

# Australia 'bleeding revenue' through petty fraud

MILLIONS of Dollars in Commonwealth revenue is being lost due to holes in import regulations and compliance audit follow-ups.

That was customs specialist and Platinum Freight Management chief executive Peter McRae's interpretation after reading the latest Australian Border Force Goods Compliance Update.

Mr McRae said the report, alongside the 2015-16 ABF annual report, showed a lack of compliance testing, making for a perfect fraud breeding ground when matched with poor regulation. He called for improved import audits before the goods were released from Customs.

"If regulation and compliance testing was up to scratch, Scott Morrison might find the money for his budget that he so desperately needs," Mr McRae said.

He noted the Update stated 2445 cargo reports were examined during the period from July 1, 2016 until February 28, 2017, as a result of the Compliance Monitoring Programme (CMP) which focused on cargo reporting accuracy.

Of the 2445 cargo report audits reported, the ABF found 3% of errors and only three errors in relation to value of goods imported.

Mr McRae noted an average of 306 checks a month.

"Comparing reports, it doesn't take a genius to see that only hundreds of audits are being carried out on millions of imports landing each month.

"This shows the enormous opportunity for abuse of the system – and the very high chance importers have of getting away with it," Mr McRae said.

"The Australian government is asleep at the wheel. Underestimat-

ing value of goods declared might just be small petty fraud, saving shady importers hundreds of dollars on a single import, but when multiplied over a year, Australia's revenue loss from under- or uncharged duty and GST is likely to be in the high millions."

Mr McRae also expressed concern about a failure to adequately certify and regulate cargo, with cargo reports filed by cargo reporters who were untrained, unlicensed employees of airlines and freighting firms.

"Customs compliance needs to be separated from organisational KPIs," Mr McRae said.

"Cargo reporters working for airlines and freighting companies can be operating under KPI stress that promotes a speedy delivery of goods through the borders at a low cost to the client (the importer).

Really, this role should be promoting accurate information to assist the correct assessment of duty and GST owed. Regulating the job would improve this."

Mr McRae called for the ABF to assess externally and internally more packages being claimed as under the \$1000 threshold.

He also called for licensed, autonomous personnel to issue cargo reports.

"The ABF must install regulation to ensure adequately trained and licensed brokers handle all reporting in importing, and then partner with them to improve compliance measures and auditing.

"Only then will this country's enormous problem with petty fraud reduce and the correct collection of GST, Duty and Import Processing Charges (IPC) be applied."