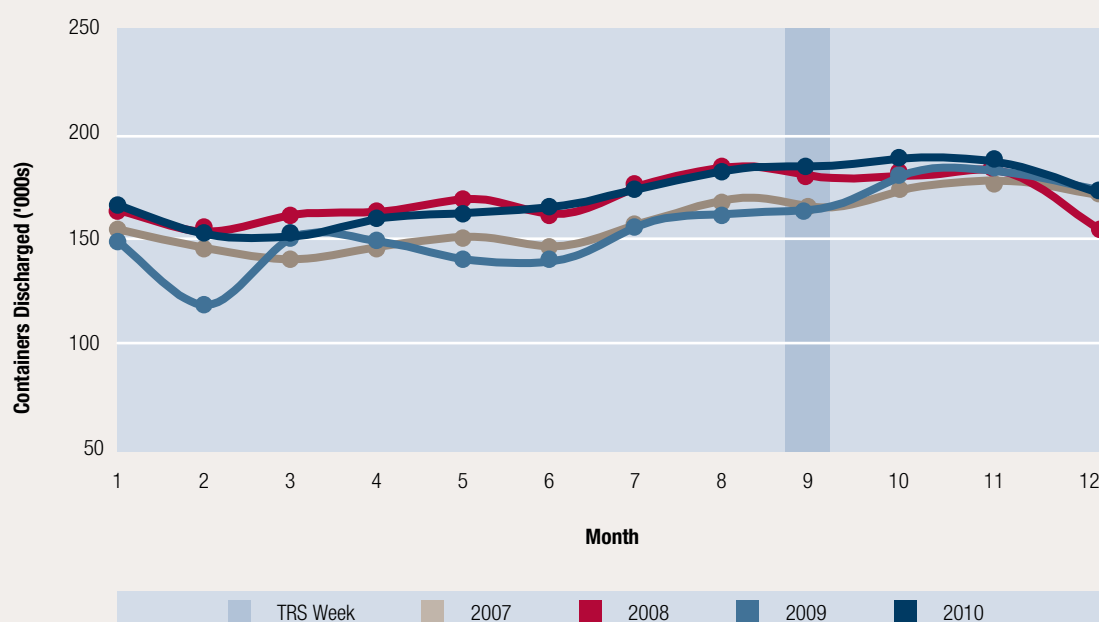
The total number of containers discharged per month is used as a broad indicator of activity levels. Since counts do not differentiate between container sizes and it is known from other sources that the proportion of larger containers is increasing, this indicator can be regarded as a conservative measure of change in sea cargo volumes.

As shown in Figure 2.1, the TRS week is placed in a period of moderate to high activity. This is done to ensure that performance results taken from it are broadly representative.

For 2010 volumes, two items are noted. The first is that total volumes have recovered, and for the first time exceeded the pre-GFC levels of 2008. Second, is that the increase year-on-year for 2010 is substantial at almost 10 per cent.

Consequently, the context of clearance performance for consignments carried by sea in 2010 is one of increasing overall volumes of cargo with individual shipments tending to be larger in size.

Figure 2.1 – Sea cargo volume



Notes:

1. Figures are based on stevedore reporting to Customs and Border Protection.
2. Totals show numbers of containers only and do not account for different container sizes.
3. Discharge counts include both full and empty containers.
4. Bulk and other non-containerised shipments (i.e. Break bulk) are excluded from these counts.

Average times – sea cargo

Multi-year trend

Report highlight

Release times were maintained in 2010 despite later reporting by industry.

Since the first Australian TRS in 2007, results have been captured each subsequent year to monitor change over time.

In 2010, the trend toward earlier reporting by industry faltered for the first time, albeit only slightly. Despite this, improvements in average release times were maintained.

Table 2.1 Sea cargo – average times from arrival

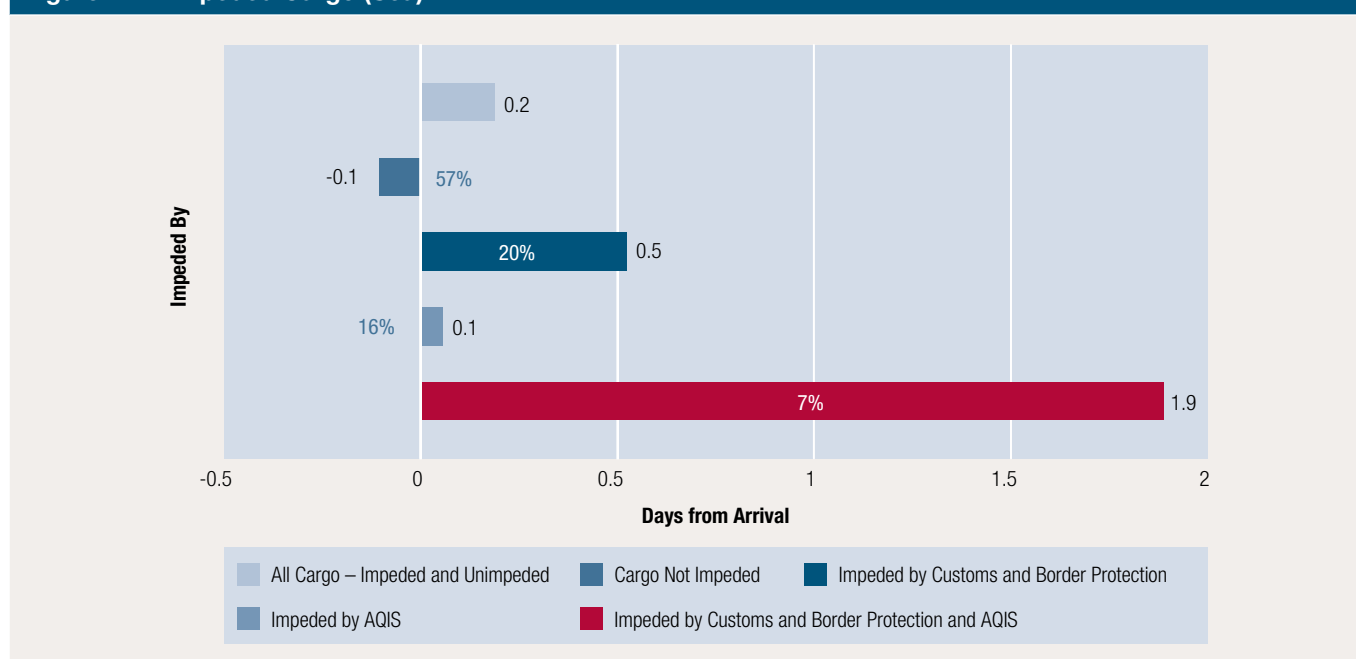
	Documents	Customs unimpeded	Ready to pay	Availability	Release	Clearance
2007	-2.4	-1.5	-1.1	1.2	1.3	1.8
2008	-3.0	-2.2	-1.7	1.2	0.6	1.2
2009	-3.3	-2.4	-2.3	1.1	0.2	0.7
2010	-3.1	-2.2	-2.0	1.3	0.2	0.9

Impeded cargo

Report highlight

There is scope for closer coordination between the border agencies.

Figure 2.2 – Impeded Cargo (Sea)



In this study, the differences in clearance performance for cargo that has been impeded by the border agencies are examined for the first time.

The performance levels in Figure 2.2 show that where both border agencies have an interest in the same cargo—as is the case for approximately seven per cent of sea consignments—the average time from release to arrival is significantly longer than for consignments impeded by only one border agency. The situation commonly arises, for example, with certain commodities such as used machinery, some chemicals and prepared food and particularly cargo from high-risk origins.

The results indicate that further opportunities may exist for the two agencies to coordinate and streamline their intervention activities.

Importer size

Report highlight

Smaller importers report, pay and gain release later than larger importers.

As importers and their service providers are the primary arrangers of import clearance, they have a very significant influence on performance levels. A key characteristic of importers is their size as this provides an indication of the resources and experience they bring to bear on the process of clearing cargo.

To analyse the effect of their size on clearance performance, importers have been segmented according to the total declared value of the goods they imported in the last year:

Large – imported goods to a total value of AUD\$5 million or more in 2010.

Small – imported goods to a total value of AUD\$1 million or less in 2010.

Medium – imported goods neither Large nor Small.

Table 2.2 indicates how sea cargo importers are represented according to size in: the total number of importers; consignment numbers overall; and in the particular segments of FCL and LCL respectively.

Table 2.2 Sea cargo – importer size and activity

Percentage (%) Item	Large	Medium	Small
Total importers	11	48	41
All consignments	53	35	13
FCL consignments	57	34	9
LCL consignments	25	42	33

Despite being relatively few in number, large importers are dominant in both overall and FCL consignment numbers. However, large importers are the least represented group in terms of the number of LCL consignments.

Though substantial in number, small importers import relatively few consignments overall, and very few of these are FCL consignments. However, for LCL consignments, the number of small importers is significant, accounting for around a third of the LCL consignment population.

Small importer performance levels indicate the differences associated with importer size.

Table 2.3 Sea cargo – importer size and performance

(Days) Interval	Large	Medium	Small
Arrival to documents	-3.6	-2.9	-1.3
Ready to pay to release	1.8	2.7	2.6
Arrival to release	-1.0	0.9	3.1

The results show clearly, that small importers generally report later than larger importers. The results also reveal that medium and small importers delay committing payment (which triggers release) for longer than large importers, suggesting that cash-flow considerations rate more highly with the smaller sectors.

Together, these two factors contribute to significantly later release for smaller importers.

Cargo type

Report highlight

LCL cargo is reported and released much later than other sea cargo.

Consignments may be arranged for carriage in different ways. The different natures of each of these modes of consignment influence clearance performance.

Table 2.4 Sea cargo – performance by cargo type

Cargo Type	All types	FCL Full Container Loads	LCL Less than Container Loads	Break bulk	Bulk
% of cargo lines Interval	100	82.6	15.5	1.7	0.2
Arrival to documents	-3.1	-3.5	-0.9	-3.4	-4.7
Arrival to Customs unimpeded	-2.2	-2.7	0.3	-2.7	-4.4
Arrival to ready to pay	-2.0	-2.5	0.3	-2.0	-4.4
Arrival to availability	1.3	0.7	3.9	3.8	2.7
Arrival to release	0.2	-0.4	3.4	0.0	-4.3
Arrival to clear	0.9	0.4	3.5	1.4	-4.1

As seen in Table 2.4, the majority of sea cargo is containerised. Bulk cargo, which by nature is shipped in large and consequently valuable consignments, tends to be arranged, reported and released earlier than other cargo types. FCL cargo, similarly in larger consignments, is also dealt with relatively early, with this cargo type discharged quickest and physically available for delivery earliest.

The LCL cargo stream is made up of the smallest consignments carried by sea. These are more often imported by smaller importers who typically report and pay later than larger importers. LCL cargo is not physically available for delivery until the container is unpacked, which usually occurs some days after discharge.

Country of export

Report highlight

Clearance performance in our biggest trade-lane shows scope for improvement.

The country of export is another factor influencing clearance performance. Variables such as the presence or absence of free trade agreements, geographic proximity to Australia, and the level of e-commerce may impact the timeliness of cargo reporting and declaration. They may also impact how quickly the cargo is then cleared once reported.

In Table 2.5 the relative size of the now predominant trade lane with China is evident. It is also clear that document reporting performance in this trade lane is below average, contributing to below average release and clearance times. Timeliness of document reporting by industry for this trade lane has declined since 2009. Feedback from Customs brokers is that the increase in volume of trade from China and constraints on the availability of documents from China's exporters may be factors that contribute to this finding.

Table 2.5 Country of export – top 10 trading partners by sea

Country of origin	Number of consignments	Arrival to documents	Arrival to release	Arrival to clearance
ALL	33322	-3.1	0.2	0.9
China (incl Hong Kong)	13571	-2.2	0.7	1.1
United States	2533	-3.4	0.2	1.4
New Zealand	2368	-2.3	-0.4	-0.1
Thailand	1729	-4.3	-0.9	0.5
Japan	1221	-3.6	-0.5	0.1
Germany	1197	-4.8	-0.4	0.1
Malaysia	963	-3.0	-0.3	0.2
Republic of Korea	946	-3.8	-0.2	0.0
Singapore	779	-2.6	0.2	0.7
Indonesia	713	-3.2	0.2	1.0

Notes:

1. Australia has bilateral free trade agreements in place with New Zealand, the United States, Thailand and Singapore.
2. Australia is party to a regional free trade agreement [ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)] which includes Malaysia and Indonesia.
3. Bilateral free trade agreements are being negotiated with China, Japan, Malaysia and the Republic of Korea.
4. Agreement has been reached with Indonesia to commence negotiations on a bilateral free trade agreement during 2011.

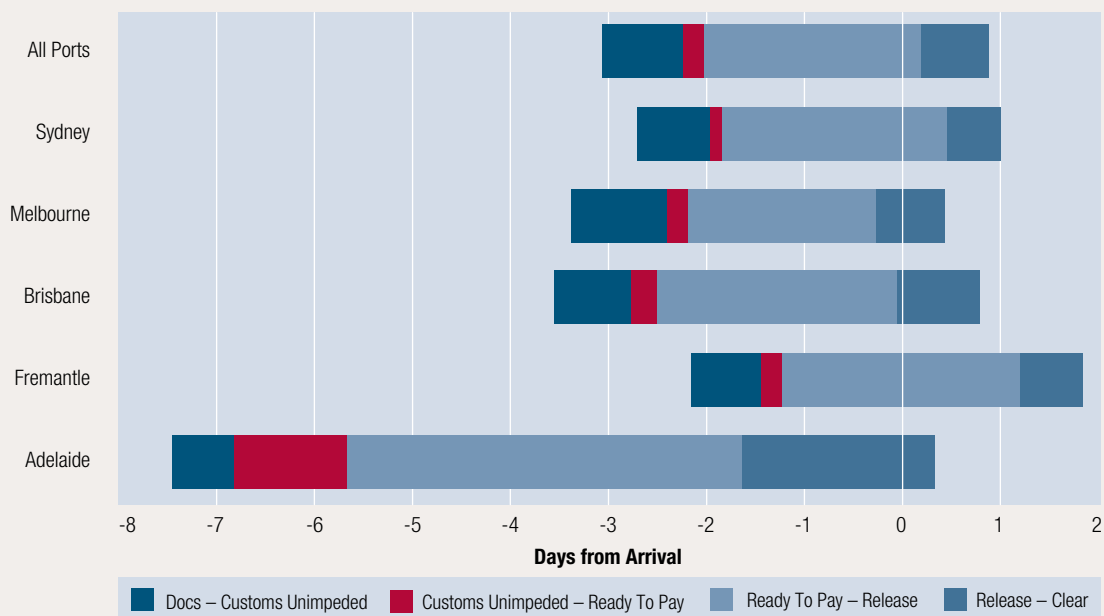
Discharge ports

Report highlight

Port-by-port performance is generally consistent.

Reporting and clearance performance over the five major discharge ports has been examined.

Figure 2.3 – Top 5 Discharge Ports (Sea)



Variations are evident between the ports in the timing of receipt of documents relative to arrival, with Adelaide in particular standing out. The key factor in this case is that Adelaide is generally an intermediate port rather than a first port of call for ships discharging cargo. Consequently, the period available for advance reporting is considerably longer than for other ports.

Reporting and release times at Melbourne and Brisbane also benefit from often being intermediate ports of call. In comparison, Fremantle is usually a first port of call and is also nearest to some ports of loading, so the opportunity for advance reporting is reduced.

The time taken for quarantine processing in Adelaide may appear longer than average (the release to clear interval). This again reflects the influence of earlier reporting with the process starting earlier and finishing earlier than in other ports.

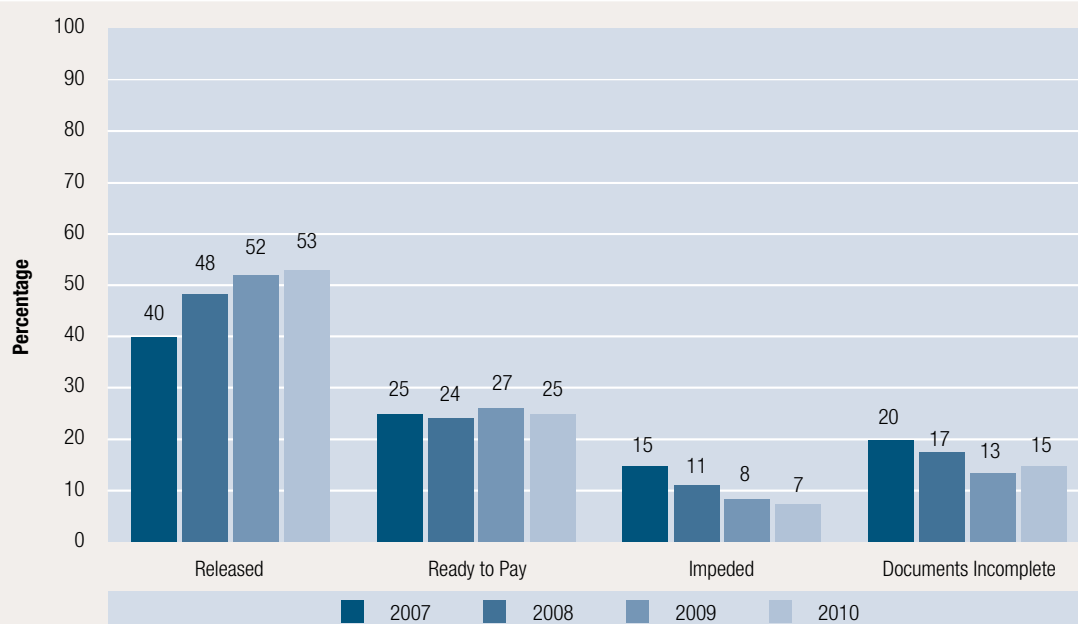
Cargo status

Status at arrival

Report highlight

Improvements in release times are driven by earlier payment by larger importers.

Figure 2.4 – Sea cargo status at arrival



The 2010 results for sea cargo status at arrival are mixed. A slight increase in the proportion of cargo released at arrival is consistent with the finding that on average, importers are paying earlier. An increase in the proportion of cargo not fully reported at arrival is also consistent with the finding that document reporting, particularly the lodgement of import declarations, is on average slightly later than in 2009.

Together, these factors indicate that those importers who are and were already reporting early, are now also paying earlier than before. This suggests preferences by better organised and resourced importers for the convenience of pre-authorising payment and for certainty of status, over any financial savings which might be achieved by delaying the commitment of funds.

Figure 2.5 – Distribution of Release 2010 (Sea)

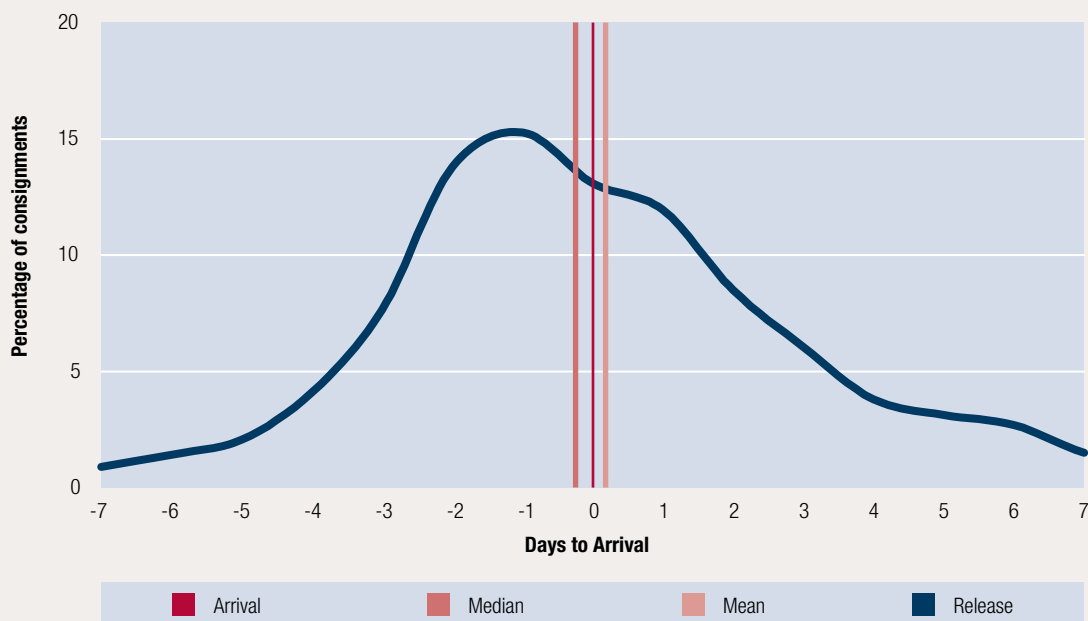


Figure 2.5 shows the distribution of release, which is driven by the timing of payment, relative to the time of arrival. As can be seen, in 2010 the highest incidence of release occurs well before arrival. The graph below shows change over time.

Figure 2.6 – Distribution of Release 2007-2010 (Sea)

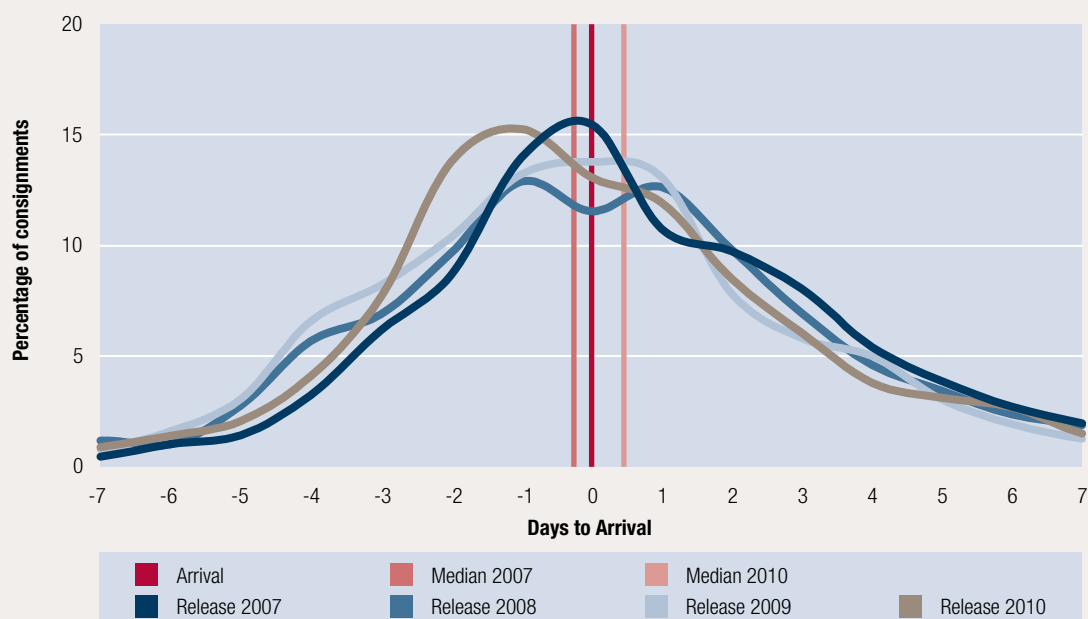


Figure 2.6 shows how the distribution of release relative to arrival has changed over the last four years (2007, 2008, 2009 and 2010). The distributions show that the longer term trend toward earlier payment resumed in 2010 after being interrupted in 2008 by the GFC.

Nevertheless, as shown for 2010 by the irregular slope of the distribution after arrival, there remains a smaller though significant group who tend to delay their payment until goods are physically available for delivery.

Feedback from the broking industry is that this is done to manage cash flow and to reduce costs associated with extending credit to importers. Smaller importers are more likely to delay payment and thereby delay release.

It is notable that in 2010, the median release time is prior to arrival. This is in contrast with its position in 2007, confirming the trend toward earlier payment.

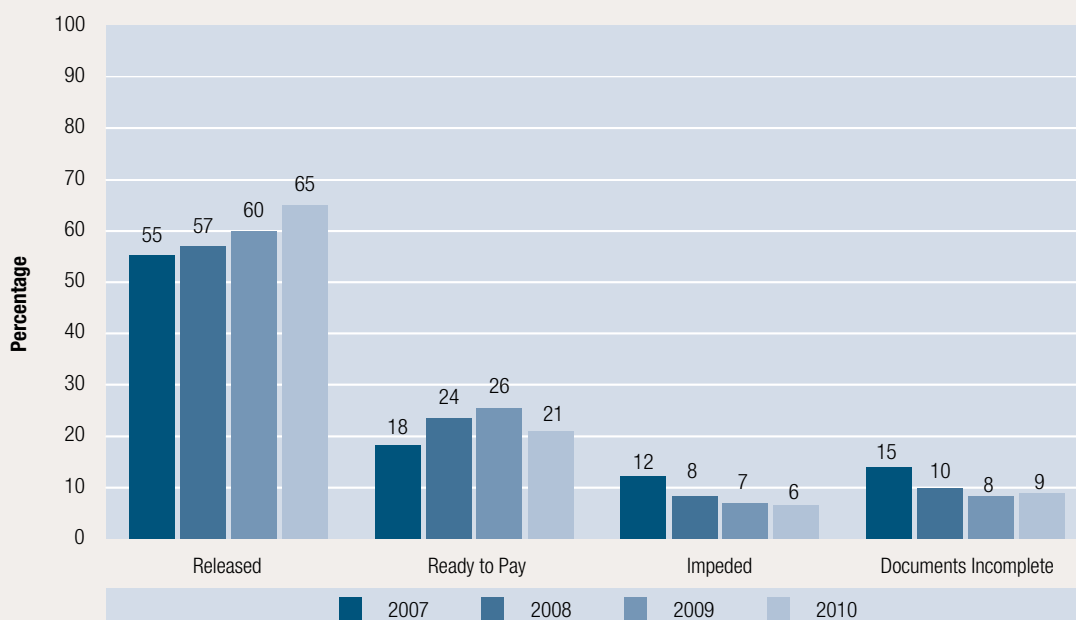
Status at availability

Figure 2.7 shows the proportions of all consignments at particular statuses when cargo became physically available for collection.

The picture is similar to that at arrival (Figure 2.4) where the proportion of consignments released at availability increased because of earlier payment, while overall, there has been a slight decline in early reporting.

These results support the conclusion that importers who were already reporting early, are now paying earlier. These importers (predominantly larger importers) account for a larger proportion of all consignments.

Figure 2.7 – Sea cargo status at availability





Air Cargo Results

Air cargo

While air cargo represents a minority of cargo imported into Australia by weight and by value, volumes are around five times higher than for sea cargo when measured by number of consignments.

Air cargo volume for 2010

Report highlight

Air cargo volumes in 2010 were up by more than 20 per cent over the preceding year.

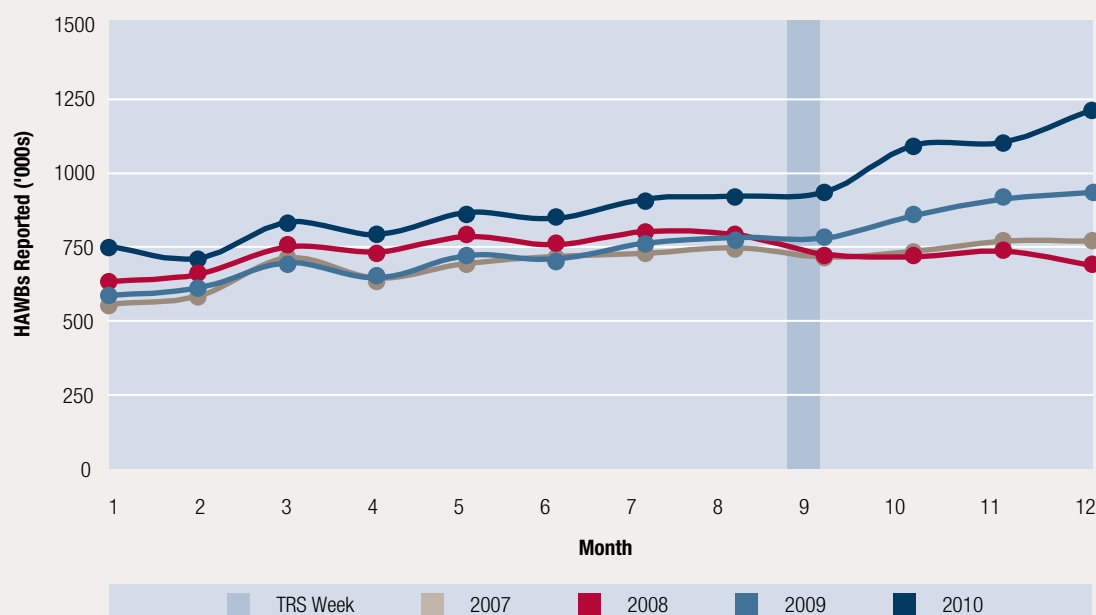
The total number of House Air Waybills (HAWBs) reported per month is used as a broad indicator of activity levels. Since more than 95 per cent of air cargo is consolidated with individual consignments reported via a HAWB, the number of HAWBs reported is considered a sound indicator of total activity.

As shown below, the TRS week is placed in a period of moderate to high activity. This is done to help ensure that its results are broadly representative of all air cargo.

In contrast to sea cargo, for air cargo volumes the effects of the GFC were both felt earlier and recovered from earlier. While the rate of growth in air cargo was impacted by the GFC, overall annual volumes have nevertheless maintained an upward trend. What is evident in the 2010 figures is that since the GFC, the rate of growth has accelerated markedly. In 2010, volumes were more than 20 per cent greater than those for 2009.

Consequently, the context for clearance performance levels in air cargo for 2010 is one where the overall volume of cargo is increasing rapidly.

Figure 3.1 – Air cargo volume



Notes:

- Figures are based on reporting to Customs and Border Protection by airlines and freight forwarders.
- Master Air Waybills (MAWBs) are not counted.

Average times – air cargo

Multi-year trend

Report highlight

Air cargo performance improved incrementally despite large increases in volume.

Results over the four years the TRS has been conducted allow change over time to be recorded.

Table 3.1 Air cargo – average times from arrival (days)

	Documents	Customs unimpeded	Ready to pay	Availability	Release	Clearance
2007	0.0	0.2	0.3	1.6	0.3	0.3
2008	0.0	0.1	0.2	1.0	0.2	0.2
2009	0.0	0.1	0.2	0.7	0.2	0.2
2010	-0.1	0.1	0.1	0.8	0.2	0.2

Notes:

- For continuity with earlier studies, only air cargo process intervals are measured in parts of days in this table.

For air cargo, the gradual trend toward earlier reporting and clearance has been maintained. In the context of the compressed timeframes in the air cargo industry (constraining the scope for advance reporting), along with the recent rapid growth in cargo volumes, this is a notable achievement.

Self Assessed Clearance Declaration

The border agencies provide streamlined arrangements for low-value cargo, requiring only a simplified declaration (Self Assessed Clearance or SAC) for consignments valued at or below AUD\$1000. This declaration is commonly incorporated into the air cargo report (which provides shipment information), thereby enabling report and clearance via one document.

For consignments valued at more than AUD\$1000 a full import declaration is required in addition to a cargo report.

Table 3.2 Air cargo – performance by declaration type

Declaration type	All	SAC	Declaration
Percentage of cargo lines (%)	100	81.4	18.6
Interval (Hours)			
Arrival to documents	-2	-6	15
Arrival to customs unimpeded	2	-1	19
Arrival to ready to pay	3	-1	20
Arrival to availability	19	18	23
Arrival to release	4	-1	25
Arrival to clear	5	0	26

As Table 3.2 indicates, most air cargo consignments fall into the category of 'low-value' and are cleared via the simplified arrangements offered. It is also evident in the results that such cargo is reported earlier, released and cleared sooner than cargo which requires a full import declaration.

Express and general air cargo

Express carriers account for most consignments in the air cargo industry. They provide integrated logistics services for the transport and delivery of documents, parcels and goods for which timeliness is seen as essential.

The importance of this sector is reflected in the World Trade Organization (WTO) draft Trade Facilitation Agreement where it is recommended that subject to qualifying conditions, members should adopt or maintain procedures that facilitate the release of expedited shipments.

Rather than making separate arrangements, Australia's general release procedures already align with WTO recommendations for expedited shipments by providing for: the electronic reporting and processing of information, minimal documentation, de minimis provisions for revenue collection and timely evaluation and release. These arrangements are available to all traders and their service providers.

Service type	All	Express	General
% of cargo lines Interval (hours)	100	77	23
Arrival to documents	-2	-5	8
Arrival to customs unimpeded	2	-1	15
Arrival to ready to pay	3	0	15
Arrival to availability	19	17	25
Arrival to release	4	0	19
Arrival to clear	5	0	20

The numbers in Table 3.3 show that consignments shipped and cleared by the express carriers make up the majority of air cargo lines. It is also clear that these consignments are reported, handled, released and cleared earlier than cargo shipped by general carriers.

Table 3.4 breaks down performance for the low-value segment of air cargo (cleared via SAC) by the type of service used.

Service type	All	Express	General
Percentage of all SAC lines (%) Interval (Hours)	100	84	16
Arrival to documents	-6	-6	-5
Arrival to customs unimpeded	-1	-2	3
Arrival to ready to pay	-1	-1	4
Arrival to availability	18	17	23
Arrival to release	-1	-1	4
Arrival to clear	0	-1	4

Express carriers are more dominant in this segment than for air cargo overall. Low-value express air cargo consignments are dealt with earlier than general air cargo.

Table 3.5 looks at the performance for the higher-value segment of air cargo, where consignments are valued at more than AUD\$1000 and require a full import declaration for clearance.

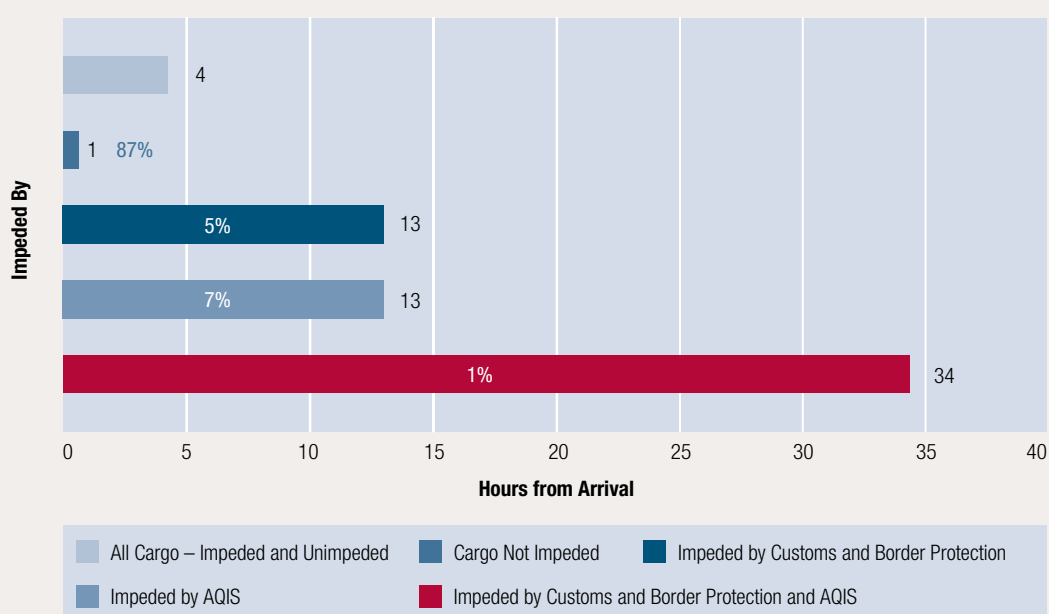
Service type	All	Express	General
Percentage of all declared lines (%) Interval (Hours)	100	45	55
Arrival to documents	15	-5	25
Arrival to customs unimpeded	19	-1	29
Arrival to ready to pay	20	0	30
Arrival to availability	23	18	28
Arrival to release	25	0	38
Arrival to clear	26	0	40

Express air cargo carriers deal with less than half of this segment. Reporting and clearance for express air cargo consignments are achieved earlier than for general cargo. This reflects the specialised operating model of express carriers, where integrated end-to-end and round-the-clock services are provided.

Impeded cargo

Figure 3.2 shows the differences in processing times for impeded and unimpeded cargo.

Figure 3.2 – Impeded cargo (Air)



As with sea cargo, the performance levels in Figure 3.2 show that where both border agencies have an interest in the same cargo (approximately one per cent of air consignments) the average time from release to arrival is significantly longer than for consignments impeded by only one border agency. This indicates further opportunities may exist for the two agencies to coordinate and streamline their intervention activities.

Cargo status

Status at arrival

Report highlight

There is scope for the earlier lodgement of declarations for general air cargo.

Table 3.6 Air cargo status at arrival

	Released	Ready to pay	Total unimpeded	Impeded	Documents incomplete
2007	63%	1%	64%	20%	16%
2008	69%	1%	70%	17%	13%
2009	70%	1%	71%	15%	14%
2010	70%	1%	71%	15%	13%

The 2010 results for air cargo status at arrival show that performance levels have been maintained. There was a slight improvement in reporting with the proportion of goods not fully reported by arrival reducing to 13 per cent. In the context of an increase of more than 20 per cent in cargo volume, this is a notable achievement.

Status at availability

Table 3.7 show the proportions of all consignments at particular statuses when they became physically available for collection. For the majority of air consignments, this is when the cargo was deconsolidated.

Table 3.7 Air cargo status at availability

	Released	Ready to pay	Total unimpeded	Impeded	Documents incomplete
2007	92%	1%	93%	3%	4%
2009	90%	1%	91%	3%	6%
2009	90%	1%	91%	4%	5%
2010	90%	1%	91%	4%	6%

Note: Percentages are rounded to the nearest whole number.

In most areas, performance levels have been maintained in 2010. Document reporting at availability has declined very slightly. This is due to some declarations for higher-value cargo being lodged late (more than one day after discharge). Feedback from industry suggests availability of documents from China's exporters is a factor in overall clearance performance.



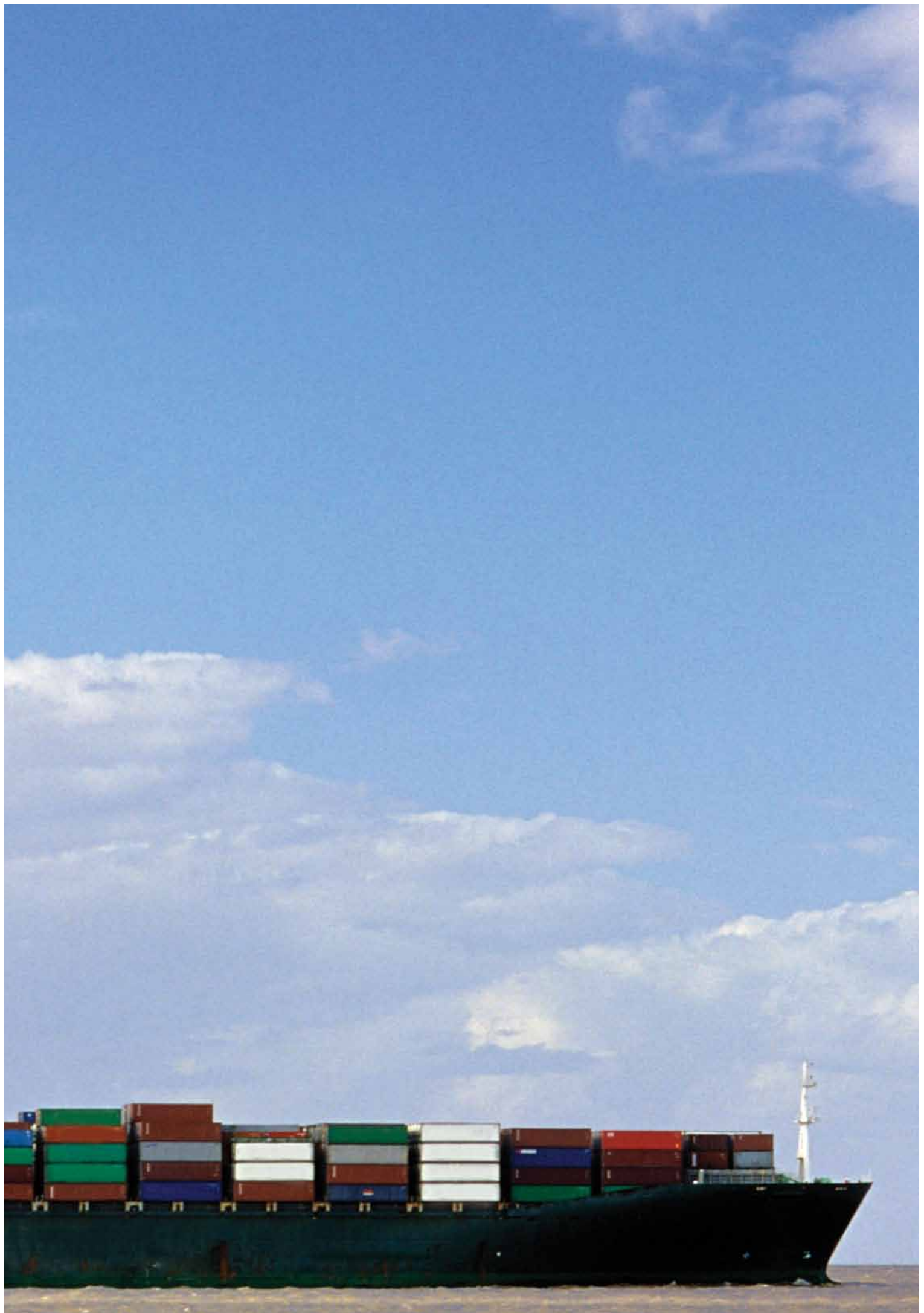
Areas for further exploration

The 2010 TRS results have highlighted several findings of interest, where opportunities for potential improvement may lie. These findings will be explored further through additional analysis and engagement with relevant industry and government stakeholders.

Priority areas for further examination are:

- identifying the reasons for reductions in import declaration lodgement performance in sea cargo and options for addressing this
- exploring how changes to revenue management practice (either through revenue deferral or earlier payment) could contribute to earlier release of goods from border control
- confirming factors that contributed to the decline in document reporting by industry for exports from China, enabling exploration of opportunities to enhance future reporting performance
- assessing opportunities for improved release and clearance performance for goods requiring both customs and quarantine intervention
- identifying the reasons for differences in processing performance levels at different ports and whether further efficiencies and greater national consistency can be achieved.





Appendix 1: Event Definitions

Event	Description
Arrival	The time at which a ship or aircraft arrives and is secured at the port of discharge. This is when imported goods enter customs control.
Availability	The time a consignment becomes physically available for delivery. This is when a consignment has completed discharge or, if shipped as consolidated cargo, when it is unpacked.
Documents	The time at which a consignment is fully reported and declared to customs. This is when all required reports and declarations have been received by customs.
Customs unimpeded	The time at which a consignment becomes free of customs impediments to release from customs control except for the need to pay duties, taxes and charges. The goods may remain subject to biosecurity impediments prior to release.
Ready to pay	The time at which a consignment becomes free of impediments from either border agency to release from customs control, except for the need to pay duties, taxes and charges.
Release	The time at which permission is given for goods to be removed from customs control. Duties, taxes and charges must have been paid but goods may be subject to compliance beyond the border with biosecurity directions and conditions.
Clearance	The time at which all border agency requirements have been met and permission is given for the subject goods to be taken into home consumption.



Appendix 2: Acronyms

Acronym	Definition
AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
AQIS	Australian Quarantine and Inspection Service
ASEAN	Association of Southeast Asian Nations
AUD	Australian Dollar
B/L	Bill of Lading
CU	Customs unimpeded
DAFF	Department of Agriculture, Fisheries and Forestry
FCL	Full Container Load
GFC	Global Financial Crisis
HAWB	House Air Waybill
HBL	House Bill of Lading
IAR	Impending Arrival Report
ICS	Integrated Cargo System
LCL	Less than Container Load
MAWB	Master Air Waybill
MOU	Memorandum of understanding
OBL	Ocean Bill of Lading
OGA	Other Government Agency
RTP	Ready to Pay
SAC	Self Assessed Clearance
TRS	Time Release Study
UCL	Unique Cargo Line
WCO	World Customs Organization
WTO	World Trade Organization

Appendix 3: Glossary

Term	Description
Actual Arrival Report	A report to customs that provides information about the actual arrival of a ship or aircraft at an Australian port or airport.
Air Cargo Report	A report to customs that provides information about a consignment carried aboard an aircraft arriving in Australia. Equates to an Air Waybill.
Air Waybill	See House Air Waybill or Master Air Waybill.
Air Waybill Outturn	<p>A report to customs that provides information on the date and time air cargo is received at a place subject to customs control:</p> <ul style="list-style-type: none"> • on discharge from an aircraft; • on being moved to that place underbond; or, • once deconsolidated (unpacked). <p>The Air Waybill Outturn also identifies any surpluses or shortages in the cargo received.</p>
Australian Customs and Border Protection Service	The Australian Government's lead border agency, Customs and Border Protection protects the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel and ensure collection of border revenue and trade statistics.
Australian Quarantine and Inspection Service	Part of the Australian Government's Department of Agriculture, Fisheries and Forestry, AQIS manages quarantine controls at Australia's borders to minimise the risk of exotic pests and diseases entering the country. Now known as Biosecurity Services Group (BSG).
Bill of Lading	A document issued by a carrier or its agent to the shipper as a contract of carriage of goods. It is also a receipt for cargo accepted for transportation and must be presented for taking delivery at the destination. Contains information including (1) consignor's and consignee's name, (2) names of the ports of departure and destination, (3) name of the vessel, (4) dates of departure and arrival, (5) itemised list of goods being transported with number of packages and kind of packaging, (6) marks and numbers on the packages, (7) weight and/or volume of the cargo, (8) freight rate and amount.
Border Agencies	<p>Government agencies charged with managing the Australian border. Customs and Border Protection is the government's lead border agency. It also acts on behalf of a range of other agencies.</p> <p>AQIS works in partnership with Customs and Border Protection at the border to manage quarantine, food safety and health matters.</p>
Break-bulk cargo	Non-containerised cargo shipped as units (bundles, pallets, vehicles, drums, etc.).
Bulk cargo	Loose, unpackaged, non-containerised cargo (such as gas, grains, ores, etc.) carried in a ship's hold.
Cargo Report Self Assessed Clearance	A cargo report incorporating a Self Assessed Clearance declaration for consignments valued at or below AUD\$1000.
Conditional Clear	A border status that indicates a consignment may be released from customs control subject to the satisfaction of specified conditions such as quarantine inspection or fumigation. Is equivalent to the WCO status of 'Release'.
Consignment	A specific shipment of goods presented by a consignor to a carrier for delivery to a consignee.
Consolidation	A number of smaller consignments combined for shipment into a larger consignment or container load to avail of better freight rates. Must be deconsolidated (unpacked) at a place subject to customs control prior to release into home consumption.

Term	Description
Customs Broker	A person authorised in accordance with the <i>Customs Act 1901</i> to act on behalf of an owner of goods, to undertake activities such as arranging for the clearance of goods into home consumption by making an import declaration.
Discharge	The unloading of cargo from an aircraft or vessel.
Express	'Express delivery services'. Integrated logistics suppliers of expedited door-to-door transport and delivery of time-critical air cargo shipments, including documents, parcels and merchandise goods.
Flight	A particular aircraft arrival.
Freight Forwarder	A service provider that arranges the carriage of goods for importers and exporters. A forwarder prepares documents, contracts and arranges transport and insurance.
Full Container Load	A container loaded with goods for one consignee only, whether transported directly to the consignee or through a freight forwarder or an agent.
House Air Waybill	An Air Waybill issued by a freight forwarder, providing details of the goods to be shipped. It includes terms and conditions of carriage.
House Bill of Lading	A bill of lading issued by a freight forwarder, providing details of the goods to be shipped. It includes terms and conditions of carriage.
Impeded	A status of cargo. Impeded cargo is held under an intervention by Customs and Border Protection or AQIS that must be resolved before the goods may be released.
Impending Arrival Report (IAR)	A report to customs that provides information about the expected arrival of a ship or aircraft on a voyage to Australia. The IAR provides advance notification of the ship or aircraft's estimated time of arrival and the intended ports of call, also indicating where cargo (if any) will be discharged.
Import Declaration	A detailed fiscal and statistical declaration required for the clearance of consignments valued above AUD\$1000.
Integrated Cargo System	An integrated software application that allows for the movement of vessels, aircraft and cargo to be electronically reported and declared to the border agencies by traders and service providers. It enables the agencies to risk assess cargo and craft; collect trade statistics; assess and collect revenue; and determine and advise owners of the release status of their cargo.
Less (than) Container Load	A shipping container containing consignments for more than one consignee. Such containers must be deconsolidated under customs control.
Master Air Waybill	An Air Waybill issued by an airline or a code share partner. If the master bill has been issued to a freight forwarder then the freight forwarder will issue House Air Waybills for the goods they have contracted to freight.
Ocean Bill of Lading	A bill of lading issued by a shipping company or a slot-charterer. If the ocean bill has been issued to a freight forwarder, then house bills will be issued for the goods they have contracted to freight.
Other Government Agencies	In the context of border management, Australian government agencies other than the two primary border agencies (Customs and Border Protection and AQIS respectively).
Outturn	The discharge or unpacking of cargo.
Sea Cargo Report	A report to customs that provides information about a consignment carried aboard a ship arriving in Australia. Equates to a bill of lading.

Term	Description
Self Assessed Clearance declaration	A simplified declaration for consignments valued at or below AUD\$1000.
Stevedore	Entities responsible for loading and unloading ships on behalf of shipping companies.
Straight-line Cargo	Air cargo not consolidated with other consignments. It is shipped on its own Master Air Waybill and is delivered into home consumption from the import terminal (rather than from a deconsolidation depot).
Time Release Study	A method designed and endorsed by the WCO for measuring border agency performance in trade facilitation.
Unique Cargo Line	The Unique Cargo Line represents the lowest level cargo consignment or releasable unit. For TRS, the UCL is the Sample Unit. For non-containerised and LCL cargo the UCL equates to a bill of lading consigned to an ultimate consignee (rather than one to an intermediary such as a forwarder). For FCL cargo it equates to a container.
Unpack	The process of unpacking cargo from a container.



Appendix 4: Correction of Errors in the 2009 Time Release Study

Some 2009 sea cargo figures published within the *2009 Time Release Study* required correction to ensure consistency of method and to support more accurate comparison of results over the series.

The published *2009 Time Release Study* sea cargo figures included:

Published Interval	2009
Arrival to Ready to Pay	-2.1
Arrival to Availability	1.2
Arrival to Release	0.5
Arrival to Clearance	1.1

The methodology employed to produce TRS results excludes transactions that are incomplete at 31 October (the year of the TRS). The 2009 TRS figures were in error due to the inconsistent application of this methodology, namely that transactions which were incomplete at 31 October 2009 were not excluded from calculations. The outcome was that performance in the above areas was understated due to the disproportionate effect of a very small number of exceptionally long-running transactions.

To ensure consistency of approach with the methodology applied in previous studies and to ensure reliable comparison of results over time, all intervals were recalculated, excluding those few transactions not completed by 31 October 2009. Changes have resulted in the named intervals. The new figures are listed below. All other figures are unaffected.

The amended *2009 Time Release Study* sea cargo figures for these intervals are:

Amended Interval	2009
Arrival to Ready to Pay	-2.3
Arrival to Availability	1.1
Arrival to Release	0.2
Arrival to Clearance	0.7

