

TERMS OF REFERENCE

The Low Value Parcel Processing Taskforce (the Taskforce) will undertake a comprehensive investigation of low value import processing, particularly for the international mail stream.

The Taskforce should be guided by recommendation 7.1 in the Productivity Commission report *Economic Structure and Performance of the Australian Retail Industry* that states there are strong in-principle grounds to lower the low value threshold exemption for goods and services tax (GST) and duty on imported goods when it is cost-effective to do so.

1. The Taskforce will investigate new approaches for the handling and administration of low value imports of goods, including options for revenue collection. In particular, any proposed new system should:
 - 1.1. allow for effective and efficient revenue collection processes that promote tax neutrality with other goods for consumption in Australia;
 - 1.2. streamline the assessment of customs duty;
 - 1.3. minimise any processing and administration costs, delivery delays and other compliance costs;
 - 1.4. pass appropriate collection costs onto the importer;
 - 1.5. provide administrative and competitive neutrality between different import streams where appropriate;
 - 1.6. not compromise border protection. The new system should support the Australian Customs and Border Protection Service and DAFF – Biosecurity in this role by:
 - allowing for risk based assessment;
 - minimising administrative touch points outside of the natural supply chain for movement and delivery; and
 - facilitating pre-arrival information through electronic data interchange where practical;
 - 1.7. support Australia's interaction with the digital economy by ensuring the system is user-friendly, imposes no added barrier to trade and allows for the large expected increase in online retailing; and
 - 1.8. have regard to Australia Post's profitability in the international mail stream including impacts on capacity and technological change, and its universal service obligations.
2. Notwithstanding the requirements in 1, the Taskforce should consider:
 - 2.1. the costs and volumes of goods associated with possible administrative thresholds, including the level at which GST or duty may be payable and the levels at which differing amounts of information are required;
 - 2.2. the role of customs duty;
 - 2.3. compliance measures required to identify and respond to attempts at avoiding or evading customs duty, GST or other tax or charges;
 - 2.4. implications of the new approach for the management of other risks at the border, for example as a result of changed process or from an additional focus on revenue;

- 2.5. international developments and best practice, covering both policy trends, technological advancements and agreements through organisations such as the Universal Postal Union; and
- 2.6. alternative arrangements for revenue collection, including the parties responsible for revenue collection and the points in the supply chain at which revenue is collected.

COMPOSITION AND CONSULTATION

The Taskforce will be led by an independent expert panel made up of a Chair and two members with significant experience in logistics, supply chain management or other related fields. The Taskforce will be supported by a secretariat drawing on the skills of the relevant Government departments and agencies. The Review may also draw on external expertise where necessary.

The Taskforce will consult the views of expert stakeholders, including the Australian Customs and Border Protection Service, DAFF – Biosecurity; Australia Post; the Conference of Asia Pacific Express Couriers; and other stakeholders, including small business.

TIMING

The Taskforce should release an interim report in three months from its establishment and provide a final report to Government no later than July 2012. The final report should include a comprehensive blueprint for reform, with costed alternatives and an expeditious time frame for implementation.