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CEO

Peter is an internationally recognised customs broker and the CEO and founder of Platinum Freight Management, a leading independent national customs brokering and freight forwarding company, which he launched in 2000. He is certified as an Australian and New Zealand Customs Broker and a US and Canadian Customs and Trade Compliance Specialist. Peter is a senior lecturer in customs law and administration and holds a Master of International Customs Law and Administration as well as a Master of International Revenue Administration. Platinum has offices across Australia and New Zealand.

#### About Platinum Freight Management

Platinum Freight operates seven days a week with extended hours, customs-clearing cargo that enters and exits Australian ports and terminals through both the Australian Customs and Border Protection Service (ACBPS) and the Department of Agriculture, Fisheries and Forestry. The customs-clearance formalities include processing air cargo, sea-freight cargo, parcel-post shipments and passengers carrying stock or equipment. Platinum Freight has offices in all states and territories and services clients that range from individuals to small and medium businesses and large companies. The ACBPS has rated Platinum Freight as "highly compliant".

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## A fluctuating dollar: import/export health checks

The changing value of the Australian dollar can leave importers in the retail sector at a loss but, equally, it can represent an opportunity for exporters if they know how to make the most of it.

Understanding customs laws and the customs process is an area where retailers can claw back even a small positive from what is inherently a difficult operating landscape.

Let's look at opportunities through a few lenses:

### Free trade agreements save the buyer money

Here the opportunity for retailers is in adding value for clients. If you're an exporter, it's a chance to shape your opportunity.

The exporter has an entirely different perspective on the lowering Aussie dollar, and a unique, little-known opportunity, too.

Exporters are the winners with the lowering Aussie dollar. They have become more attractive to the global marketplace. We see it in stocks, retailers see it in online sales. Customs brokers see it in volumes of goods leaving local ports.

But why stop when you're ahead? I suggest this is a unique time to capitalise on the increased attention your store gets from global buyers and you should make your store more attractive for the long term. Do this by going above and beyond for your customer, working to reduce the customer's fees on goods landing in the destination country, and all at little cost to yourself.

Help a customer reduce their importing costs and you gain a potentially long-term repeat customer who trusts that you're in the business to help *them* as well as your own brand. What a rare opportunity.

But how can a brand reduce its customers' costs in order to win a client's loyalty? Again, by understanding customs processes and the role of brokers in advising on free trade agreements (FTAs).

FTAs negate customs fees in countries of destination, meaning an international buyer could save up to 30 per cent of the purchase price in fees and taxes if the seller goes to the trouble of providing an approved FTA statement and complying with formalities between customs offices in both countries to pre-clear the exported goods affordably, and without delay.

Customs brokers are FTA specialists. A good, highly engaged broker can work with a client to



ensure all documentation and free-trade certificates are ordered prior to the shipment landing, so the exporter is not charged unnecessary fees on landing.

### Australian Customs assesses the value of the goods bought internationally on the day they leave the overseas port, not on the day the buyer clicks 'buy' online

Here the opportunity comes down to both price and trust.

The words 'free shipping' have never been more valuable to a retailer. Bricks-and-mortar retailers and local online sellers have a unique opportunity to be price-competitive for the first time in years. They also have an opportunity to remind customers that their prices are consistent, incur no additional charges, and can be trusted.

Consumers increasingly shop around/compare/buy online. Not well-known, however, are the customs charges that apply over Australia's tax-free threshold of \$1,000. At the time of writing, the Government has confirmed that it will remove the current tax-free threshold in July 2017, which will impact retailers heavily again.

Buyers are getting caught out when the dollar dives between the date of purchase and the date of shipping (the date of value assessment). What was a purchase under the threshold can suddenly exceed the threshold when the dollar drops overnight and, as a result, the buyer is lumpy with unexpected charges.

Consider this example:

Clothing in the US looks cheaper online and, after some research, the customer fills their cart and the clothing order totals US\$700. The buyer, satisfied with an exchange rate that means – today – his order will cost \$957, clicks 'buy' and confirms shipment. But the Aussie dollar plummets before the shipment leaves the port of origin, raising the cost price and therefore tipping the shipment slightly over the \$1,000 threshold.

The consumer remains unaware.

The clothing lands at Australian Customs and incurs a minimum charge of \$150 (five per cent duty fees and 10 per cent GST), which is promptly issued as a bill to the consumer. And to add insult to injury, the bill arrives in the post and must be paid promptly in order for Customs to release the stock. If not paid promptly, the Customs holding fees could keep rising.

At this point, the customer would call a customs broker and ask for assistance clearing the goods, at a further cost, albeit a small one.

As the Aussie dollar continues to fluctuate and fall, this scenario will become ever more commonplace. It will haunt would-be online shoppers. Will a consumer make their mistake twice? Unlikely. More likely is that next time they will turn to local sellers for their goods, trusting the unchanging cost of goods and the promise of free or standardised shipping charges. This is a small win for the Aussie retailer, whose prices remain consistent and whose product, delivery and pricing gains consumer trust.

### Importing and exporting administration is subject to audit for five years after shipping

A savvy retailer will ensure importing and exporting operations are of the highest quality and compliant with current legislation to ensure audits are not a nasty shock down the track.

Customs-compliance processes involve specialised brokers backtracking through previous records to ensure compliant documentation over a period.

A compliance process gives a business an assessment of their shipping history and a report on its level of compliance, then correcting any errors before an audit is underway. This is best practice for importers and exporters.

### In summary

Now is the time to do a health check on importing and exporting for retailers. Use this rocky period to your best advantage as a retailer involved with importing or exporting.

Engage a specialist broker to research, inform and manage a shipment and ensure the absolute best price and highest standards of documentation. ♦