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INTEGRATED CARGO SYSTEM - IMPLEMENTATION

At 2am AEST 12 October 2005, the Australian Customs Service (Customs) will complete a major milestone of the Cargo Management Re-engineering (CMR) project with the “cutover” from the legacy import systems to the Integrated Cargo System (ICS).

While Customs and industry software providers have been actively developing the final systems solution, an alarming statistic remains that only 52% of businesses registered for use of the legacy systems have obtained digital certificates and have registered for the ICS.

It is imperative that businesses avail themselves of reference material from Customs, Australian Quarantine Inspection Service (AQIS), peak industry associations and software developers’ web sites to support their implementation strategy.

It is also highly recommended that businesses register for a free weekly newsletter service offered by Customs to stay at the cutting edge of emerging issues as the countdown commences to the cutover – refer to <http://www.customs.gov.au/site/page.cfm?u=5487>

The following is provided to give readers an insight into recent pertinent developments and to provide businesses with some thoughts about “getting to the starting line” for ICS implementation.

TRANSITION – JULY TO OCTOBER 2005

Businesses must now commence preparations for the October 2005 “cutover” from the legacy systems to the Integrated Cargo Systems (ICS).

The transitional arrangements, from the Australian Customs Service (Customs) import legacy systems (COMPILE / EDIFICE, Air Cargo Automation and Sea Cargo Automation) to the Integrated Cargo Systems (ICS), are complex due to a range of legal, technical and operational implications.

Customs have successfully met a key provision of the *Customs Legislation Amendment and Repeal (International Trade Modernisation) Act 2001* stipulating that the ICS “go live” on 19 July 2005.

In an operational sense, the fact that the ICS is now live has not had an immediate impact on end users of Customs systems. The time of reckoning will arrive in the lead-up to the “cutover” from the legacy systems to the ICS. The most significant impact of the 19 July date is that many elements of the International Trade Modernisation (ITM) legislation became operative from that date. Businesses are reminded about the need to meet associated revised statutory reporting requirements and the fact that Customs now have compliance management measures including access to the new infringement notice scheme.

Customs have extended the official administrative moratorium period (where applicable) until 12 April 2006 to give industry a full 6 month period to adjust to revised systems and processes after cutover to the ICS. Businesses should refer to the current Customs policy on the moratorium relating to strict liability import offences as outlined in Australian Customs Notice no 2005/34 – refer <http://www.customs.gov.au/site/page.cfm?u=4387>

The ITM legislation stipulates that a transitional period (up to 40 days) will exist between “go live” and “cutover” dates. Having stated that, following a series of meetings between government and industry representatives, it was agreed that more time was required to allow all stakeholders to complete final systems development, testing, deployment and training.

Accordingly, the Minister for Customs and Justice, the Hon Chris Ellison, recently announced that the “cutover” to the Integrated Cargo Systems (ICS) will take place at 2am (AEST) on 12 October 2005.

As this date is outside the prescribed 40 day transitional period, the related ITM legislation pertaining to transitional arrangements will require amendment during the Spring 2005 sitting of parliament. It is anticipated that this will be a formality and will be passed as a “non-controversial” bill.

In the lead up to, and post, the cutover date, both legacy and ICS systems will be available in parallel. The fundamental rules of use are :

- all statutory reporting and declarations for cargo on board a vessel or aircraft expected to arrive at its first Australian port or airport **before** 2am (AEST) on 12 October 2005, must be completed through the legacy systems
- all statutory reporting and declarations for cargo on board a vessel or aircraft expected to arrive at its first Australian port or airport **after** 2am (AEST) on 12 October 2005 must be completed through the ICS

To support this process, software providers are providing functionality to facilitate parallel processing. The shipping industry is also working with Customs to develop listings of vessels reported prior or post cutover.

The legacy systems will be turned off on 21 November 2005, being the legislated 40 day period post cutover. Any processing required after this time for cargo reported on the legacy systems (e.g. refunds) will have to be managed through a manual process.

HOW TO GET YOUR BUSINESS TO THE STARTING LINE

TECHNICAL ASSESSMENT

By this point in time, most businesses have completed their ICS technical assessment as to communication needs and have given consideration to the use of the Customs developed web based application (Customs Interactive), third party “bureau services” and / or an Electronic Data Interchange (EDI) software solution to support statutory reporting requirements.

In most cases, it is likely that shipping lines, terminal operators, freight forwarders and Customs brokers will utilise similar technical solutions for imports as established for the exports release of the ICS that was introduced in October 2004. Having stated that, it is likely that many importers, and Depot operators licenced in accordance with Section 77G of the Customs Act (not involved in the consolidation of prescribed goods for exports) may be registering to use the ICS for the first time and will have to identify appropriate technical solutions.

The use of digital certificates is mandatory in communicating to the ICS. Customs have developed extensive background material in relation to digital certificates which can be accessed at <http://www.customs.gov.au/site/page.cfm?u=4930>. At this site, Customs have provided a “ready reckoner” tool to support businesses in gaining an appreciation of the quantity and types of certificates required.

DIGITAL CERTIFICATES

Obtaining an Authorised Officer digital certificate must be an immediate priority for all businesses to communicate direct to the ICS.

To communicate with Customs, businesses must purchase the required digital certificate(s) from VeriSign : www.verisign.com.au/gatekeeper/customs/

Allow at least four weeks to complete the process of setting up an ABN Digital Signing Certificate (ABN-DSC) account and obtaining your Authorised Officer ABN-DSC as it requires considerable interaction / transfer of data (electronic and hard copy) between the user and the certificate supplier.

Accordingly, it is recommended that your ABN-DSC Account and Authorised Officer digital certificate be obtained during **August 2005**.

Step 1: Apply for an ABN DSC Account

- ✓ Enrol online
- ✓ Provide evidence of identity for your organisation
- ✓ Sign ABN DSC Subscriber Agreement
- ✓ VeriSign activates your ABN DSC Account

Step 2: Apply for an Authorised Officer ABN DSC

- ✓ Enrol online
- ✓ AO must complete personal ID check at Australia Post outlet
- ✓ Personal identification documents – 100 points
- ✓ Australia Post notifies VeriSign of approval
- ✓ VeriSign issues certificates (signing and encryption)

Step 3: Download Certificate

- ✓ Gatekeeper Root and Auxiliary Root Certificates
- ✓ Authorised Officer ABN DSC Certificate

Important points to note:

- ✓ Must download within 30 days of issuance
- ✓ Must download certificates on same PC
- ✓ Check certificates are installed
- ✓ Backup certificate

Once this is complete, it is a relatively simple process to obtain additional certificates.

Most businesses will require multiple ABN-DSC Digital Certificates for staff who require access to the Customs Interactive facility (to complete client registration processes, using TAPIN new, completing online declarations / cargo reports or accessing online diagnostics – similar to COMPILE option 16) and also a Type 3 Server Certificate to support communications (for multiple users) via their EDI software application.

It is important to note that not each staff member requiring an ABN-DSC has to have an Authorised Officer ABN-DSC. Most certificates used by staff can be a standard ABN-DSC. These are less expensive and easier to obtain than an Authorised Officer ABN-DSC.

It is recommended that businesses contact their software developer prior to purchasing their Type 3 Server Certificates. Developers can provide advice on the types of certificates required and more importantly, the email address that businesses should use on the digital certificate.

For Custom brokerages, the Authorised Officer requesting a Type 3 server certificate (linked to the application of this certificate) must be a licensed Customs broker. Exporters, importers and other businesses communicating direct to the ICS will also require digital certificates, however, they will not be required to be a licensed Customs broker.

It is highly recommended that existing Authorised Officers take advantage of a new (complimentary) web-based application to help manage ABN-DSC and Type 3 Server Certificates. "Gatekeeper Account Management" provides the following features:

- A simple online process allowing the Authorised Officer to obtain Standard ABN-DSCs (for other employees without having to complete an external EOI check) and Device Type 3 Certificates.
- Track your organisation's certificate usage.
- Ability to search for a certificate application.

Access to Gatekeeper Account Management is only available to businesses who hold a valid Authorised Officer ABN-DSC certificate. The certificate must be properly installed in your web browser. If your certificate cannot be presented to the website, an error will occur and no access will be provided.

Access Gatekeeper Account Management at <https://mygatekeeper.verisign.com.au/account/>

CERTIFICATE MANAGEMENT

The following are a few key points in relation to certificate management.

When does a certificate need to be revoked ?

- ✓ Computer or token is stolen
- ✓ Someone else has gained access to your certificate
- ✓ When an employee leaves an organisation
- ✓ Certificate is corrupted

How is a certificate revoked ?

- ✓ Online by the certificate holder using his/her challenge phrase
<http://www.verisign.com.au/gatekeeper/customs/management.shtml>
- ✓ Digitally signed email from Authorised Officer

How is a digital certificate replaced ?

- ✓ Apply online
- ✓ Free if replaced within 30 days of issuance

Authorised Officer ABN-DSC

- ✓ VeriSign can process application if replaced within 30 days
- ✓ Personal ID document required

Standard ABN DSC

- ✓ Same process applies

For further information about application and use of digital certificates, please contact :

VeriSign Customer Support

Phone: +613 9674 5500

Fax: +613 9674 5574

Email: gk-validation@verisign.com.au

REGISTERING IN ICS (IMPORTS)

It is essential for businesses to contact software providers to ensure that accurate details are registered with Customs in accordance with site specific configurations.

Customs are currently working with all software developers to co-ordinate information for businesses to be able to complete the registration process.

It is highly recommended that businesses obtain a copy of the "Preparing for Imports" booklet available from Customs on the CD titled "CARGO MANAGEMENT RE-ENGINEERING Import Information". This booklet provides detailed reference material to support businesses through the process of registering in the Customs Connect Facility (CCF), electronic registration in the ICS and completion of manual registration requirements (including establishment of branches, association of a nominee broker to a brokerage, branch identifiers / AQIS client registration requirements and payment processes).

A separate CD has also been recently produced by Customs titled "COMMON USE SIGNING – INTERFACE CSI INSTALLER" containing software required to access the Customs Interactive and being compatible with the latest versions of

JAVA. This CD also provides excellent tutorials outlining the 2 different methods of exporting digital certificates from Internet Explorer and converting them to a transportable format. This will allow you to move the certificates to a different machine if you are using the CSI on a machine other than the one on which you first downloaded the certificates from Verisign. It is recommended that businesses export digital certificates and copy them to a CD immediately upon downloading them. This will give you a secure backup in the event of loss or damage.

To obtain a free copy of either of the Customs CDs, please email the following details to icsbus@customs.gov.au :

- a contact name
- your company name
- your ABN (if applicable)
- your physical address
- a contact telephone number
- the number of copies of the CD you need.

REGISTERING IMPORTERS AND SUPPLIERS

Customs clients (including importers and suppliers) will also need to be registered in the ICS and be issued with a Customs Client Identifier (CCID) before transactions can be processed.

If a client has an Australian Business Number (ABN), then the ABN will become their unique CCID. Where a client does not have an ABN the ICS will create a unique CCID.

To assist industry with the transition, Customs has registered approximately 126,000 ABNs and approximately 330,000 non-ABN clients in the ICS – to view the reference table of registered clients, please refer to <http://www.customs.gov.au/site/page.cfm?u=4916>

AQIS CO-REGULATION, ACCREDITATION

Extra steps are required for all businesses that operate Compliance Agreements for any of the following AQIS schemes:

- Containerised Cargo Clearance (CCC) for FCL/X
- Automatic Entry Processing (AEP) for FCL
- LCL Packing
- AEP for Commodities
- Electronic Clearance (EC) of Imported New Tyres
- EC for Imported Timber and Timber Products

All businesses are now required to notify AQIS of how they want to link their Import Clearance System Branch Identifiers to their AQIS Compliance Agreement numbers.

AQIS has recently released Import Clearance Compliance Agreement Notice (ICCAN) number 2005/14 with an accompanying notification form. It is recommended that businesses refer to this latest ICCAN in conjunction with two previously issued on this subject:

1. Notice to Businesses Registered under a Brokerage Compliance Agreement Scheme intending to establish Multiple Branch Identifiers, or Share Branches in Lodging Import Declarations to the ICS (ICCAN 2005/01)
2. AQIS Compliance Agreement Numbers and Branch Numbers (ICCAN 2005/11)

These ICCANs are located on the AQIS website at <http://www.aqis.gov.au/iccan>

EFT PAYMENTS

To use the ICS EFT facility for payments, bank account details must be recorded in the client registration record. Existing bank-account details cannot be transferred from COMPILE to the ICS because additional information is required. Clients will need to provide Customs with new authorities, referred to as Direct Debit Request (DDR) forms, for each bank account to be used for ICS EFT payments. Only Customs is able to add or amend bank account details for a client.

What does this mean? Businesses or individuals that have provided bank account details and/or authorisations to Customs previously will need to complete new forms and provide these to Customs. A new Direct Debit Request form that authorises Customs to debit a bank account must be completed and returned to Customs **no later than 12 September 2005** to ensure the bank account will be available for use in the ICS.

Direct Debit Request forms and EFT Client Authorisations forms

Final Cut-off is 12 September 2005

**But do not wait until the last few days to get the forms to Customs!
Processing times cannot be guaranteed if there are a large number of
forms received in early September.**

Brokers/importers will not be able to use EFT to pay import declarations in the ICS if bank accounts details are not registered. Forms received after the cut-off date may not be able to be input until after cutover to the ICS.

Who will need to provide bank account details? Any business or individual who elects to pay Customs using the ICS EFT facility will need to provide bank account details. This will include importers and Customs Brokers. Where Customs remits funds to clients (such as for drawback or refund claimants), those bank accounts do not need to be pre-recorded in the ICS.

Where a Customs broker reports on behalf of an importer, and the importer's bank account will be used for EFT payments, two forms will be required; the Direct Debit Request form as well as a form authorising the brokerage to use the client's bank account - the ICS EFT Client Authorisation form. When an importer allows a brokerage to nominate their bank account on import declarations lodged on their behalf, authorisation is required. This authorisation can be provided at the Customs broker (ABN) level or against a particular branch within the Customs broker's operation.

What information is required?

Importers and Customs brokers will need to provide the following information to Customs for each bank account being nominated for ICS EFT payments:

- Client identifier (ABN or CCID) and name
- BSB
- Bank account number
- Bank account name
- Default bank account (If more than one bank account exists, a default bank account needs to be identified. This default account will allow payments to be made by EFT without quoting a bank account number in the payment message.)
- A daily account limit for each bank account. This is a start and end date which sets a defined period for the account to be used (it can be open ended)
- Bank account linkages to a specified branch (where the account is to be limited to a particular branch). An original Direct Debit Request form is required for each bank account. Where an importer is giving a brokerage authorisation to quote bank account details on declarations entered on their behalf, the owner of the bank account will also need to provide Customs with an authority identifying the brokerage. An original ICS EFT Client Authorisation form will need to be completed, including the following details:
 - Brokerage client identifier (ABN or CCID)
 - Brokerage branch identifier (if the account use is to be limited to a specific branch)
 - Daily account limit for this authorisation - an authority to allow a brokerage to quote the importer's account on declarations entered on their behalf.

The following EFT related forms are available at
<http://www.customs.gov.au/site/page.cfm?u=4533> :

- B320 Direct debit request - for Integrated Cargo System (ICS) only
- B322 ICS electronic funds transfer (EFT) client authorisation

GST AUTHORISATIONS

One of the features of the Integrated Cargo System (ICS) will be "free" online access to the GST Deferral Report via the Customs Interactive facility.

This report replaces the "\$66 report" offered by Customs in the legacy environment.

To take advantage of this new functionality upon implementation of the ICS, Customs require an authority from the importer, on company letterhead, advising that they authorise Customs to provide {Name of Customs broker & Customs brokerage ABN} access to their GST deferral report for ALL of their import declarations until (date to be specified) or until such time advised otherwise.

These authorities should be forwarded to:

**User Support, Cargo Systems
Australian Customs Service
Customs House
5 Constitution Ave
Canberra City ACT 2601**