

EXPLANATORY STATEMENT

Issued by the authority of the Comptroller-General of Customs

Customs Act 1901

Customs (Information Technology Requirements) Amendment (Self-Assessed Clearance Declaration Pilot) Determination 2024

Background

Subsection 126DA(1) of the *Customs Act 1901* (the Customs Act) provides that, after consulting with persons likely to be affected, the Comptroller-General of Customs (the Comptroller-General) must determine and cause to be published in the *Gazette* (effectively the Federal Register of Legislation):

- a) the information technology requirements that have to be met by persons who wish to communicate with the Department of Home Affairs electronically; and
- b) the information technology requirements that have to be met to satisfy a requirement that a person's signature be given to the Department of Home Affairs in connection with information when the information is communicated electronically; and
- c) the information technology requirements that have to be met to satisfy a requirement that a document be produced to the Department of Home Affairs when the document is produced electronically.

Subsection 126DA(2) allows the Comptroller-General to determine alternative information technology requirements that may be used including different information technology requirements that may be used in different circumstances or by different classes of persons.

Purpose of the Instrument

The *Customs (Information Technology Requirements) Amendment (Self-Assessed Clearance Declaration Pilot) 2024* (SAC Pilot Instrument) amends the *Customs (Information Technology Requirements) Determination 2021* to allow for the implementation of the Self-Assessed Clearance Declaration Pilot (SAC Pilot).

The SAC Pilot Instrument determines alternative information technology requirements for a specific class of persons, being select entities participating in the SAC Pilot, for a specific set of circumstance, being the conduct of the SAC Pilot.

This instrument also makes other minor amendments to the *Customs (Information Technology Requirements) Determination 2021* (the IT Determination) for the purposes of clarifying the substantive text of the instrument.

The SAC Pilot

The SAC Pilot forms part of the Foundations to Enable the Single Trade Environment Project (STE Foundations Project), which is being conducted by the Australian Border Force (ABF) in connection with the Simplified Trade System Implementation Taskforce (STS Taskforce).

The STE Foundations Project provides critical foundational elements towards modernising Australia's core trade system as part of the government's Simplified Trade System agenda.

This includes updating some of the current data interchanges between government and business, improving the Integrated Cargo System (ICS) user interfaces. The ICS is a software application that is used for import and export reporting and processing procedures in one integrated IT system. The purpose of the SAC Pilot is to test the use of myGovID to access the ICS. The STE Foundations Project will test the use of authentication and authorisation using myGovID and Relationship Authorisation Manager for industry traders to participate in a trial of a new ABF Trade Portal, where industry traders can submit a Self-Assessed Clearance (SAC) as part of the import processing requirements for goods.

The SAC Pilot is a time-limited trial of novel information technology systems. This includes a new ABF Trade Portal administered by the ABF to replace the existing Cargo Interactive facility. Cargo Interactive is the current user interface which connects internally to the Department's Common Connect Facility and the Integrated Cargo System. The Common Connect Facility and the Cargo Interactive were introduced nearly twenty years ago, and are no longer fit for purpose in a modern trade environment.

As part of the whole of Government Trade Single Window initiative, the STE Foundations Project seeks to conduct pilots with business participants who will be authenticated with re-usable whole of government identifiers via myGovID for users, and ATO Relationship Authorisation Manager (RAM) Machine Credentials for machines.

For the purposes of the SAC Pilot, these re-useable identifiers replace the use of DigiCert Gatekeeper® digital certificates for the purposes of the trial. myGovID and RAM are digital identity verification services operated by the Australian Government. They are currently governed by the Trusted Digital Identity Framework.

The SAC Pilot will serve as a proof of concept for the use of these new technologies. As such, the SAC Pilot will form part of evidence-based policy research to support trade modernisation initiatives.

Individual importers, customs brokers and nominees who have joined the trial will be required to lodge short-form self-assessed clearance declarations via a new ABF Trade Portal. The ABF Trade Portal is a new user interface which will connect internally back to the existing ICS.

Rather than registering in the Common Connect Facility, pilot participants will register in a new external client authorisation service, Home Affairs Access Manager.

The scope of the SAC Pilot is limited to situations where:

- a) an importer is importing goods with a total value of less than \$1,000;
- b) an import declaration is not required;
- c) the goods being imported are not prohibited or restricted goods;
- d) no duty or GST is payable on the goods being imported, and
- e) the goods being imported are not alcohol or tobacco products.

The amendments made by this instrument

This instrument inserts new Part 2A into the *Customs (Information Technology Requirements) Determination 2021* to determine new information technology requirements for a specific class of persons, being pilot participants, in a specific set of circumstances, being the SAC Pilot.

Section 9A

Section 9A inserts a simplified outline which gives a high-level overview of the requirements set out in new Part 2A. The purpose of the simplified outline is to assist readers to understand the substantive provisions of Part 2A.

Section 9B

Section 9B inserts new definitions used for the purposes of the SAC Pilot, including for ‘pilot participant’, ‘RAM’ and ‘Self-Assessed Clearance Declaration Pilot’.

Section 9C

Section 9C specifies that the information technology requirements determined by Part 2A only apply to a pilot participant who is lodging a ‘short-form’ self-assessed clearance declaration. ‘Pilot participant’ is defined in section 9B to mean ‘an importer, customs broker, nominee or other person or entity who has joined the Self-Assessed Clearance Declaration Pilot’, being the class of person to which Part 2 applies.

At the time of amendment, the required information fields for a ‘short’ form self-assessed clearance declarations are the fields approved in the *Comptroller-General of Customs Instrument of Approval 2018 (SAC (SHORT FORM))* (‘Short-Form SAC Approval’). The Short-Form SAC Approval can be accessed on the ABF website www.abf.gov.au.

The Short-Form SAC Approval

The Short-Form SAC Approval is an administrative instrument made by the Comptroller-General of Customs under subsection 4A(1A) for the purposes of section 71AAAF of the Customs Act. Section 71AAAF allows the owner of specified low-value goods, or a person acting on behalf of the owner of specified low-value goods, to communicate a self-assessed clearance declaration under section 71 of the Customs Act.

Section 71AAAD defines ‘specified low value goods’ as goods of a kind referred to in paragraph 68(1)(e), (f) or (i), being:

- a) goods, other than prescribed goods:
 - i. that are included in a consignment consigned through the Post Office by one person to another; and
 - ii. that have a value not exceeding \$1,000 or such other amount as is prescribed;
- b) goods, other than prescribed goods:
 - i. that are included in a consignment consigned otherwise than by post by one person to another; and
 - ii. that are all transported to Australia in the same ship or aircraft; and
 - iii. that have a value not exceeding \$250 or such other amount as is prescribed; and

- c) goods that, under the regulations, are exempted from this section, either absolutely or on such terms and conditions as are specified in the regulations.

Sections 25 and 26 of the *Customs Regulation 2015* have the effect that the value prescribed for the purposes of paragraphs 61(1)(f) and (i) is \$1,000.

Section 71 of the Customs Act relates to the granting of authority to deal with goods not required to be entered into Australia. Subsection 71(1) states that a person to whom section 71AAAF applies must give information to the Department. As such, for the purposes of the SAC Pilot, pilot participants will only be able to use the ABF Trade Portal to lodge a self-assessed clearance declaration for goods with a value of under \$1,000 and otherwise within the confines of the Short-Form SAC Approval, which does not allow for the importation of goods where that importation requires an import declaration, goods incurring GST or other duties, or the importation of alcohol and tobacco.

Section 9D

Section 9D creates a set of preconditions that pilot participants must satisfy in the process of lodging a short-form SAC for the purposes of the trial. It requires pilot participants to:

- a) use an appropriately supported internet browser,
- b) communicate data into the ABF Trade Portal using hypertext-transfer protocol secure (HTTPS),
- c) be registered in the new external client authorisation service, Home Affairs Access Manager, and
- d) be registered in the ICS.

Section 9E

Section 9E sets out requirements for how persons communicating on behalf of a pilot participant must authenticate themselves. Section 9E requires these persons to verify their identity using myGovID and then be linked to the Australian Business Number of the pilot participant in RAM. Section 9E incorporates by reference the Trusted Digital Identity Framework as published at the time this instrument commenced. The Trusted Digital Identity Framework can be found on the Digital ID website: <https://www.digitalidentity.gov.au>. At the time of the making of this instrument, myGovID and RAM are the only Australian Government-accredited digital identity, digital credential and attribute providers under the Trusted Digital Identity Framework.

Minor textual amendments

Section 4 -Definitions

This amendment instrument inserts two new definitions into section 4.

It defines 'ICS' to mean the Integrated Cargo System. This term was not defined in the *Customs (Information Technology Requirements) Determination 2021*. Inserting this definition rectifies a minor drafting error. This instrument also consequentially amends subparagraph 11(b)(ii) to use the acronym 'ICS' for consistency.

Consultation

Subsection 126DA(1) of the Customs Act required the Comptroller-General to consult with persons likely to be affected by a determination of information technology requirements to electronically communicate with the Department. The ABF presented an overview of the pilot to industry members via industry engagement forums such as the Trade Facilitation Initiates Working Group and the Trade Technology Working Group in April 2023, August 2023 and April 2024. Members of the National Committee on Trade Facilitation (NCTF) were also provided with an overview of the SAC Pilot in early June 2024. The initiative was well received across all forums.

Participation in the pilot is voluntary and time limited. Potential industry participants have been contacted for expressions of interest and will be provided support for the duration of the SAC Pilot. The pilot findings will provide the ABF with further consultation to inform future technology changes.

Commencement

This instrument commences on the later of either the day after this instrument is registered or 12 June 2024.