

## Attachment 6

### AICCC Strategic Direction & Future Arrangements AICCC Meeting No 45 December 2006

#### **OUTCOME SOUGHT: Discussion / Decision**

#### **BACKGROUND**

In line with agreed principles, a review of the Strategic Plan was undertaken at AICCC44 (08/2005). The terms of reference, the purpose of the AICCC and composition of the IWGQ / AICCC consultative framework were discussed and agreed as remaining valid and relevant. Additionally, the validity of the functions and ongoing role of the Liaison Office / Secretariat were confirmed. This paper sets out the agreed position on issues relevant to the future functions and modus operandi of the AICCC consultative and business processes.

#### **Underpinning the Strategic Plan is the agreed purpose of the AICCC as follows:**

It is the responsibility of the Australian Quarantine and Inspection Service, in the national interest, to maintain effective and efficient quarantine systems. Because of its close involvement with the physical movement of cargo and associated documentary requirements, the Australian Logistics Industry and Importing Industry (hereafter referred to as the "Industry") have an important role to play in achieving the objectives of quarantine control.

While it is acknowledged that AQIS is ultimately responsible for ensuring quarantine integrity, both Industry and AQIS recognise that quarantine is best managed in a partnership with all stakeholders accepting responsibilities to ensure appropriate quarantine protection for the benefit of all Australians.

The AQIS Industry Cargo Consultative Committee (AICCC) is the principal advisory forum for AQIS and Industry to consult on all issues arising from the management of Australia's Import Clearance and Seaport quarantine strategies.

The objective of the AICCC is to provide AQIS and industry with an effective consultative forum directed, inter alia, at enabling AQIS to improve the effectiveness and efficiency of quarantine controls. The AICCC also aims to coordinate activities to avoid duplication and to facilitate the smooth and seamless flow of vessels, cargo and goods through Australian ports.

In carrying out its functions, as outlined in its terms of reference, the AICCC will at all times be consultative, facilitatory, objective, transparent, outcomes-oriented and participative.

#### ***Attachment 1: The Terms of Reference***

#### **Key Considerations for goals and purposes of the AICCC:**

**Co-Regulation** – Major AQIS / Industry initiatives require transparent processes and selection criteria for projects including compliance with the AQIS Operational Framework, priority allocation, planning, implementation, accreditation training, administration, reporting and monitoring, etc.

**AICCC44 reviewed and considered the following:**

Industry has expended considerable funds in the research and development of projects designed to deliver mutually beneficial outcomes for AQIS and Industry. Industry, in conjunction with AQIS, has also developed and delivered accreditation training to facilitate the “Informed Compliance” concept.

Successful projects, being the Accreditation Schemes for Brokers (BAS), Quarantine Approved Premises (QAP), Empty Container Scheme (MTS), External Containers (ECS) have delivered efficiencies and positive outcomes. However, others such as the Imported Food, Express Couriers, Cargo Terminal Operators (CTO) and High Volume Specialist Operators (HVSO) have been “on the agenda” for extended periods of time. These projects are still valid and it was suggested that some consideration be given to their future.

Whilst Industry had, in the past, provided consultants to perform evaluation of prospective projects, the current funding issue required that process to be reviewed.

**AICCC44 agreed**

Co-regulation continues to be a major platform for the AQIS - Industry partnership as well as being a major part of trade facilitation, which is a major function of the AICCC. AQIS Governance and auditing arrangements, which are in the process of being reviewed, will provide the future mechanism for reviews and monitoring, selection of projects, priorities, resource implications, funding and accreditation training, etc. Funding of current and future projects was proposed as a major issue to be addressed once the Industry Project Fund issues are resolved. A paper to be presented at AICCC45 will provide a stock take of projects, and a starting point for consideration of future projects and activities

**Financial Issues** – Charging Review Committee function, Debt Management Reporting procedures, Budgets

**AICCC44 reviewed and considered the following:**

The role of the Charging Review Committee, established in 1998 to deal with all revenue issues and which has operated since then on all fee reviews, meeting on an “as needs basis”. As the role of industry in the Cost Recovery Impact Statement (CRIS) process is important, it is helpful to ensure that the informal and formal consultative arrangements are transparent. The role of the Finance Steering Committee, established in January 2003, which meets on few occasions, and deals with strategic issues, budgets etc. It may be helpful to establish a reporting and meeting routine to be followed as part of the internal governance arrangements. Financial issues are dealt with as routine items at each AICCC meeting and through “out-of-session” reporting.

**AICCC44 agreed:**

Financial issues remain a major part of the AICCC's role and in line with recommendations of the Productivity Commission Report No. 15 2001.

There is continuing relevance and purpose for the Finance Steering Committee and the Charging Review Committee to ensure that cost recovery within identified activity areas, overhead allocation and validity, cost recovery mechanisms, minimising cross subsidisation, financial reporting, and cost efficiencies remain a major goal of the AICCC.

It was noted that the two programmes' budget was \$115million in 2006/7.

Some specifically agreed issues were that a formal review of AQIS's cost recovery processes should to be undertaken to comply with Department of Finance requirements by way of the Charging Review Committee meeting formally to go through the programme's financial and cost recovery details as a formal part of the cost recovery review.

It was also agreed that the financial reporting be reviewed out of session by AQIS and the secretariat.

**IT Developments** – Industry Involvement / Consultation in projects, Specialist advice through Industry IT managers, Participation in Strategic IT Planning Processes

**AICCC44 reviewed and considered the following:**

AQIS was in the process of considering the future of its IT systems post-CMR and some fundamental decisions needed to be made which, in view of the extensive interface requirements, would involve industry as a major consultation point. This was a high level process that would extend over some years to come and some formalisation of the consultative arrangements should be agreed to ensure the requisite industry expertise, including software providers, was locked in. A range of other specific AQIS IT issues such as revenue re-engineering, ICON, PATS, AEP etc. all required close consultation to ensure acceptable outcomes, which are being channelled through the AICCC secretariat.

**AICCC44 agreed:**

IT Developments continue to be an integral and essential part of AICCC considerations and noted that there had been considerable input from Industry in this area on a range of AQIS projects such as CMR, PATS, ICON and AEP etc. It noted that AQIS was in the process of considering the future of its IT enterprise architecture and systems and that some fundamental decisions needed to be made which would involve Industry as an essential and major consultation point. It was agreed that this matter was a major organisational initiative, investment and priority for AQIS over the next 5 -10 years and that there were significant benefits both to AQIS and Industry in these developments. IT Developments are major discussion items for AICCC45 and issues for inclusion in the Strategic Plan will be determined.

**Communications** – Interaction between AQIS, Industry members and AICCC secretariat. Use of websites, e-mail, CDs, public forums, road shows, and specific communication requirements – reporting and feedback mechanisms

AICCC44 reviewed and considered the following:

- The role of the AICCC as the primary conduit of information / consultation between AQIS and Industry.
- The AICCC secretariat communication with IWGQ member organisations, other Industry parties and AQIS on a national and regional level.
- The secretariat providing a central conduit for the exchange of information, discussions on issues and the like.

Some additional dissemination and exchange of information involving the wider Industry membership and AQIS was being achieved via the following methodology:

**E-Bulletins:** The monthly e-Bulletin provides information of topical interest and lists all industry notices that have been issued in the relevant month.

**Communications Matrix – Industry:** This matrix documents the information distribution and capture, it is continually updated to take into account changes in the distribution methodology, and new parties and networks used to distribute the e-bulletin, industry notices, ICON alerts and other information on relevance to Industry.

**Industry Participation in AQIS Meetings:** Industry participation provides valuable opportunities for frank exchange of ideas and opinions as well as an understanding of each other's positions in a range of areas.

**Exchange of Staff:** This issue required some identification of areas that could benefit from participation in this initiative.

**Issues and Project Register – Tracking:** This is an integral component of the Communication Strategy a part of the routine AICCC reporting procedures at AICCC meetings and “out-of session” information exchange.

With the issue of the Industry Project Fund availability not being resolved continued involvement in the production of CDs and web based information and education packages needs to be addressed. Equally the AICCC has, in the past, financed road-shows and Public Forums in which Industry and AQIS participated, designed to provide opportunities for interactive consultation with IWGQ members' constituents. In the absence of funding these initiatives will either need to be discontinued or be part of AQIS's core business.

#### **AICCC44 agreed**

All the current communication methodologies and processes remain relevant and part of the strategic plan. It noted that bi-annual Industry road-shows should be reintroduced to encourage regional and national interaction of AQIS and Industry staff. It was also agreed to consider AICCC meetings in other states in conjunction with Industry forums.

It noted that Industry staff exchange may be more difficult to achieve in view of increased Government / Industry issues such as transport security etc. taking up considerable employee time, however AQIS staff placements with Industry should be a short term initiative. It was agreed that AQIS PR be made aware of the significant information developed by the IWGQ aimed at all parties in the continuum to encourage compliance.

**Program Delivery / Evaluation & Operational Issues** – Cost efficiencies of programme functions, effectiveness of procedures /operations, input to changes and strategies, improvements and consistency

**AICCC reviewed and considered the following:**

Close working relationships between AQIS and Industry on a range of specific projects are generally facilitated through the secretariat. Typically small informal working groups are convened by the secretariat to attend to specific activities such as reviews (GAS, Machinery, Low Risk Wooden Articles), operational issues (ECIR, QAP), efficiencies (National Resource Model) and administrative issues (Consolidation of Export establishments). It may be helpful to gauge the effectiveness of these arrangements with a view to including other issues such as quality and consistency of service delivery etc. In general terms Industry and AQIS consult closely on regional and national levels on the issues under reference.

#### **AICCC44 agreed**

These issues remain part of the strategic plan and that current arrangements should continue. It noted that the AQIS initiative to establish a Verification Unit would provide additional avenues for close cooperation between the parties

#### **AQIS / Industry Interface –**

**Structure:** Role of the IWGQ as part of the consultative mechanism, Sub-committee arrangements.

**Membership:** Validation of membership, Recognition and deployment of skills in sub-Committees / working groups.

**Procedural Issues:** Timing and frequency of meetings, “Out of session” consideration of matters, Agenda Structure – major discussion items.

#### **AICCC44 reviewed and considered the following:**

The IWGQ terms of reference, from which the Industry membership of AICCC is drawn, provides rights for all relevant Industry groups to become members. To maintain a manageable committee structure each component of the logistics / importing chain had one representative on the AICCC. The IWGQ has a number of sub-committees covering: professional development, training and awareness, co-regulation, IT and special projects. The chairs of these committees together with the IWGQ chair form the Executive Committee which incorporates the Finance Committee.

The current meeting schedule and timing of the AICCC is scheduled to allow the Committee to consider financial matters such as budgets, cost recovery measures, financial outcomes, mid-term charging reviews etc. Many of the Committee’s considerations and reporting functions are carried out “off line” through the secretariat.

From an AICCC perspective, it may be helpful to assess whether the current consultative arrangements, sub-committee structure etc. deliver expected outcomes and what improvements could be made.

The membership should also be validated as to whether or not it covers the major aspects / activities / clients of the Import Clearance and Seaports programmes. Import sub-programmes such as the Biological and Imported Foods Units operate separate technical and operational committees. Other sub-programmes such as Animal Imports, and Grain Seed and Nursery Stock, may require some considerations such as membership of the IWGQ to cover the consultative loop.

#### **AICCC44 agreed**

The current membership composition as well as the structure and skills of subcommittees, maintained a manageable committee structure that represents each section of the activities covered by the two programmes. It noted that the IWGQ terms of reference and structure provided for other interested parties to be represented in the consultative arrangements. It was agreed that some work be undertaken to ensure that all issues were sufficiently covered by the committee representation. It was suggested that specific task forces, engaging non IWGQ members, rather than sub-committees could be used for these purposes. It was noted that membership / observer status of the ACS may need to be considered in the light of the level of cooperation between the two agencies.

### **Secretariat /Liaison Office – Role, Functions / Communication and Responsibilities**

#### **AICCC44 reviewed and considered the following:**

The Terms of Reference, current terms, staffing and functions of the Secretariat/ Liaison Office. It was the role of the office to provide consultative and advisory functions for both, AQIS's and Industry's national objectives as well as providing all services and functionalities necessary to deal with any issues.

#### **AICCC44 agreed**

The current arrangements, terms of reference and administrative arrangements remained valid, convenient, effective and assisted in maintaining a focussed AQIS/Industry relationship whilst not impeding direct contact between parties. It agreed that the arrangements should be maintained as part of the strategic plan and it was also suggested that consideration be given to succession planning to ensure continuity of skills and staffing.

It is recommended that the AICCC strategic plan be part of the Import Clearance and Seaport's Programmes Business Planning consideration and that the secretariat prepare a listing of any specific Industry issues and projects for the year 2007/8 to be conveyed to AQIS by February 2007.

### **RECOMMENDATION**

That members note the above.

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Attachment 1: Terms of Reference

Attachment2: Nairn Review principles for AQIS programs' directions

## **AQIS-INDUSTRY CARGO CONSULTATIVE COMMITTEE**

The AQIS Industry Cargo Consultative Committee (AICCC) is the principal advisory forum for AQIS and the cargo handling and importing industry to consult on all issues arising from the management of Australia's Import Clearance and Seaport quarantine strategy

The objective of the AICCC is to provide AQIS and industry with a consultative forum directed, inter alia, at enabling AQIS to improve the effectiveness and efficiency of the pre-border, border and post-border quarantine controls and wherever possible coordinate the functions of the concerned parties to avoid duplication and facilitate the smooth and seamless flow of vessels through ports and cargo / goods through Australian sea and airports.

### **The AICCC will:**

- act as the peak industry consultative group between AQIS and the cargo handling/importing industry on all operational, policy, efficiency and strategic issues;
- consider and provide comment to AQIS on matters relevant to the cargo handling/importing industry;
- ensure that it acts as an effective conduit for information exchange between the cargo handling/importing industry and AQIS.

### **The committee will provide comment on:**

- strategic directions for AQIS's Import Clearance and Seaport Programs relevant to the cargo handling/importing industry;
- significant proposed changes to policy and operational procedures;
- program budgets, cost recovery mechanisms and charging levels;
- key program performance issues such as efficiencies and effectiveness indicators.

### **Membership**

The industry interests in AICCC are represented through the IWGQ. Membership of the IWGQ is open to all stakeholders through their national associations.

- AQIS (Cargo Management Group – Import Clearance and Seaports)
- Industry Working Group on Quarantine (IWGQ)
  - Regional Cargo Facilitation Committees/Councils
  - Shipping Lines
  - Stevedoring/Container Terminal and Depot Operators
  - Customs Brokers

- Air/Sea Freight Forwarders
- Importers/Cargo Owners
- Airlines/Cargo Terminal Operators
- Air Express Operators/Couriers

Meeting details: The AICCC meets three times per year.

The Australian Quarantine Review (1996), commonly referred to as the Nairn Review, considered that the following principles should guide the direction and objectives of AQIS programs:

- programs should be national in approach;
- objectives, formulation of policy and delivery within and between programs should be consistent;
- programs should be effectively co-ordinated to ensure objectives are met;
- programs should be transparent;
- effective consultation and communication are necessary to ensure community awareness and ownership of programs; and
- programs should reflect Australia's national and international obligations.

It went on to state:

*'With joint ownership and involvement comes joint responsibility. Governments, industry and the general public have a shared responsibility to ensure that human, animal and plant health and quarantine protection meets the realistic expectations of the community through coordinated and effective programs. There is also a requirement to abide by the agreed rules, both national and international, governing such activities. Destructive public criticism does little to sustain the confidence of domestic consumers or of governments and consumers in Australia's export markets'.*