# Import Processing Charges Amendment Bill 2013

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Economics Section

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**Date introduced:** 21 November 2013  
**House:** House of Representatives  
**Portfolio:** Immigration and Border Protection  
**Commencement:** 1 January 2014.

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When Bills have been passed and have received Royal Assent, they become Acts, which can be found at the ComLaw website at [http://www.comlaw.gov.au/](http://www.comlaw.gov.au/).
Purpose of the Bill
The purpose of the Import Processing Charges Amendment Bill 2013 (the Bill) is to amend the *Import Processing Charges Act 2001*¹ to increase the import processing charges levied on air, sea and post consignments.

Background
Import Processing Charges have been applied since 1997. They fall into two categories:
- import declaration processing charges which are imposed by section 71B of the *Customs Act 1901*² and
- warehouse declaration processing charges which are imposed by section 71DI of the *Customs Act*.

The *Import Processing Charges Act* imposes the relevant charge³ and sets out the amounts payable.⁴

Import processing charges
Import processing charges are charges for services concerning cargo reporting and import entry processing, levied on the activities involved in processing import transactions. These charges only apply to processing imported goods and do not apply to activities related to Customs protection functions, such as border protection and detecting or intercepting prohibited drugs and imported goods.⁵

Warehouse declaration processing charge
According to the *Customs Act*, when particular goods are to be imported into an Australian warehouse, the owner of the goods is required to complete a warehouse declaration to Customs. This can be done in document form or electronically, must adequately identify any permission required of the goods as well as identity of the permission requirements for the purposes of any law of the Commonwealth.⁶

Once a declaration has been made, a warehouse declaration processing charge is to be paid by the owner of the goods. This payment is a one-off fee; once paid, no other owner of the goods is liable to pay the charge, in respect to the declaration. If the declaration is withdrawn, the owner of the goods is not liable to pay the declaration processing charge.⁷

This Bill will increase the processing charges that are paid by people importing goods into Australia.

According to the 2013–14 Budget, the Government restructured the Import Processing Charge ‘to recover the costs of all import related cargo and trade functions undertaken by the Australian Customs and Border Protection Service’.⁸ Currently, the Australian Customs and Border Protection Service recover a portion of the Import Processing Charge. The increase in the Import Processing Charge ‘will be implemented in accordance with the Australian Government’s cost recovery policy’.⁹ The last increase in processing charges was in 2005–06.¹⁰

Charges will increase for imported consignments of more than $10,000 value. The current import processing charge will continue to be applied to consignments between $1,000 and $10,000. Consignments valued at $1,000 or less will not be affected by the change in import processing charges.¹¹

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6. *Customs Act*, section 71D.
7. *Customs Act*, section 71F.
9. Ibid.
Committee consideration

**Senate Standing Committee for the Selection of Bills**
The Senate Standing Committee for the Selection of Bills recommended that the Bill not be referred to committee for inquiry and report.  

**Senate Standing Committee for the Scrutiny of Bills**

**Parliamentary Joint Committee on Human Rights**
At the time of writing this Bills Digest, the Parliamentary Joint Committee on Human Rights had made no comment on the Bill.

**Statement of Compatibility with Human Rights**
As required under Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011 (Cth), the Government has assessed the Bill’s compatibility with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of that Act. The Government considers that the Bill is compatible.

**Policy position of non-government parties**
The Bill would appear to have the support of the Australian Labor Party. Speaking on behalf of the Bill, Minister for Immigration and Border Protection, Scott Morrison stated:

> Broadening the cost base of the charges and increasing the charges levied on air, sea and post consignments valued at $10,000 or more will also see industry make a greater contribution to the full costs of delivering effective border management and the end-to-end costs of trade in goods delivered into Australia. It is estimated—and this is the reason why this bill is before the House—that implementing the changes to the charges as proposed in this bill will generate additional revenue of $674.3 million across the forward estimates, and that failing to introduce this bill into the House and take it through both places before the end of this year would have a very significant impact on the budget and the forward estimates, into which that revenue had been factored by the previous government. They had factored it in but failed to legislate it in this place before the election. And so the government has picked up this measure and brought it into this place to see that it is implemented. It will provide that added support to the budget. We will continue to monitor the impact of these charges on industry.

**Position of major interest groups**
The amounts of the increases proposed by this Bill are significant. According to one commentator:

> According to information from Customs, the increase to the IPC will result in additional revenue of $674.3 million over 4 years and will be implemented in accordance with cost recovery policy adopted by the Australian government.

It would appear that Government may be asserting that all its costs have not previously been recovered from importers and that new charges are necessary to recover all services provided. Alternatively, the increases would suggest that the recent reform to anti-dumping regulation and the new measures against crime in the supply chain are the cause of this significant increase in costs for all parties involved in import.

Not only will this be a significant additional impost for importers, it will also be a significant additional impost for exporters who import many of their inputs to manufacture. While there is never a good time to impose additional processing charges, given the state of the economy, these additional costs will make life very difficult for importers, exporters and their service providers who will need to pass on these charges.

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13. The Statement of Compatibility with Human Rights can be found at page 4 of the Explanatory Memorandum to the Bill.
The retention of the IPC at current levels for consignments between $1,000 and $10,000 and the failure to impose IPC on consignments below $1,000 may also lead to additional pressure on importers and service providers in determining the value of consignments and the associated IPC. 15

The Freight and Trade Alliance had this to say:

FTA is of the view that this approach places an unfair burden on the import sector with a more equitable arrangement being for an appropriate proportion of operating costs to be borne by the Australian taxpayer in line with the ACBPS border and community protection role.

The proposed 1 January 2014 IPC for consignments valued over $10,000 (increasing by $102.60 to $152.60 per sea freight consignment and by $81.90 to $122.10 per airfreight consignment) will place a significant cost burden on importers and will adversely affect cash flow for intermediary Australian logistics service providers.

The Australian retail sector in particular will feel the impact of fee increases as it provides a further commercial advantage to those that purchase goods online from overseas valued under $1000 as they are exempt from paying duty, GST and any form of IPC. 16

**Financial implications**

According to the Explanatory Memorandum:

The introduction of this Bill will generate an estimated $673.4 million across forward estimates from 2013-2014. A delay in introducing this legislation will have a financial impact on the Budget balance of an estimated $15 million per month as this revenue has already been factored into the forward estimates. 17

**Key issues and provisions**

**Item 1** of the Bill repeals and replaces paragraphs 5(3)(a)–(f) to increase the amount of the import declaration processing charge for certain types of goods imported into Australia by air, through the post or by sea.18

**Item 2** of the Bill repeals and replaces paragraphs 5(6)(a)–(f) to increase the amount of the warehouse declaration processing charge for certain types of goods imported into Australia by air, through the post or by sea. 19

The amount payable in each of the amended paragraphs is the amount specified ‘or such other amount as is prescribed’. In that case, the relevant amount will be specified in the Import Processing Charges Regulations 2006. 20

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18. *Import Processing Charges Act*, proposed paragraphs 5(3)(a) and (b).

19. *Import Processing Charges Act*, proposed paragraphs 5(3)(c) and (d).

20. *Import Processing Charges Act*, proposed paragraphs 5(3)(e) and (f).

21. *Import Processing Charges Act*, proposed paragraphs 5(6)(a) and (b).

22. *Import Processing Charges Act*, proposed paragraphs 5(6)(c) and (d).

23. *Import Processing Charges Act*, proposed paragraphs 5(6)(e) and (f).

Import Processing Charges Amendment Bill 2013

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