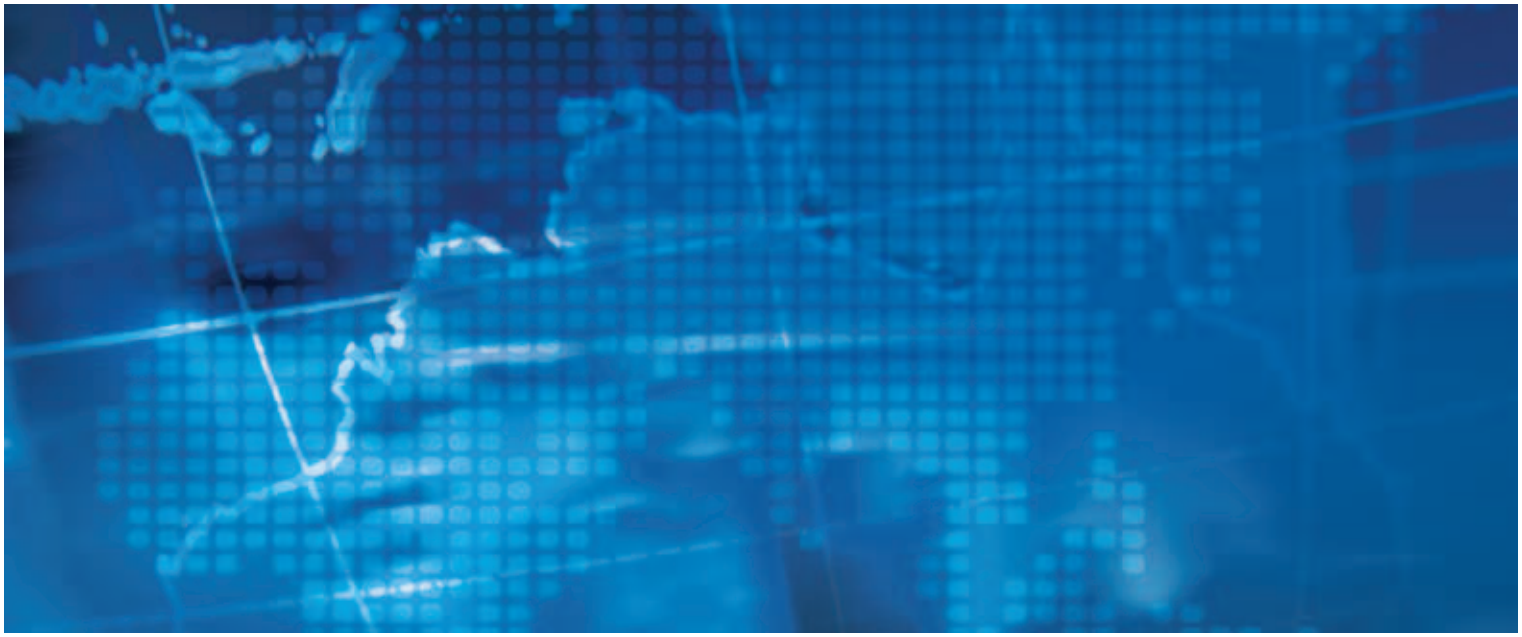

Australian Government

Australian Customs and Border Protection Service

Time Release Study 2011

July 2012

Contents

Executive Summary

Introduction and context

In 2007, the Australian Customs and Border Protection Service (Customs and Border Protection) released the first Time Release Study (TRS). The purpose of the TRS was to establish a baseline of Customs and Border Protection's performance in trade facilitation, and identify opportunities to improve that performance. The 2011 TRS marks the fifth year that the study has been published.

Over the past five years, a number of events have influenced trade facilitation performance. In particular, the effects of the 2008 global financial crisis (GFC) were widespread for both industry and border agencies.

In 2011, recovery from the GFC is evident in the increasing volumes for both air and sea cargo imports. In air, there was a 60 per cent increase in the number of consignments, which was a considerable increase on previous years. In sea, cargo volumes are at their highest level since 2007.

The GFC highlighted the global nature of the cargo and trade environment. The continuing move towards a global economy is leading to higher cargo volumes and more complex supply chains.

With more cargo travelling through a variety of supply routes, effective risk assessment and targeted interventions are essential to ensure facilitation of trade occurs in a timely manner.

Customs and Border Protection's intelligence-led, risk-based approach draws on early and accurate reporting by industry, strategic and operational intelligence, as well as assurance programs and campaigns that are designed to detect, deter and disrupt illicit activity. This approach enables Customs and Border Protection to be responsive to changing risks and challenges.

The Australian National Audit Office (ANAO) conducted a performance audit in 2011, to assess Customs and Border Protection's use of risk management practices in the processing of air and sea cargo imports.

The ANAO's report found that Customs and Border Protection effectively uses risk management strategies in processing air and sea cargo imports. The risk management framework includes cargo intervention and compliance strategies, such as education, audits, seizure of goods and administrative penalties.

Where documents are lodged early by industry, border agencies are often able to complete risk assessment before cargo arrives, which leads to earlier clearance of import consignments.

Consequently, early clearance provides traders with predictability and time to pre-arrange collection of cargo and inland transport. Earlier identification of high risk cargo means that legitimate trade is unimpeded.

Despite the challenges in the last few years, reporting times for both air and sea import consignments have improved significantly since 2007. Similarly, clearance times have also improved. While in 2011, overall performance for air cargo declined slightly, this needs to be considered in light of the trend of increasing volumes.

Results of each TRS have indicated that Customs and Border Protection's processes are not a significant impediment to import trade. Further, this is supported by the survey conducted by Customs and Border Protection to assess the industry attitude towards an Australian Authorised Economic Operator (AEO) program.

The 2011 TRS shows that Australia's strong trading relationship with Asia-Pacific countries continues. Growth in the number of consignments sourced from Asia may have been influenced by the growth of key economies in the region, in addition to the ongoing economic instability within Europe.

The growth in air cargo volumes is reflective of the growth in online shopping by individual consumers. In 2011, the low value threshold, which exempts GST and duty on imports valued at or less than $1,000 (except for alcohol and tobacco products), was a topic of intense debate. The Productivity Commission released the report *'Economic Structure and Performance of the Australian Retail Industry'*. The report assessed the implications of globalisation for the Australian retail industry, taking into consideration whether current policy settings are appropriate in today's environment.

As a result of the report, an independent taskforce has been established to investigate and design a new system for the efficient processing of low value consignments. The taskforce is expected to report back to the Australian Government in July 2012.

Looking forward, ever-increasing cargo volumes will continue to present challenges for trade facilitation. The TRS series highlights the importance of ongoing collaboration between industry and the border agencies to continue to ensure the seamless movement of cargo across the Australian border.

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Methodology and Scope

Methodology

The TRS is a method endorsed by the World Customs Organization (WCO) for assessing a country's trade facilitation performance at the border. Primarily, the TRS measures the average time between the arrival of goods at the border and the time permission is given for the goods to enter home consumption.

For the 2011 TRS, clearance performance has been measured for air and sea cargo import consignments which arrived during the standard snapshot period of one week (24 to 30 September 2011). Performance levels for 2011 have been compared with TRS results from previous studies.

All core data was sourced from the Integrated Cargo System (ICS).

Scope

Over the past few years, the scope of the TRS has continued to develop and expand. In the 2011 TRS, there is a particular focus on multi-year and year-on-year trends for existing areas of interest. In this study, there is additional analysis of areas such as importer size (sea), country of origin (sea) and impeded cargo (sea and air).

A number of new areas have been included in 2011:

- Gateout (sea)
- Transhipment cargo (sea)
- Value of imports by declaration type (air)
- Exports (sea and air)

Gateout (sea)

Gateout is the time when goods leave the wharf. This data has been supplied by 1-Stop, a company that provides services to Australian ports. There are limitations to this data, such as not all ports are included in the 1-Stop data. For this reason, gateout is considered as a unique population, separate to the TRS population.

Average times from discharge to gateout are measured. Information is also provided on average gateout times by port.

Transhipment cargo (sea)

Transhipment refers to a type of cargo that arrives in Australia on one ship or aircraft, then is transferred to another ship or aircraft departing for overseas.

This population is not included in the TRS sample data as the goods are not intended to be entered for home consumption. It is a separate data set based on consignments where the port of destination does not equal the port of discharge.

To provide a sufficient sample size for analysis, consignments transhipped through Australia for the entire month of September 2011 are included.

The measure used for this population is the average time between discharge and lodgement of the cargo report. Information is also included relating to the Australian port that the goods are transhipped through, as well as the countries of origin and destination.

Value of imports by declaration type (air)

In the TRS series, differences between self-assessed clearances (SACs) and declarations have commonly been examined. In 2011, further examination focuses on the value of SACs and declarations. This provides context to the value and type of goods that are being imported by air.

Exports (sea and air)

The results for exports are based around the average time for lodgement of documents in relation to lodgement of the export declaration (EDN).

The following intervals are measured:

- average time a consignment is reported on an EDN prior to being reported at a container terminal operator (CTO)
- average time a departure report is lodged after an EDN is submitted
- average time a main manifest is lodged after an EDN is submitted.

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TRS design

Import consignments

Cargo is considered at the lowest consignment level. For full container load (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 2011 consisted of some 38,000 sea cargo consignments and around 240,000 air cargo consignments.

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.

Sea cargo sample characteristics

Characteristic	Number
Total consignments/unique cargo lines	37,966
Full container load (FCL) consignments	30,318
Full container multiple suppliers (FCX) consignments	757
Less than container load (LCL) consignments	5,785
Break-bulk consignments	1,044
Bulk consignments	62
Import declarations	25,732
Self-assessed clearance (SAC) consignments	142
Importers	10,022
Customs brokers	483
Discharge ports	18
Origin countries	108
Vessels	119
Arrivals	148
Shipping companies	35
Freight forwarders	651
Unique populations	**Number**
Gateout	30,439
Transhipment cargo (through Australia)	4,059

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
  - impeded by both agencies
- discharge port
- country of origin
- importer size
- whether cleared by full import declaration or simplified declaration (low value cargo)
- service type (for air cargo)
- gateout
- transhipment
- value of consignments (air)

Percentages

Throughout the TRS, percentages have been rounded to whole figures for ease of reading. Due to the rounding of the numbers, there may be circumstances where percentages within a graph or table do not equal 100 per cent.

Air cargo sample characteristics

Characteristic	Number
Total consignments/unique cargo lines	233,990
'Straight-line' consignments	2,902
Consolidated consignments	231,088
Import declarations	32,100
Self-assessed clearance (SAC) consignments	199,602
Registered importers	12,055
Customs brokers	475
Discharge ports	8
Origin countries	174
Flights	1,057
Arrivals	1,057
Airlines	56
Freight forwarders	389

Export consignments

Sample characteristics

Characteristic	Sea	Air	Total
EDNs lodged	10,478	12,508	22,986
Consignments reported at the CTO	77,435	32,199	109,634
Consignments reported on a main manifest	39,648	30,469	70,117

The 2011 export characteristics are based on the following:

- EDNs that are lodged in the week 24 to 30 September 2011, where:
  - consignments are reported at a CTO by 30 October 2011, which are linked to an EDN lodged during the TRS week; and
  - consignments are reported on a main manifest, for a departure by 30 October 2011, which are linked to an EDN lodged during the TRS week.

For the purpose of the TRS, sub-manifests are not included in the characteristics. Consolidated goods that are reported on a sub-manifest are captured in the counts for consignments reported at a CTO and on a main manifest.

Overview of Results - Imports

Average times between the arrival of cargo and other events

Sea cargo multi-year trend

Table 1 - Sea Cargo - average times from arrival (days)

	2007	2008	2009	2010	2011
Arrival to documents	-2.4	-3.0	-3.3	-3.1	-4.1
Arrival to customs unimpeded	-1.5	-2.2	-2.4	-2.2	-3.1
Arrival to ready to pay	-1.1	-1.7	-2.3	-2.0	-2.9
Arrival to availability	1.2	1.2	1.1	1.3	1.5
Arrival to release	1.3	0.6	0.2	0.2	-0.3
Arrival to clearance	1.8	1.2	0.7	0.9	0.4

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**.

In the five years that the TRS has been undertaken, a number of events have impacted the cargo environment. Most significantly, the 2008 GFC led to a decline in sea cargo volumes and the need for businesses to operate more efficiently with fewer resources.

In light of a range of environmental challenges it is a significant achievement that in the past five years, the overall trend has been towards earlier reporting and clearance times. In 2011, documents were lodged by industry more than four days prior to the arrival of goods into Australia. This is an improvement of approximately one day from 2010, and almost two days overall from 2007.

Early lodgement of documents enables the border agencies to commence risk assessment before goods arrive and determine any risk response actions that will need to be undertaken.

In 2011, on average goods were cleared in just under half a day of arrival. This is an improvement of 1.4 days from 2007 and confirms the link between timely document lodgement and the subsequent clearance of cargo.

Factors that may have impacted reporting times over the last few years include:

- industry improving their own business processes
- education campaigns by Customs and Border Protection to increase awareness of the benefits of early reporting
- refinements to risk assessment processes by Customs and Border Protection, and
- the annual TRS consistently confirming the link between early reporting and early clearance.

When looking at performance in 2011 compared to five years ago, the only area where performance has declined is the average time from arrival to cargo availability. Some of the factors that may have influenced this decline include growing cargo volumes and increasing port/transport congestion in and around the larger port precincts.

Sea cargo snapshot

The snapshot provides an overview of the key results and findings in 2011. These include multi-year and year-on-year trends.

Volume - In 2011, sea cargo consignments increased by 14 per cent from the previous year. Totals were the highest since the TRS started in 2007.

Cargo released - 54 per cent of all consignments were reported, paid and released either before or at the time of vessel arrival.

Reporting performance - on average, document lodgement occurred one day earlier than in 2010. Over the past five years, the average time for document lodgement has improved by nearly two days.

Clearance performance – consignments were cleared less than half a day after arrival, compared to a day after arrival in 2010. This is an improvement of nearly one and a half days from 2007.

Availability performance – there was a slight decline of around five hours in the average time from arrival to availability of consignments in 2011.

Port performance – Brisbane and Adelaide ports experienced significant growth in consignment volumes compared to 2010. In 2011, 20 per cent of consignments leaving the top five ports of discharge were approved to move underbond.

Performance by cargo type – less than container load (LCL) cargo continued the trend of longer clearance times compared to other cargo. However, over the past five years, reporting performance of LCL cargo has improved by almost two and a half days and LCL consignments are being cleared almost one and a half days earlier compared to 2007.

Impeded cargo – for consignments that are of interest to one or both border agencies, a high proportion of these become free of interest by the time of availability.

Importer size – in 2011, the overall number of importers increased by 16 per cent. Small importers improved their reporting performance by more than a day compared to 2010. However, compared to medium and large importers, they continue to take longer to report and pay, which results in later release times for this group.

Legislative timeframes – there was improvement from 2010 in the percentage of cargo reports and import declarations lodged within prescribed timeframes.

Duty payable – large importers are liable for 80 per cent of all Customs duty.

Deferred GST – 93 per cent of large importers defer payment of GST. This compares to only eight per cent of small importers that defer GST. Medium importers have a near even split, with 48 per cent deferring GST and 52 per cent paying GST at the time of import.

Country of origin - continuing the trend from 2010, China is the largest exporter of consignments to Australia, accounting for nearly 38 per cent of all imports. In 2011, for those consignments where China was listed as the country of origin, reporting improved by more than one day from 2010, with a subsequent improvement of 12 hours in clearance times.

Transhipment (overseas destination) – 60 per cent of consignments destined for an overseas destination are transhipped through Sydney. Document lodgement has improved by nearly a day compared to 2010.

Air cargo multi-year trend

Table 2 - Air Cargo - average times from arrival (hours)

	2007	2008	2009	2010	2011
Arrival to documents	1.0	-0.7	-0.9	-1.8	-1.4
Arrival to customs unimpeded	3.5	2.5	2.8	2.3	5.6
Arrival to ready to pay	6.0	3.9	4.5	3.3	6.6
Arrival to availability	38.3	25.0	22.2	19.0	29.5
Arrival to release	7.0	4.9	5.1	4.2	7.1
Arrival to clearance	7.2	5.1	5.5	4.5	7.4

Notes:

1. In previous years, these results were measured in days. For consistency with other air results, these are now measured in hours.

In 2011, air cargo volumes increased by nearly 60 per cent in comparison to 2010. This is the largest year-on-year air cargo volume increase since the TRS was first undertaken.

This year, general performance across all measures declined. This may be attributed to the considerable increase in air cargo volumes.

Reporting performance was the least affected measure in 2011, with only a small increase of approximately 30 minutes. Given the volume increases, this is a positive achievement by industry.

In 2011, importers elected to pay for cargo three hours later than in 2010, however the most notable decline in performance was for cargo availability. Consignments were available 10.5 hours later than in 2010. The five year trend shows that it is cargo availability times that have fluctuated the most over time, from an average of 38.3 hours in 2007, to 19 hours in 2010 and 29.5 hours in 2011.

Growing physical space constraints air-side, coupled with increased cargo volumes, may be factors contributing to later cargo availability in 2011. With future cargo volumes predicted to rise, industry is currently exploring ways to alleviate congestion related issues. These include moving airside freight logistics services to off-airport premises (licensed by Customs and Border Protection) for freight staging, short term storage and related activities.

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The nature of the performance results for this year and the forecasts for continued air cargo freight growth, demonstrates the importance of collaboration between industry and the border agencies to continue to streamline border management outcomes and facilitate the legitimate movement of cargo.

Air cargo snapshot

The snapshot provides an overview of the key results and findings in 2011. These include multi-year and year-on-year trends.

Volume - in 2011, air cargo consignments increased nearly 60 per cent from 2010. This is the largest year-on-year increase since the first TRS was undertaken.

- SAC declarations, imports valued at or below $1,000, increased 64 per cent from 2010.
- Consignments requiring an import declaration (imports valued above $1,000), increased by 22 per cent.

Reporting performance – the average document lodgement time increased by about 30 minutes. Noting the substantial increases in air cargo volumes, and the subsequent increase in the number of consignments to be reported, it is a significant achievement by industry that reporting times increased by only a small amount.

Clearance performance – on average, consignments were cleared three hours later than the previous year.

Availability performance – the most notable decline in performance was the average availability time, with consignments available 10.5 hours later compared to 2010. The five year trend shows that the availability times have fluctuated the most over time.

Impeded cargo – cargo of interest to Customs and Border Protection, or of interest to both border agencies, was impeded for longer than in 2010. These intervention times can be attributed to the substantial increase in air cargo volumes.

Express carriers – express carriers accounted for 72 per cent of air consignments. Overall performance for express carriers declined slightly in 2011, however they continued to report and pay for consignments earlier than general providers.

General providers – general providers improved their overall reporting performance by three hours compared to 2010. However, there was a decline in all other measures for general providers. Of note, the average availability time expanded to two days in 2011, almost double the previous year.

SAC declarations – 85 per cent of all air cargo consignments are reported on a SAC. The significant increase in the volume of SAC declarations can be attributed in part to the growth in online shopping. As consumers become more confident, they are increasing the number and value of goods that they purchase and import. In 2011, there was an increase in the proportion of goods imported valued between $100 and $200, while there was a decrease in goods valued under $100.

Declarations – the proportionate value of goods reported on declarations has remained relatively stable over the last two years, despite increasing volumes.

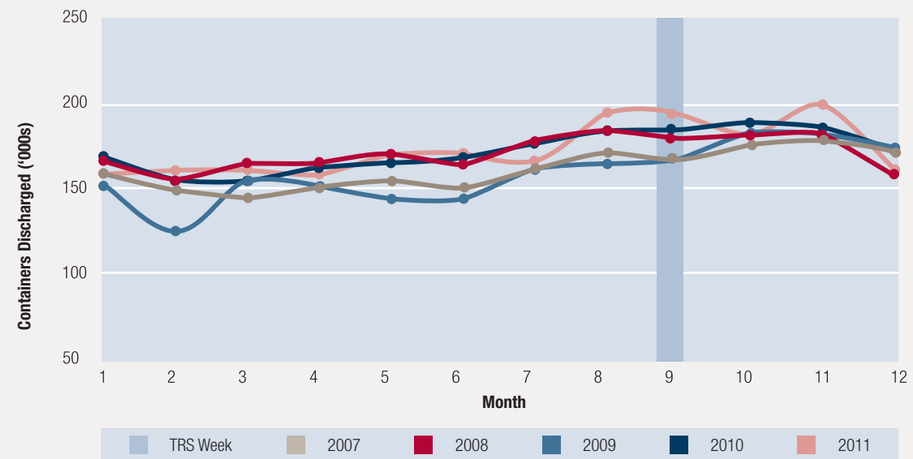
Sea Cargo Results - Imports

Sea cargo volume for 2011

The TRS uses the total number of containers discharged per month as a broad indicator of activity levels.

In 2009, the proportion of containers discharged in Australia reduced markedly by 8.8 per cent when compared to the previous year. These figures reflect the impact of the GFC. In contrast, for the last two years the proportion of containers discharged has increased; by 9.4 per cent in 2010 and 0.6 per cent in 2011. These volume increases suggest that Australia is well on the way to recovering from the GFC.

Figure 2.1 – Total containers discharged per month - 2007 to 2011



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 size.
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.

Cargo status

Status at arrival

The 2011 TRS records the highest sea cargo volumes since the study was first conducted in 2007. Sea cargo consignments increased by almost 14 per cent in 2011 when compared to 2010.

The results for sea cargo status at arrival have improved across most measures when compared to 2010. This is a notable achievement considering the increase in consignment volume.

At arrival, one per cent increases were recorded for cargo that was released and ready to pay.

The most substantial improvement was for the proportion of documents lodged. While in 2010 fifteen per cent of consignments had incomplete documentation at the time of arrival, in 2011 this fell to twelve per cent.

Compared to five years ago, industry is reporting and paying for goods earlier, which facilitates earlier release. This provides increased certainty of status and the ability to organise and confirm logistics with confidence.

In 2011, 54 per cent of consignments had all Customs formalities completed, including applicable payment, either before or at the time of vessel arrival. This was a similar proportion of consignments as in 2010.

Figure 2.2 – Sea cargo status at arrival

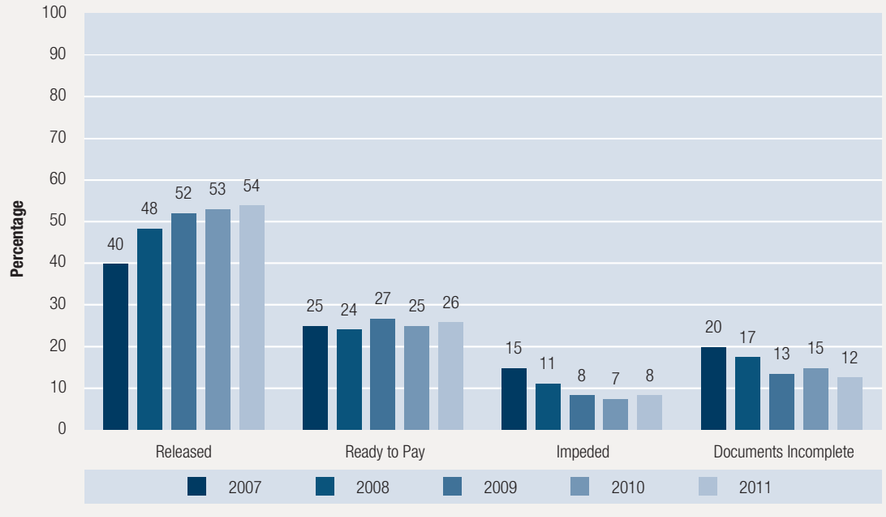
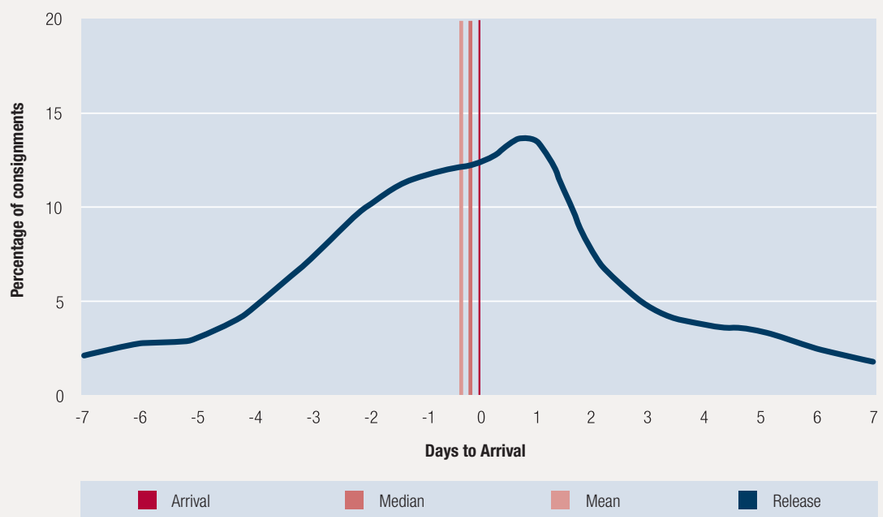
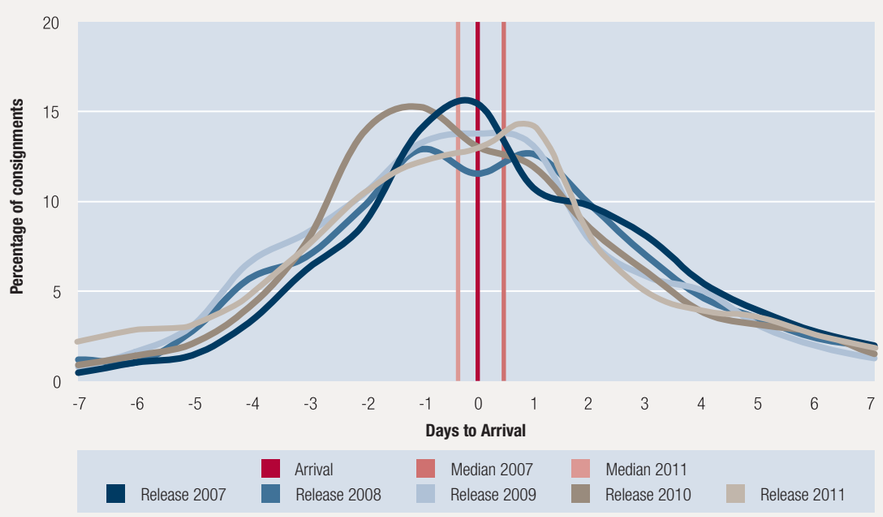


Figure 2.3 – TRS 2011: distribution of release (Sea)



In 2011, the overall average (mean) release time improved from the previous year. In 2011, the average time of release was 0.3 of a day prior to vessel arrival, whereas in 2010, average time of release was 0.2 days after vessel arrival. Median release times were maintained.

Figure 2.4 – TRS 2007 - 2011: distribution of release (Sea)



When looking at the distribution of release times over the past five years (Figure 2.4), there continues to be a trend towards earlier release. In 2007, average release times were after arrival. Since then this has improved, with average release times now consistently occurring prior to arrival. These results demonstrate that despite increasing cargo volumes, both industry and border agencies have been able to enhance their respective processes. This ensures the ongoing effective and efficient trade facilitation performance for sea cargo.

These findings support the outcomes of the 2011 Customs and Border Protection industry survey conducted to determine the level of interest in the establishment of an AEO program. AEO programs involve the customs administration of a country approving industry members as complying with the WCO or equivalent supply chain security standards. Benefits to approved members may include simplified customs procedures and controls.

The consensus from industry was that as Customs and Border Protection is not a significant barrier to cargo movement at this time, there is no net benefit to the introduction of an Australian AEO program.

Customs and Border Protection has released a public report detailing **Australia's position on AEO**. The report can be found on the Customs and Border Protection website.

Status at availability

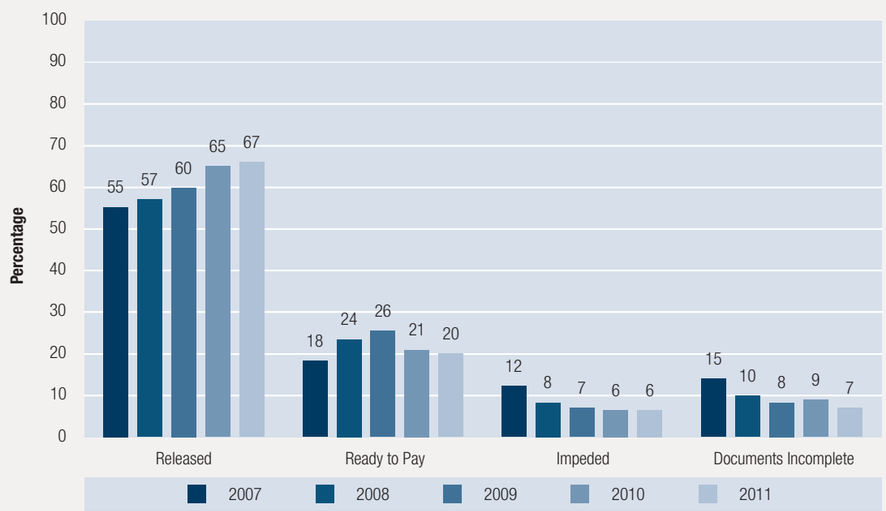
In 2011, the proportion of cargo released at availability was two per cent higher than in 2010. Slightly less cargo had all border formalities completed and only payment outstanding in 2011 when compared to the previous year.

While reporting was also better than last year, the results indicate that scope remains for further reporting improvements. In 2011, reporting was incomplete for seven per cent of consignments at the time of cargo availability.

In 2011, just over half of all consignments had a status of released at the time of arrival. At availability, the proportion of cargo with a released status rises to almost two thirds.

Further analysis reveals that over the past five years, by the time of vessel arrival and by the time that cargo is physically available, the amount of cargo released from Customs control (reported and paid for) has steadily increased.

Figure 2.5 – Sea cargo status at availability



Gate-out

In 2011, gate-out information is examined for the first time.

Gateout refers to the time when a container leaves the wharf. Goods may have been entered into home consumption by this point, or may be moving underbond to a licensed depot or warehouse. Gateout data has been supplied by 1-Stop, a company that provides services to Australian ports. Gateout information covers FCL, FCX and LCL cargo.

Within the TRS sample, 80 per cent of consignments have a gateout record. Information is not available for the remaining 20 per cent of consignments for the following reasons:

- Five per cent of TRS consignments are bulk or break bulk cargo.
- Gateout information is only provided for Sydney, Melbourne, Brisbane and Fremantle ports. It is anticipated that Adelaide information may be available for the 2012 TRS.
- There may be a low incidence where manual action at a terminal does not result in triggering an electronic message (e.g. electronic system may have experienced an outage).

Table 3 – Average times from discharge - consignments with a gateout record by cargo type (days)

	All	FCL	FCX	LCL
Gateout	2.3	2.4	2.5	2.0

Note: The figures in Table 3 are specific to the cargo population with a gateout record. Overall average times for the gateout population will differ slightly to the average times for the total TRS sample.

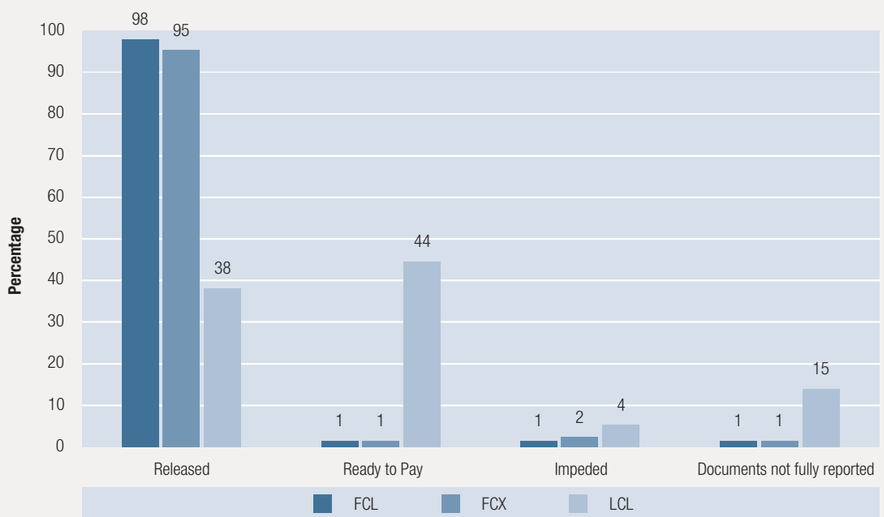
Analysis indicates that on average, cargo stays on the wharf 2.3 days after it is discharged from the vessel. Of the three cargo types, LCL consignments remain at the wharf for the shortest period of time.

At the time cargo leaves the wharf:

- 88 per cent of all consignments have all documents lodged and all border formalities completed
- eight per cent of consignments have payment pending
- one per cent of consignments remain of interest to the border agencies
- three per cent have not met reporting requirements.

Figure 3.1 below shows a further breakdown of the status of the cargo types at the time of gateout.

Figure 3.1 – Sea cargo consignment status at gateout by cargo type



Port performance

When individual port performance is examined, the average time consignments remain at the wharf in Brisbane (2.1 days), Melbourne (2.3 days) and Sydney (2.2 days) ports are within a few hours of the overall average of 2.3 days. The average time for Fremantle port (3.4 days) is more than a day longer than the average for all consignments.

Cargo moving underbond

Overall, 22 per cent of consignments within the gateout population move underbond at the time of departure from the wharf. All LCL cargo is required to move underbond to a Customs licensed premises for deconsolidation.

A further breakdown of consignments moving underbond reveals that, at the time of departure from the wharf:

- 98 per cent is FCL cargo
- 1.6 per cent is LCL cargo
- less than half a per cent is FCX cargo.

FCL containers

Of the FCL containers moving underbond:

- 83 per cent had all customs formalities completed and payment had been made.
- 17 per cent had outstanding customs formalities and/or payment pending.

LCL containers

Of the LCL containers moving underbond:

- seven per cent of containers had all Customs formalities completed and payment had been made. That is, all LCL consignments housed within each of these containers had a 'released' status.
- 93 per cent of containers had outstanding Customs formalities and/or payment pending. That is, one or more LCL consignments within each container were yet to have Customs formalities completed and/or payment made.

FCX containers

Of the FCX containers moving underbond:

- 68 per cent had all Customs formalities completed and payment had been made.
- 32 per cent had outstanding Customs formalities and/or payment pending.

Of note, at the time of departure from the wharf there is a substantial proportion of FCL and FCX cargo that has completed all Customs formalities, yet is approved to move underbond.

Opportunities may exist for Customs and Border Protection and industry to work together to understand the reasons for released cargo (FCL and FCX cargo) moving underbond.

In recent years, industry has increasingly favoured the development of intermodal terminals (import/export freight terminals) as a solution to facilitate rapid movement of cargo away from sea ports to less congested locations for distribution. Planning for several intermodal terminals in key Australian locations is currently underway.

From a border management perspective the intermodal terminal approach does not present issues for cleared cargo. As the results indicate, a substantial proportion of cargo is cleared for border risks at the time of departure from the wharf, making the intermodal solution a viable option.

Discharge ports

Australia's ports play a fundamental role in the supply chain and are critical to the efficient distribution of goods across the nation. This role is not without its challenges, particularly in light of ever-growing cargo volumes. Logistics, land pressures and road and rail issues are current environmental drivers faced by ports in transporting and distributing goods.

Port performance

In 2011, the ports of Brisbane and Adelaide experienced the largest increases in consignment volume, each nearly double that of 2010. While overall Sydney and Melbourne consignment numbers increased in 2011, both ports had smaller proportions of the total consignment volume when compared to 2010. Sydney consignment proportions decreased by three per cent and Melbourne by four per cent.

A snapshot of individual port performance against the overall 2010 and 2011 average port performance is provided at Table 4, '*Top five port of discharge sea port comparison*'.

In Sydney, document lodgement occurred 1.7 days earlier on average than in 2010. This trend towards earlier reporting positively influenced subsequent payment and clearance.

Adelaide and Fremantle ports both experienced a general decline in overall year-to-year individual port performance, led by later submission of documents. In Adelaide, reporting was approximately 1.1 days later on average than in 2010. In Fremantle the decline in reporting was only slight, at 0.1 days.

When port performance over the past five years is considered, along with Brisbane and Sydney, it is the port of Adelaide which has demonstrated the most substantial improvement in average reporting times. For Adelaide, reporting occurred on average almost three days earlier in 2011 than in 2007. In 2011, reporting for the port of Brisbane occurred 1.8 days earlier on average than in 2007, while Sydney recorded a similar enhanced timeframe of 1.9 days.

Figure 4.1 – Top five ports of discharge

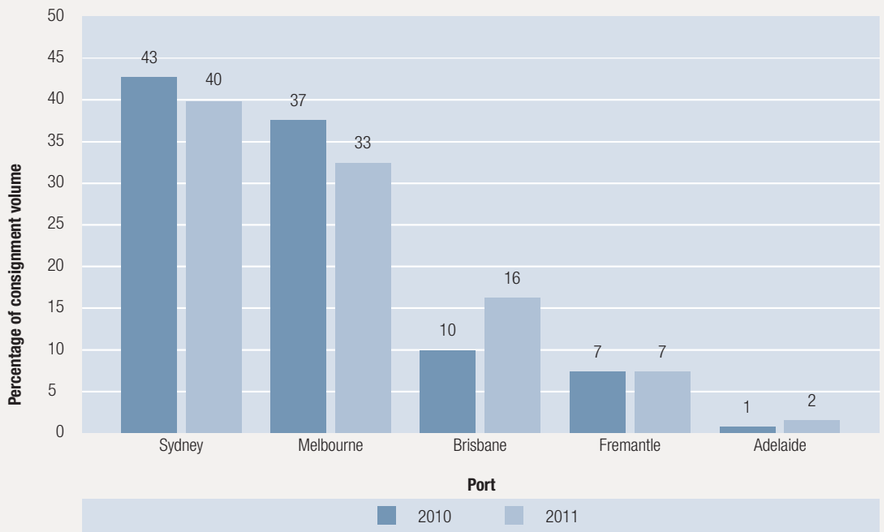


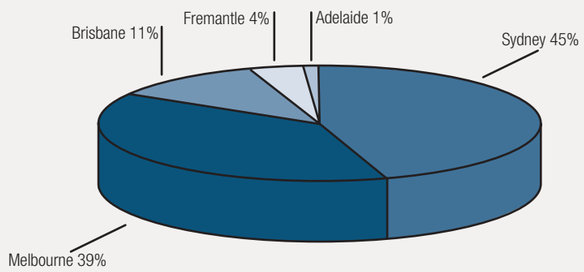
Table 4 – Top five port of discharge sea port comparison

Discharge port comparison	All ports		2011 port by port performance measurement					Primary responsibility
	2010	2011	ADL	BNE	FRE	MEL	SYD	
Arrival to impending arrival report	-9.8	-11.7	-13.5	-11.8	-6.7	-12.1	-12.2	Ship's agent
Arrival to house bill of lading (lowest level bill)	-7.8	-8.8	-12.7	-8.1	-5.5	-9.2	-9.1	Cargo reporter
Arrival to ocean bill of lading	-7.5	-8.4	-12.9	-7.7	-5.5	-8.5	-8.7	Shipping company
Arrival to declaration	-4.2	-5.0	-7.7	-5.0	-3.2	-5.1	-5.2	Brokers
Arrival to documents	-3.1	-4.1	-6.3	-4.0	-2.1	-4.2	-4.4	All reporters
Documents to customs unimpeded	0.8	1.0	0.7	1.0	0.9	1.3	0.9	Customs and Border Protection
Arrival to customs unimpeded	-2.2	-3.1	-5.6	-3.0	-1.2	-2.9	-3.5	Consolidated
Arrival to ready to pay	-2.0	-2.9	-5.4	-2.6	-1.0	-2.6	-3.3	Consolidated
Documents to ready to pay	1.0	1.3	0.9	1.4	1.0	1.5	1.1	Customs and Border Protection and DAFF Biosecurity
Customs unimpeded to ready to pay	0.2	0.2	0.2	0.4	0.1	0.2	0.2	DAFF Biosecurity
Arrival to release	0.2	-0.3	-0.9	-0.5	1.4	-0.5	-0.5	Consolidated
RTP to release	2.2	2.5	4.5	2.1	2.4	2.2	2.8	Brokers
Arrival to clearance	0.9	0.4	0.7	0.3	2.6	0.2	0.1	Consolidated
Release to clearance	0.7	0.7	1.6	0.8	1.2	0.7	0.6	DAFF Biosecurity
Arrival to availability	1.3	1.5	1.3	1.0	1.8	1.2	1.8	Stevedores and Reporters
Arrival to discharge (bulk)	2.7	2.4	1.0	3.8	3.3	2.0	1.9	Stevedores
Arrival to discharge (break bulk)	3.8	3.3	0.4	2.5	0.9	3.2	N/A	Stevedores
Arrival to discharge (FCL)	0.7	0.9	1.2	0.7	0.9	0.8	1.1	Stevedores
Arrival to discharge (FCX)	0.8	1.0	1.1	0.7	1.0	0.8	1.2	Stevedores
Arrival to unpack (LCL)	3.9	4.3	5.1	3.0	8.6	3.8	4.5	Reporters

Cargo moving underbond

When industry want to move cargo that remains subject to Customs control away from the wharf, this can be facilitated by the submission of an underbond movement request (UBMR). Once approved, an underbond move permits the movement of goods between Customs controlled premises.

Figure 4.2 – Proportion of underbond movements by top five ports



There are several reasons why cargo moves underbond, including:

- cargo not fully reported
- taxes and charges not yet paid
- cargo selected for some sort of regulatory intervention that has been deemed appropriate to be conducted at a licensed premises
- deconsolidation purposes
- when discharge port does not equal destination port.

In 2011, 7,781 consignments arriving at the top five ports of discharge were approved to move underbond. This is equivalent to 20 per cent of the total TRS consignment population.

The '*Proportion of underbond movements by top five ports*' chart shows a port comparison of underbond movements. These proportions align with overall volumes by port, as noted in the previous section.

Cargo type

Table 5 - Sea cargo – performance by container type (days)						
Cargo type	**All types**	**FCL**	**LCL**	**FCX**	**BB**	**BLK**
% of cargo lines		**80**	**15**	**2**	**3**	**>1**
Documents	-4.1	-4.5	-2.3	-3.4	-4.4	-5.9
Customs unimpeded	-3.1	-3.5	-0.9	-1.6	-3.6	-5.0
Ready to pay	-2.9	-3.3	-0.8	-1.4	-2.5	-4.6
Availability	1.5	0.9	4.3	1.0	3.3	2.6
Release	-0.3	-1.0	2.9	0.0	0.2	-4.1
Clearance	0.4	-0.1	3.0	0.2	1.2	-3.8

Note: Percentages have been rounded to whole figures. As a result, these figures may not always equal 100 per cent.

The volume of consignments has increased over the past five years, however, the proportion for each cargo type has remained relatively unchanged over the same period.

FCL cargo

FCL cargo is the primary type of cargo imported into Australia, accounting for 80 per cent of all consignments in 2011.

On average, FCL cargo was reported nearly two days earlier in 2011 compared to 2007. Over the past five years, document lodgement for FCL cargo has consistently been half a day earlier than the yearly average.

Similar to the reporting improvement, FCL cargo was released on average a day before arrival in 2011, an improvement of nearly two days from 2007.

Earlier release and clearance times are achieved through consistency in early reporting. These results are also influenced by importer size and payment behaviour. A high proportion of FCL cargo is imported by large importers, who pay for consignments more than a day earlier than medium and small importers.

LCL cargo

Under current legislative requirements all LCL cargo is required to be transported to and unpacked at a Customs licensed premises, at which time it is considered available. As a result, average times between arrival and availability will always be longer for LCL cargo than for other cargo types. Small importers, who account for the majority of LCL cargo, often report and pay later for their cargo than both medium and large importers.

This trend within LCL cargo was again evident in 2011, however, reporting of LCL cargo is occurring almost two and a half days earlier than in 2007.

This is the best reporting improvement of any type of cargo over the past five years. In addition, consignments are also being cleared nearly one and a half days earlier than in 2007.

FCX cargo

In previous TRS publications, FCX cargo has been included as part of the FCL population. For greater clarification, it is listed separately this year. FCX cargo refers to containers with consignments on multiple bills of lading for one consignee. Reporting of FCX cargo tended to be later in 2011 than the other cargo types (excluding LCL cargo).

Break-bulk cargo

Break-bulk cargo (non-containerised cargo shipped as units such as vehicles, bundles and pallets) experienced improved year-on-year performance, except for arrival to release. While reporting performance improved in 2011 from the previous year, reporting performance has declined from those levels achieved in 2007 and 2008.

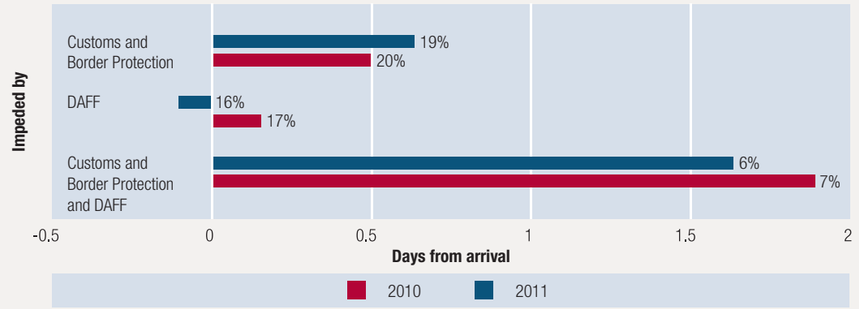
In 2011, where the average availability time of cargo was 1.5 days after arrival, break-bulk goods tended to be available 3.3 days after arrival.

Bulk cargo

Bulk goods (loose, unpackaged, non-containerised cargo such as gas, grains and ores), which are shipped in large and valuable consignments, continue to be reported, paid and cleared earlier than other cargo types.

Impeded cargo

Figure 5.1 – Impeded cargo - Sea (2010 - 2011)



In 2011, the average arrival to release times for impeded cargo varied only slightly from those recorded for 2010.

Cargo of interest to Customs and Border Protection took 0.1 of a day longer to be released than the previous year. Cargo of interest to the Department of Agriculture, Fisheries and Forestry (DAFF) was released 0.2 of a day earlier than in 2010. The average time from arrival to release for cargo impeded by both agencies was 0.2 days earlier than in 2010.

Despite the small variations in average arrival to release times, the proportion of cargo of interest to one or both agencies remained relatively stable from 2010 to 2011.

Analysis of the impeded cargo population revealed that in 2011, by the time of vessel arrival 56 per cent of consignments had all border agency formalities completed and were no longer subject to border agency interest. At the time of cargo availability, 63 per cent of cargo was not impeded by border agencies.

Further analysis also revealed that in 2011, 32 per cent of cargo of interest to both border agencies originates from China. This finding is not surprising given that China is the largest source of sea cargo imported into Australia. Noting the improvement in reporting performance for goods imported from China, additional information required by DAFF to support risk assessment may also have been provided earlier. This may have contributed to the improvement in release times for DAFF.

The findings also revealed that both border agencies impede a wide variety of cargo. This is not an uncommon result given the varied nature of the border risks. The most common commodities impeded by DAFF include timber, upholstered furniture and car tyres.

DAFF intervention times reflect the nature of biosecurity-specific risk processes. Some interventions such as full unpack inspections, cleaning, and fumigation require the cargo to be held until treatments are completed. This process is largely dependent on the workloads/capacity of commercial service providers.

While these interventions can take up to weeks to complete, half of all sea cargo consignments subject to DAFF biosecurity intervention during the TRS period were released in around three days.

The results for 2011 also demonstrate that only a very small proportion of imported sea cargo is subject to intervention by both border agencies. Further, a high proportion of this cargo has had the impediment lifted by the time of availability.

The intelligence-led and risk or evidence based frameworks utilised by both border agencies, combined with enhanced reporting by industry, ensures timely risk-assessment and intervention can be conducted upon imported cargo and legitimate trade is facilitated.

Importer size

In 2011, importer size continued to have a substantial influence on trade facilitation performance.

Importers are segmented according to the total declared value of the goods they imported in the last year:

Small – imported goods to a total value of AUD 1 million or less in 2011

Medium – imported goods neither large nor small

Large – imported goods to a total value of AUD 20 million or more in 2011

In 2011, the overall number of importers increased by 16 per cent.

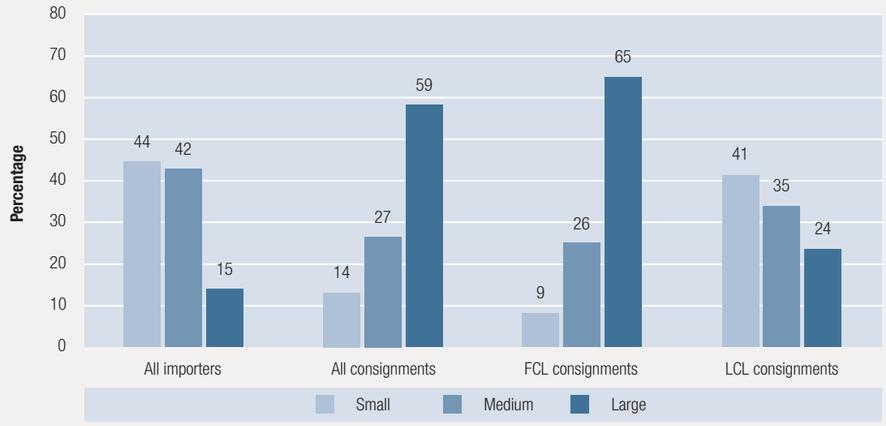
Small importers account for 44 per cent of the importer population, up three per cent from 2010. The large importer population is down one per cent from last year, at 15 per cent.

Medium importers account for 42 per cent of the importer population, down one per cent from last year.

Table 6 - Sea cargo – importer size and activity

Consignments	2010			2011		
	Small%	Medium%	Large%	Small%	Medium%	Large%
All importers	41	43	16	44	42	15
All consignments	13	26	61	14	27	59
FCL consignments	8	25	67	9	26	65
LCL consignments	37	36	27	41	35	24

Figure 6.1 – 2011 Importer size by cargo type



Importer size – average times between the arrival of cargo and other events

The results for importer size generally reflect the overall trends for average sea cargo performance times. There are improvements in the reporting and clearance of consignments. The only decline in performance times when compared to 2010, was when cargo became physically available for collection and when cargo was ready to be paid for.

This next section examines the year-on-year importer size performance for each importer group in closer detail.

Small importers

Small importers improved document lodgement by 1.2 days from 2010. As a result, border agencies were able to complete border formalities nearly 1.5 days earlier.

Table 7 - Sea cargo – Small importer performance

Interval	2010 Average (days)	2011 Average (days)	2011 % on or before average	2011 % later than the average
Documents	-1.1	-2.3	48	52
Customs unimpeded	0.4	-0.7	52	48
Ready to pay	0.6	-0.4	51	49
Available	2.3	2.5	61	39
Release	3.3	3.0	54	46
Ready to pay to release	2.7	3.4	61	39
Clearance	4.0	3.7	52	48

When compared to their medium and large importer counterparts, small importers continue to take longer to report and pay for their consignments.

A number of factors may contribute to this finding. The population for small importers is the most diverse of the three groups. It includes importers who import low value goods on a regular basis as well as one-off or low volume importers. There may be a lower level of familiarity and understanding of import requirements within this population, which contributes to later reporting and clearance times.

Additionally, the majority of consignments for small importers are LCL cargo. In 2011, on average there were nine consignments to each LCL container. In some cases, this requires nine different parties needing to report various documents, which may contribute to the delay in document lodgement within this population.

Individual business practices and issues relating to cash-flow management may also influence the findings for small importers.

Medium importers

Medium importers also improved their reporting by approximately a day compared to 2010. Consignments had a status of ready to pay a day earlier and were subsequently released more than half a day earlier than in 2010. Medium importers are responsible for 27 per cent, or almost one third of all consignments.

Table 8 - Sea cargo – Medium importer performance

Interval	2010 Average (days)	2011 Average (days)	2011 % on or before average	2011 % later than the average
Documents	-2.7	-3.8	47	53
Customs unimpeded	-1.7	-2.6	45	55
Ready to pay	-1.5	-2.5	44	56
Available	1.4	1.6	68	32
Release	1.3	0.7	44	56
Ready to pay to release	2.8	3.1	59	41
Clearance	1.9	1.4	53	47

Large importers

The results for large importers were similar to those for medium importers. Of all three importer groups, large importers demonstrated the most improvement in clearance times, by more than half a day from 2010. Large importers account for 65 per cent of all FCL consignments.

Table 9 - Sea cargo – Large importer performance

Interval	2010 Average (days)	2011 Average (days)	2011 % on or before average	2011 % later than the average
Documents	-3.6	-4.7	45	55
Customs unimpeded	-3.0	-3.8	40	60
Ready to pay	-2.8	-3.6	39	61
Available	1.0	1.2	59	41
Release	-0.9	-1.5	38	62
Ready to pay to release	1.9	2.0	55	45
Clearance	-0.2	-0.8	43	57

Importer compliance with legislative reporting timeframes

For the first time in the TRS series, importer compliance with legislative reporting timeframes is examined for sea cargo.

The legislative timeframe for lodgement of sea cargo reports and declarations include:

- Sea cargo report (SCR) – not less than 48 hours before the estimated time of arrival at the first Australian port. Section 64AB(8) of the *Customs Act 1901* and Regulations 28 and 29 of the *Customs Regulations 1926* refer.
- Import entries (import and warehouse declarations) – lodged by the end of the next working day of Customs, following the day on which the goods were imported. Regulation 43 of the *Customs Regulations 1926* refer.

Table 10 – Importer compliance with legislative reporting timeframes

Report	2010 Late %	2011 Late %
Cargo report	6	5
Small	24	26
Medium	36	28
Large	40	46
Import declaration	7	6
Small	32	33
Medium	33	29
Large	34	38

Whereas medium importers enhanced their year-on-year compliance with legislative reporting timeframes, it was the small and large importer populations that experienced a decline in the proportion of documents provided within the prescribed timeframes.

Document reporting within the prescribed timeframes is a statutory requirement and there are penalties associated with non-compliance. Lodging reports outside of the legislated timeframes prevents the border agencies from conducting timely risk assessment and subsequently results in greater uncertainty in relation to cargo status. This has flow on implications for industry in organising down stream logistics.

While a lower proportion of cargo was reported late in 2011 than in 2010, the results reveal that further opportunities exist to enhance compliance with reporting timeframes.

Further information relating to document reporting can be found within Australian Customs and Border Protection Notice 2011/58 '*Movement of goods under Customs control that has not been fully reported*'. The ACN can be found on the Customs and Border Protection website

Revenue

Another new addition to this year's TRS is an overview of the border and tax revenue associated with the importation of sea cargo.

In relation to Customs duty, large importers were liable to pay the largest proportion in the 2011 TRS week. Customs duty is payable before goods can be cleared for delivery into home consumption.

Combined, large and medium importers, who account for nearly 90 per cent of all consignments, also pay 96 per cent of all Customs duty.

In relation to the payment of the goods and services tax (GST), the GST may be paid at the time of import or deferred.

In 2011, when the total importer population is considered, 88 per cent of all GST is deferred, while 12 per cent is paid. In 2010 these figures were also very similar, with 90 per cent of GST deferred and 10 per cent of GST paid at the time of import.

The results reveal that payment behaviour differs substantially depending on importer size. Large importers tend to defer GST, while small importers more often pay at the time of import. For medium importers, the split between payment on import or payment deferral is more even.

Where GST can be deferred, current warehousing practices enable importers to store goods, prior to paying Customs duty.

Figure 10.1 – 2011 duty payable

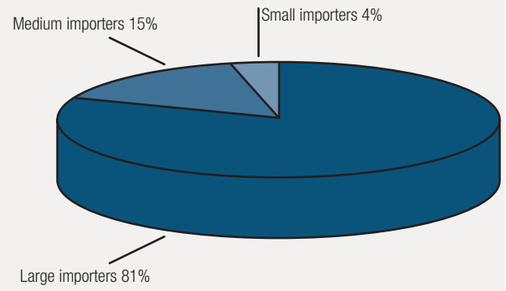
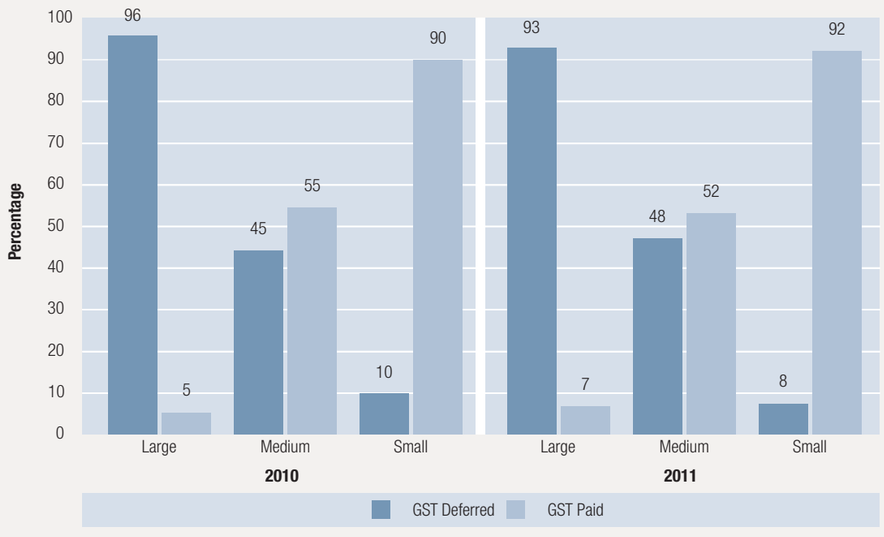


Figure 10.2 – Importer GST payment behaviour



Country of origin – Australia's top 10 trading partners by sea

Australia has strong regional trading relationships with many Asia-pacific countries. This is reflected in the origin of cargo that makes up the top ten countries of import to Australia during the TRS week. These ten countries account for nearly 75 per cent of all consignments imported into Australia.

For many of the countries listed as top ten trading partners in both 2010 and 2011, there was an increase in the percentage of consignments imported into Australia in 2011.

In 2011, the reporting obligations for cargo imported from Germany, Japan and Thailand were completed earlier (on average more than four days prior to arrival) than the remaining top-ten trading partners (Table 12). Reporting of goods from China, Japan and Singapore improved by more than one day from 2010.

Imported goods from Germany, Thailand, Malaysia, Singapore, Japan and New Zealand generally have documents reported, goods paid for and are subsequently released prior to vessel arrival. FCL cargo accounts for a high proportion of these consignments and it is also large and medium importers (who may be more familiar with reporting requirements) that tend to import from these countries.

The average reporting time for all countries is 4.1 days after arrival. For countries where documents are reported between three and four days before arrival, LCL cargo tends to make up a higher proportion of imports.

In 2011, nearly 38 per cent of consignments imported into Australia were from China. This is an increase of two per cent compared to 2010. China remains the largest source of imported goods into Australia.

The remaining nine trading partners each only account for between three and six per cent of imported goods. This was a similar result to 2010.

Table 11 – Country of origin – Australia's top ten trading partners by sea

Country of origin	Number of consignments	Percentage
ALL	37966	100
China	14367	38
Thailand	2271	6
Hong Kong	1628	4
United States	1621	4
Malaysia	1574	4
New Zealand	1427	4
Singapore	1392	4
Germany	1379	4
Japan	1208	3
Taiwan	1088	3

Notes:

1. Australia has bilateral free trade agreements (FTA) in place with New Zealand, the United States, Thailand and Singapore.
2. Negotiations for an FTA with Malaysia concluded in May 2012. Domestic approval processes are underway, the earliest the agreement can take effect is 1 January 2013.
3. Australia is party to a regional free trade agreement [ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)] which includes Malaysia, Singapore and Thailand.
4. Bilateral free trade agreements are being negotiated with China, Japan and the Republic of Korea.
5. A Comprehensive Economic Partnership with Indonesia is also being negotiated.
6. The information contained within 'Notes' relates only to the countries referenced as Australia's top ten trading partners during the TRS week. While other free trade agreements are being negotiated with several other countries, they are not referenced here.
7. The Department of Foreign Affairs and Trade (DFAT) maintains a complete list of all current agreements and status of negotiations on their website.

When year-on-year performance is considered, importers sourcing goods from China are reporting approximately 1.2 days earlier than in 2010. As a result, goods are able to enter home consumption half a day earlier than in 2010.

Goods imported from Hong Kong tend to record results outside of the average overall country performance for each measure. On closer examination, LCL consignments account for 46 per cent of all cargo imported from Hong Kong.

In comparison, LCL consignments from the remaining countries typically only constitute between two to 24 per cent of cargo imported. Noting that LCL cargo generally tends to be reported and released later than other cargo, this may offer some explanation for the performance results for cargo imported from Hong Kong.

Table 12 – Country of origin – average times from arrival (days)

Country of origin	Documents	Unimpeded	RTP	Availability	Release	Clearance
Average time	**-4.1**	**-3.1**	**-2.9**	**1.5**	**-0.3**	**0.4**
China	-3.5	-2.5	-2.3	1.7	0.2	0.6
Thailand	-4.8	-3.9	-3.7	1.1	-1.2	-0.3
Hong Kong	-3.0	-2.0	-2.1	3.1	0.7	1.0
United States	-3.8	-2.4	-1.9	1.5	0.2	1.5
Malaysia	-3.7	-3.1	-2.9	0.9	-0.8	-0.3
New Zealand	-3.1	-2.3	-2.1	1.0	-0.8	-0.4
Singapore	-3.7	-2.7	-2.6	1.7	-0.5	0.0
Germany	-5.3	-4.0	-3.8	1.7	-0.8	-0.3
Japan	-4.8	-3.6	-3.4	1.7	-0.9	0.6
Taiwan	-3.4	-2.5	-2.4	1.8	0.2	0.9

Note:

In the 2010 TRS, the published results for China also included consignments listing Hong Kong as the country of origin. In 2011, results are recorded separately for each country of origin as there are distinct customs administrations and different export reporting requirements in operation (e.g. for China, export data is required 24 hours prior to loading in a Customs controlled area. In Hong Kong export data is required 14 days after exportation).

Transhipments

For the first time in the TRS series, performance relating to transhipments has been measured. For this section, the transhipment population consists of goods that are transferred from a ship arriving at an Australian port to a second ship that is departing for an overseas port. Goods are never destined for Australian home consumption.

This transhipment population is made up of consignments where the destination port (overseas) is different to the discharge port (Australia). For the purposes of the TRS, these goods are examined as a unique population, separate to that of the general TRS population. This is because these transhipped goods do not enter home consumption and not all the standard TRS performance intervals can be measured. To provide a sufficient sample size for analysis, consignments transhipped through Australia for the entire month of September 2011 are included.

Results from 2010 have also been included to provide comparative analysis.

Table 13 – Average times from arrival - cargo transhipped through an Australian port (days)

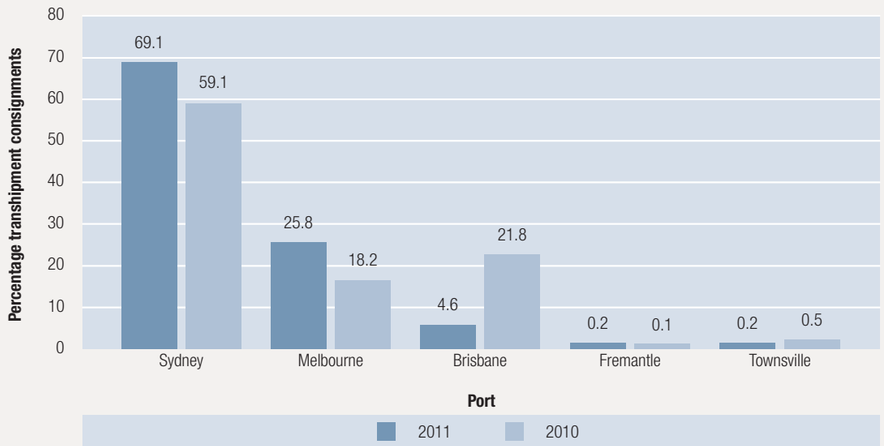
	2010	2011
Cargo report	-7.6	-7.8

In 2011, reporting for transhipped cargo improved by 0.2 of a day (4.8 hours).

Australian transhipment port

For both years, Sydney handled the majority of transhipped cargo destined for an overseas port. While in 2010 Brisbane was the next largest port for transhipment, in 2011 this was Melbourne.

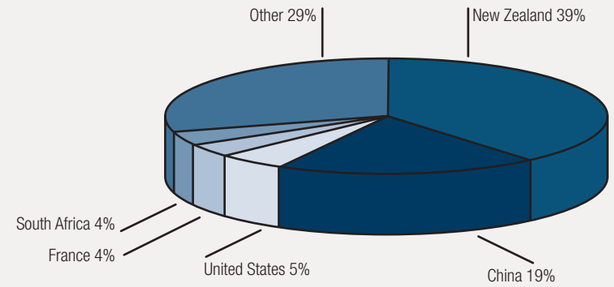
Figure 13.1 – Australian port of transhipment



Country of loading before Australia

Nearly 40 per cent of cargo is loaded in New Zealand before transhipment through Australia. Cargo from China has the second highest transhipment rate through Australia.

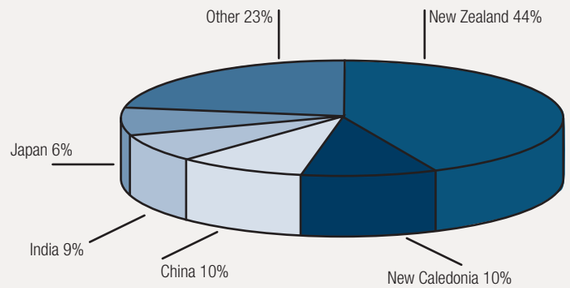
Figure 13.2 – Country of loading before Australia - percentage of consignments



Country of destination after Australia

When destination country after Australia is examined, cargo destined for New Zealand makes up the highest proportion of this population.

Figure 13.3 – Destination after Australia - percentage of consignments



Air Cargo Results - Imports

Air cargo volume for 2011

In 2011, air cargo consignments grew considerably, increasing by nearly 60 per cent from 2010.

In recent years, events such as the GFC and the high Australian dollar have influenced consumer spending patterns. Increasing confidence of consumers in shopping online, as well as easy access to overseas retail websites, may have contributed to increasing air cargo volumes. This point is further explored later in this section.

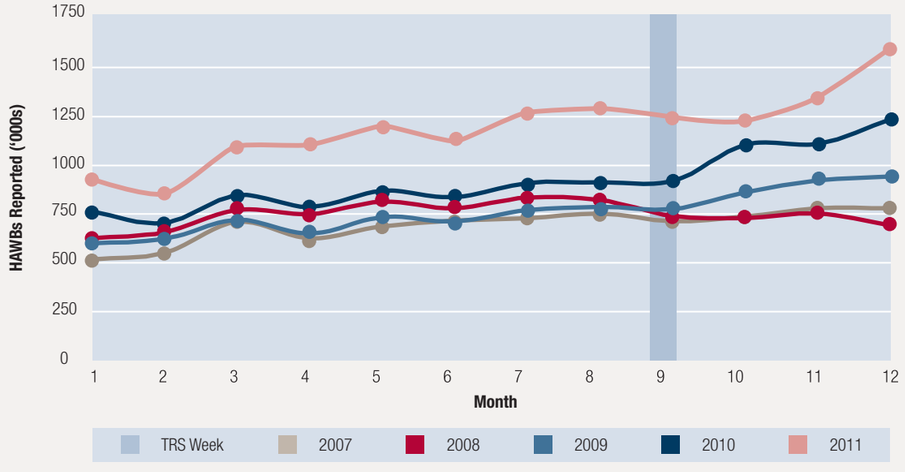
To provide further context to air cargo results, new information has been included in the 2011 TRS.

This includes:

- value breakdown of SACs - for imports valued at or below $1,000
- value breakdown of import declarations (for imports valued above $1,000).

The graph below shows the total number of House Air Waybills (HAWBs) per month over the past five years. The vast majority of air cargo is consolidated with individual consignments reported via a HAWB. Therefore, the number of reported HAWBs provides a sound indicator of total activity.

Figure 13.4 – Air cargo volume (2007 - 2011)



Note:

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

Performance by declaration type

SACs accounted for 85 per cent of air cargo consignments in 2011, nearly four per cent more than in 2010.

Reporting and clearance times for SACs continued to be better than those for import declarations. This can be attributed to the simplified reporting arrangements for SACs.

Table 14 further breaks down air cargo performance between SACs and declarations.

Table 14 – Air cargo – performance by declaration type (hours)

	2010			2011		
Service type	**All**	**SAC**	**Declaration**	**All**	**SAC**	**Declaration**
% of cargo lines	**100**	**81**	**19**	**100**	**85**	**15**
Documents	-2	-6	15	-1	-4	14
Customs unimpeded	2	-1	19	6	4	18
Ready to pay	3	-1	20	7	4	19
Availability	19	18	23	30	30	27
Release	4	-1	25	7	4	23
Clear	5	0	26	7	4	24

Cargo status

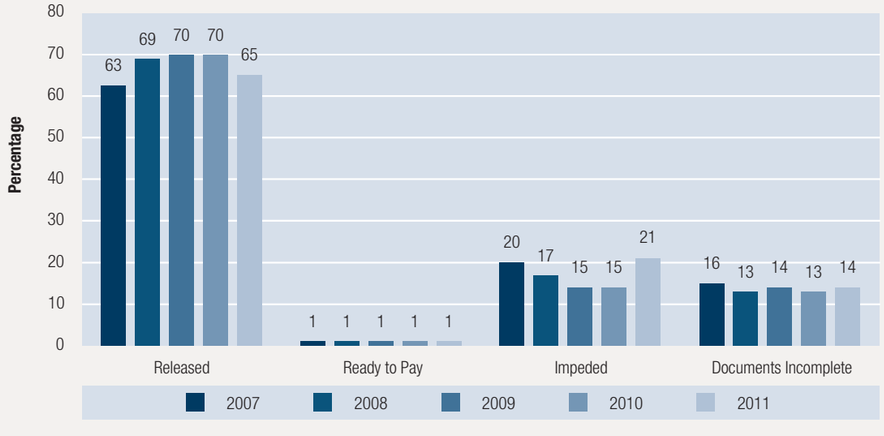
Status at arrival

The 2011 results for air cargo status at arrival are varied. The increase in the proportion of cargo not reported at the time of arrival (one per cent more cargo had incomplete documents in 2011 when compared to 2010) has had a flow on effect to the proportion of cargo released (down five per cent).

A higher proportion of incomplete documents impacted the ability of the border agencies to conduct timely risk assessment and contributed to the reduction in the amount of cargo with a released status at the time of arrival.

Over the past five years, the proportion of cargo with a ready to pay status at the time of arrival has remained relatively consistent.

Figure 14.1 – Air cargo status at arrival (2007 - 2011)

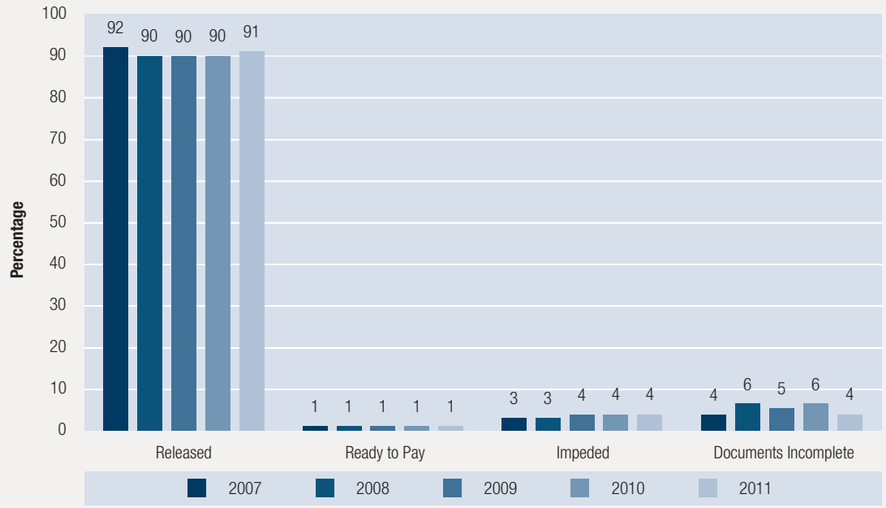


Status at availability

As in previous years, industry and border agency performance remained steady, despite the increase in air cargo volumes.

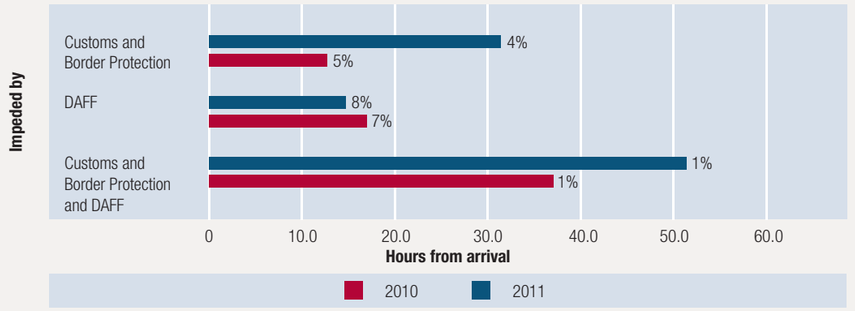
Document reporting experienced the largest change, with two per cent more cargo reported at the time of availability than in 2010. This is a significant achievement for industry when the increase in air cargo volumes is taken into account.

Figure 14.2 – Air cargo status at availability (2007 - 2011)



Impeded cargo

Figure 14.3 – Impeded cargo - Air (2010 - 2011)



Border agencies utilise a range of risk indicators for air cargo consignments. These enable Customs and Border Protection and DAFF to efficiently evaluate risks and effectively target interventions. Noting that each agency is responsible for different border risks, the nature and duration of interventions necessarily differ.

Increasing cargo volumes have numerous implications for border interventions. Refinements are continually being made to risk management processes to ensure our approach is both flexible and responsive. This also takes into account the ability of border agencies to intervene, in terms of capability and capacity.

Impeded by Customs and Border Protection

The proportion of cargo of interest to Customs and Border Protection was four per cent. Within this population, 71 per cent of impeded cargo was reported by express carriers and 29 per cent reported by general providers.

On average, Customs and Border Protection formalities for cargo of interest took 31 hours after arrival to complete. This was longer than the previous year and can be attributed to the substantial increase in air cargo volumes in 2011. As noted in the 'Status at arrival' section, a higher proportion of documents were incomplete at arrival compared to 2010. Factors such as this, that influence Customs and Border Protection's ability to complete risk assessment of consignments, may also have contributed to these results.

Impeded by DAFF

The proportion of cargo of interest to DAFF was eight per cent of consignments. On average, DAFF took 15 hours after arrival to lift the impeded status. This is about one hour less than in 2010.

Express carriers reported 88 per cent of the consignments, compared to 12 per cent reported by general providers within this population. The average time for biosecurity formalities to be completed was within 15 hours of arrival.

Impeded by both agencies

Only one per cent of air cargo consignments were of interest to both border agencies. On average, the border agencies took 51 hours after arrival to complete the requisite border formalities. This was slightly longer than in 2010.

As noted previously, intervention times for cargo of interest to both border agencies are influenced by biosecurity risk treatment processes and Customs and Border Protection inspection and examination procedures. As these treatments and procedures are distinct from each other, the time cargo spends under the control of the border agencies is longer than if only one border agency is interested in the cargo.

Express and general air cargo

Express carriers are companies that provide integrated logistics for air cargo, where timeliness is a critical factor.

Tables 15 (2011) and 16 (2010) show the year-on-year performance of express and general air carriers, including by declarations and SACs.

In 2011, express carriers accounted for 72 per cent of all air cargo consignments. This is a five per cent decrease from 2010. Despite this slightly smaller market share, trade volumes for express carriers increased substantially, as part of the overall increase in the volume of air cargo consignments for the 2011 TRS week. As in 2010, express carriers continued to report and pay for cargo earlier than general carriers.

However, year-on-year performance of express carriers did decline slightly from their performance in 2010. While for most measures performance only declined by approximately one hour, availability declined by five hours.

The bulk of trade for express carriers is in high volume, low value (HVLV) cargo. In 2011, of all the consignments reported on a SAC, 72 per cent were handled by express carriers. Overall performance within this SAC population for express carriers remained relatively stable from 2010.

General providers, who account for 28 per cent of total air cargo consignments in 2011, improved their overall reporting performance by three hours. However, there was a decline in performance against all other measures when compared to 2010. The most significant decline was in arrival to availability, which doubled from almost one day in 2010, to just over two days in 2011. This performance decline may be attributed to the substantial increase in cargo volumes.

Table 15 – Air Cargo – 2011 performance by service type average from arrival (hours)

Service Type	All	Declaration	SAC	Express	Declaration	SAC	General	Declaration	SAC
% of cargo lines	100			72			28		
Documents	-1	14	-4	-4	8	-5	5	20	0
Customs unimpeded	6	18	4	0	12	-2	21	24	20
Ready to pay	7	19	4	1	13	-1	22	25	21
Availability	30	27	30	22	24	22	49	31	56
Release	7	23	4	1	14	-1	24	32	21
Clear	7	24	4	1	15	-1	24	35	21

Table 16 – Air Cargo – 2010 performance by service type average from arrival (hours)

Service Type	All	Declaration	SAC	Express	Declaration	SAC	General	Declaration	SAC
% of cargo lines	100			77			23		
Documents	-2	15	-6	-5	3	-6	8	25	-5
Customs unimpeded	2	19	-1	-1	6	-2	15	29	3
Ready to pay	3	20	-1	0	8	-1	15	30	4
Availability	19	23	18	17	16	17	25	28	23
Release	4	25	-1	0	9	-1	19	38	4
Clear	5	26	0	0	9	-1	20	40	4

Additional information

Value of imports by declaration type

For the first time in the TRS series, the value of air cargo imports by declaration type is examined.

Traditional spending patterns of consumers are changing as the economy becomes increasingly globalised. A globalised economy affects individuals, industries including the retail sector, transport providers and manufacturers, as well as government policy.

The GFC in 2008 provided further impetus for change. In countries that were significantly impacted by the crisis, businesses have sought new opportunities. One of the areas that has grown considerably in recent years is online retail shopping, which has emerged as a credible competitor to traditional retailing. Over the past few years, the Australian dollar has also performed well against international currencies that have felt the impact of the GFC.

In 2011, the Productivity Commission released the report, '*Economic Structure and Performance of the Australian Retail Industry*'. The Commission estimates that two per cent of Australia's retail sales are from overseas online retailers. This equates to $4.2 billion and is estimated to grow in the future.

The trend toward increased Australian consumer spending online via international retailers may be becoming visible in the air cargo environment.

Between 2007 and 2010, air cargo consignments reported on a SAC increased by 45 per cent. In 2011, these volumes increased by a further 64 per cent.

Table 17 – Breakdown of SACs by value

	2010 %	2011 %
$0 to $100	69	66
$100 to $200	12	14
$200 to $300	6	6
$300 to $400	4	4
$400 to $500	2	3
$500 to $600	2	2
$600 to $700	1	2
$700 to $800	1	1
$800 to $900	1	1
$900 to $1,000	1	1

In 2011, 66 per cent of SAC consignments were for goods valued up to $100. While this is a decrease from 2010, the number of SACs with a value between $100 and $200 rose by two per cent in 2011. This growth may indicate that as consumers increase the number of online purchases made from overseas, they are also becoming more confident in purchasing goods of a higher value.

Table 18 – Breakdown of declarations by value

	2010 %	2011 %
$1,000 to $1,100	3	3
$1,100 to $1,200	2	2
$1,200 to $1,300	2	2
$1,300 to $1,400	2	2
$1,400 to $1,500	2	2
$1,500 to $2,000	8	8
$2,000 to $5,000	25	24
$5,000 to $10,000	15	15
$10,000 to $20,000	12	11
$20,000 to $30,000	5	5
$30,000 to $40,000	3	3
$40,000 to $50,000	2	2
$50,000+	11	11
Declaration under $1,000 (SAC declaration - full format)	9	9

For consignments reported on a declaration, overall air cargo volumes have increased by 68 per cent from 2007.

Table 18 shows that the proportionate value of goods reported on declarations has remained relatively stable over the last two years, despite increasing volumes. The most common commodities reported on a declaration include computers, as well as parts and accessories for computers.

Goods reported on a SAC declaration (full format) under $1,000 are commonly alcohol and tobacco products, which attract duty and taxes.

Sea and Air Cargo Results - Exports

Analysis of exports is new in 2011. In this section, reporting performance for both sea and air exports is considered.

In the 2011 TRS week, almost 23,000 export declarations (EDNs) were lodged, accounting for approximately 110,000 consignments.

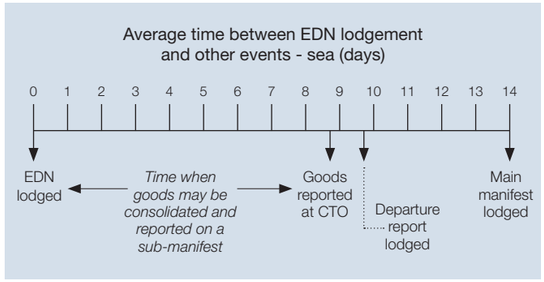
The timeframes within the sea environment are longer than those for air. This is reflective of the nature of goods that are exported by air, where smaller, low volume cargo is more easily and quickly moved.

Table 19 – Exports – average times from EDN lodgement (days)

Interval	Sea	Air
EDN lodgement to CTO receival notice	8.7	1.0
EDN lodgement to departure report	9.7	0.2
EDN lodgement to main manifest	14.0	2.1

Sea

In the 2011 TRS snapshot week, 46 per cent of EDNs lodged related to sea cargo. On average, there were approximately seven consignments reported per export declaration.

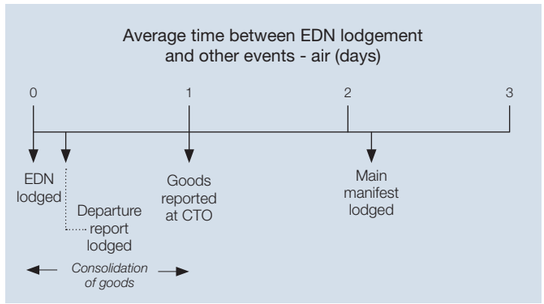


The diagram above shows the average timings for goods exported by sea. There are almost nine days between the time an EDN is lodged and when the goods are received at the CTO. This may include time for the goods to be consolidated.

Departure reports are lodged on average nearly ten days after the EDN is lodged, and the main manifest is submitted 14 days after the EDN.

Air

In the 2011 TRS snapshot week, 54 per cent of EDNs lodged related to air cargo. On average, there were approximately three consignments reported per export declaration, less than half the number for sea.



The diagram above illustrates the speed with which goods move through the air environment. Unlike sea, in air the departure report is lodged prior to the goods being received at an off airport CTO (depot).

The departure report is lodged on average within a few hours of the EDN being lodged, while goods are received at the CTO a day after the EDN. The main manifest is lodged just over two days after the EDN.

Opportunities and areas for further exploration

The results for the 2011 TRS have illuminated a number of opportunities for further exploration. These items will be incorporated within Customs and Border Protection's cargo control framework, as part of ongoing work to enhance the end-to-end cargo process.

Cargo moving underbond

This year's study identified that a substantial amount of FCL and FCX cargo departing the wharf has completed all customs formalities, yet is approved to move underbond.

Customs and Border Protection will work collaboratively with industry to understand the reasons for released cargo (FCL and FCX cargo) moving underbond, to examine whether opportunities exist to reduce underbond moves for released cargo.

Timely reporting

While document reporting (cargo report and import declaration) improved in 2011 from the previous year, the results indicate that further opportunities exist to enhance compliance with legislative reporting timeframes. Customs and Border Protection will continue to pursue measures to enhance reporting performance. This will include ongoing engagement with industry to emphasise the importance of timely reporting and the benefits it provides to both the border agencies and other participants in the supply chain.

Availability times (air)

Customs and Border Protection will work further with industry to understand the factors which contribute to increased availability times for air cargo.

Exploration for 2012 TRS

Exports

The 2011 TRS marks the first time in the series that analysis of export performance has been undertaken. It is intended the 2012 TRS will expand upon the initial export analysis conducted this year, to broaden understanding of export performance.

Cargo pathway

A further element anticipated for inclusion within the 2012 TRS is to examine sea cargo undertaking a cargo pathway involving travel through one or more ports after departing the country of origin and prior to arrival in Australia. Of particular interest is whether trade facilitation performance is impacted for cargo shipped in this way.

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	Indicates that Customs and Border Protection risk assessment, evaluation and processing is complete. Payment of duty, taxes and charges is still required and 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, 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 goods to be taken up into home consumption.

Appendix 2: Acronyms

Acronym	Definition
AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
ASEAN	Association of Southeast Asian Nations
AUD	Australian Dollar
B/B	Break Bulk
B/L	Bill of Lading
BLK	Bulk
CU	Customs Unimpeded
DAFF	Department of Agriculture, Fisheries and Forestry
FCL	Full Container Load
FCX	FCX cargo refers to containers with consignments on multiple bills of lading for one consignee
GFC	Global Financial Crisis
HAWB	House Air Waybill
HBL	House Bill of Lading
HVLV	High Volume, Low Value Cargo
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	A report to Customs that provides information on the date and time air cargo is received at a Customs place: • on discharge from an aircraft; • on being moved to that place underbond; or, • once deconsolidated (unpacked). The Air Waybill Outturn also identifies any surpluses or shortages in the cargo received.
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.
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	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. DAFF Biosecurity works in partnership with Customs and Border Protection at the border to manage quarantine, food safety and health matters.
Break-bulk cargo	Non-containerised cargo shipped as units (e.g. bundles, pallets, vehicles and drums).
Bulk cargo	Loose, unpackaged, non-containerised cargo (such as gas, grains and ores) 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 AU$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.
Container Terminal Operator	A person or organisation operating at a port or airport to load and unload cargo (in air this is referred to as a Cargo Terminal Operator).

Term	Description
Customs Broker	A person authorised in accordance with the *Customs Act 1901* 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.
Department of Agriculture, Fisheries and Forestry (DAFF) Biosecurity	DAFF Biosecurity, formerly known as the Australian Quarantine and Inspection Service (AQIS), manages quarantine controls at Australia's borders to minimise the risk of exotic pests and diseases entering the country.
Departure	Exported goods leave customs control. Occurs when the carrying vessel or aircraft leaves the port of loading.
Departure report	The pilot, Master, or owner of a ship or aircraft has to report the departure of the ship or aircraft to obtain a clearance.
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.
Export declaration	A statement made to Customs by the owner of the goods, or their agent, providing information concerning the goods and the export transaction. A declaration is required for goods valued above $2,000.
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.
Gateout	When imported cargo exits the wharf or terminal where it was imported.
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 DAFF Biosecurity 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 or flight 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 AU$1000 or more.
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.
Manifest (main)	A document issued by a shipper covering all cargo stated to be in a ship or aircraft for delivery at a particular port or airport.

Term	Description
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 DAFF Biosecurity respectively).
Outturn	The discharge and receipt 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.
Self Assessed Clearance declaration	A simplified declaration for consignments valued at less than AU$1000. There are two types of SAC declarations: • SAC declaration (full format) – used if - an exemption or other concession applies; and/or - if a permit or approval is required; and/or - duty and GST is payable because the goods include alcohol or tobacco products, the goods are part of a larger consignment and/or because of commercial reasons. • SAC declaration (short form) – used if only minimal information is required, can be used to pay duty and GST for imported goods that include alcohol and/or tobacco products.
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).
Sub-manifest	A cargo report provided by a person involved in the consolidation of cargo for exportation by a ship or aircraft which must be communicated to Customs for clearance purposes.
Time Release Study	A method designed and endorsed by the WCO for measuring border agency performance in trade facilitation.
Transhipment Cargo	Cargo that is loaded onto a ship or vessel in one country, travels to a second country where the goods are transferred to another ship or vessel before being transported to the country of destination. Transhipments may also occur when goods are moved from one plane to another, or moved between a ship and a plane.
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 2010 Time Release Study

This section acknowledges corrections and amendments to data and information within the 2010 Time Release Study.

Sea - Importer Size (page 9, 2010 TRS):

For the definition of a large importer, text reads:

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

Text should read:

Large – imported goods to a total value of AUD$20 million or more in 2010.

This was a misprint only. The correct $20 million figure was utilised as the benchmark for inclusion into this importer group, ensuring all results were accurate.

Notes for 2011

Sea – Importer size

Figures for small, medium and larger importer performance have been calculated for the 2011 TRS using a more refined and precise calculation. To enable accurate comparisons to be made in relation to year-on-year performance, this year's report includes the recalculated figures for 2010.

Air – Impeded Cargo (page 20, 2010 TRS):

The average time cargo is of interest to the border agencies has been calculated for the 2011 TRS using a more refined and precise calculation. To enable accurate comparisons to be made in relation to year-on-year performance, this year's report includes the recalculated figures for 2010.